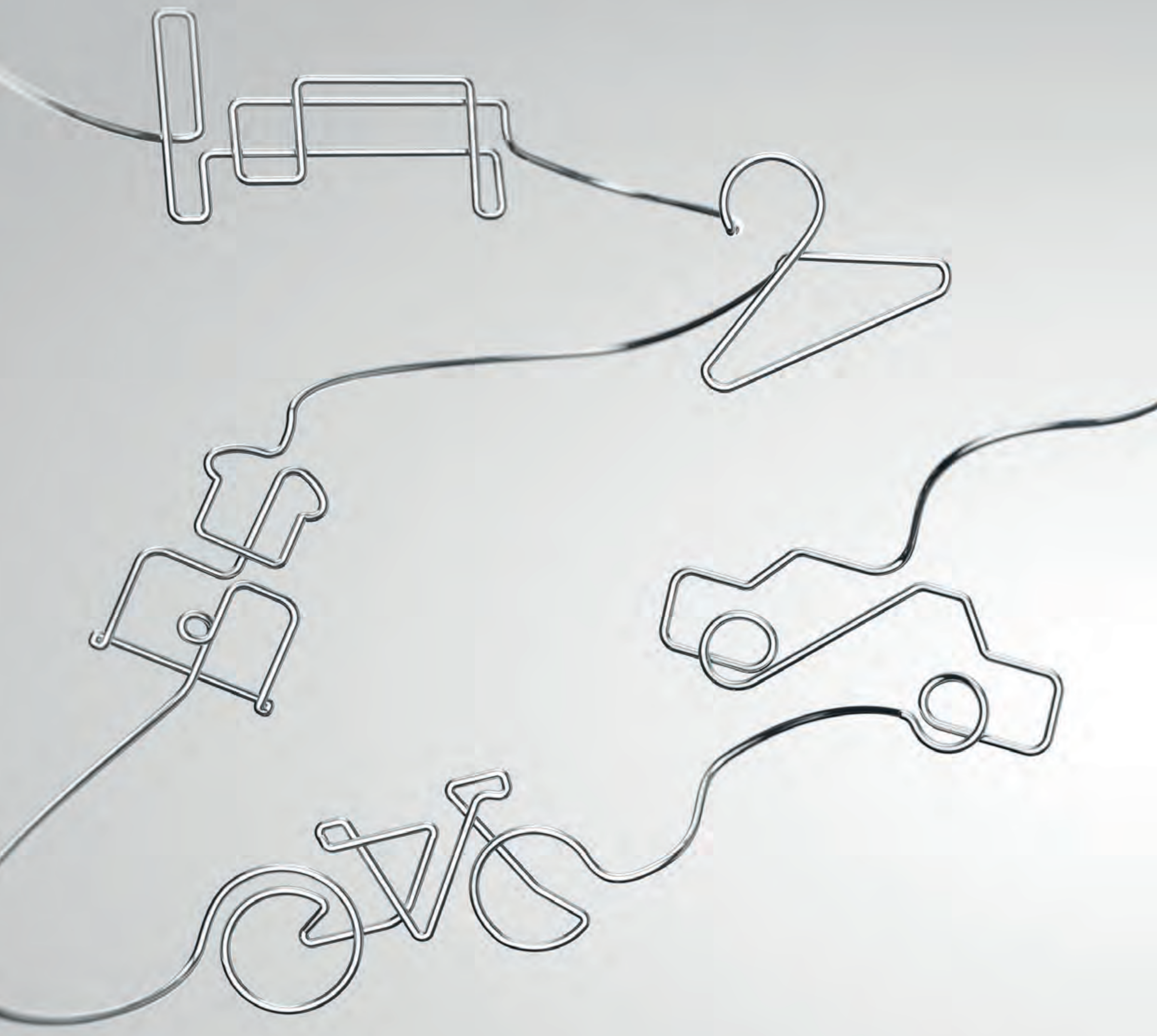
ANNUAL REPORT 2017

BEKAERT

better together



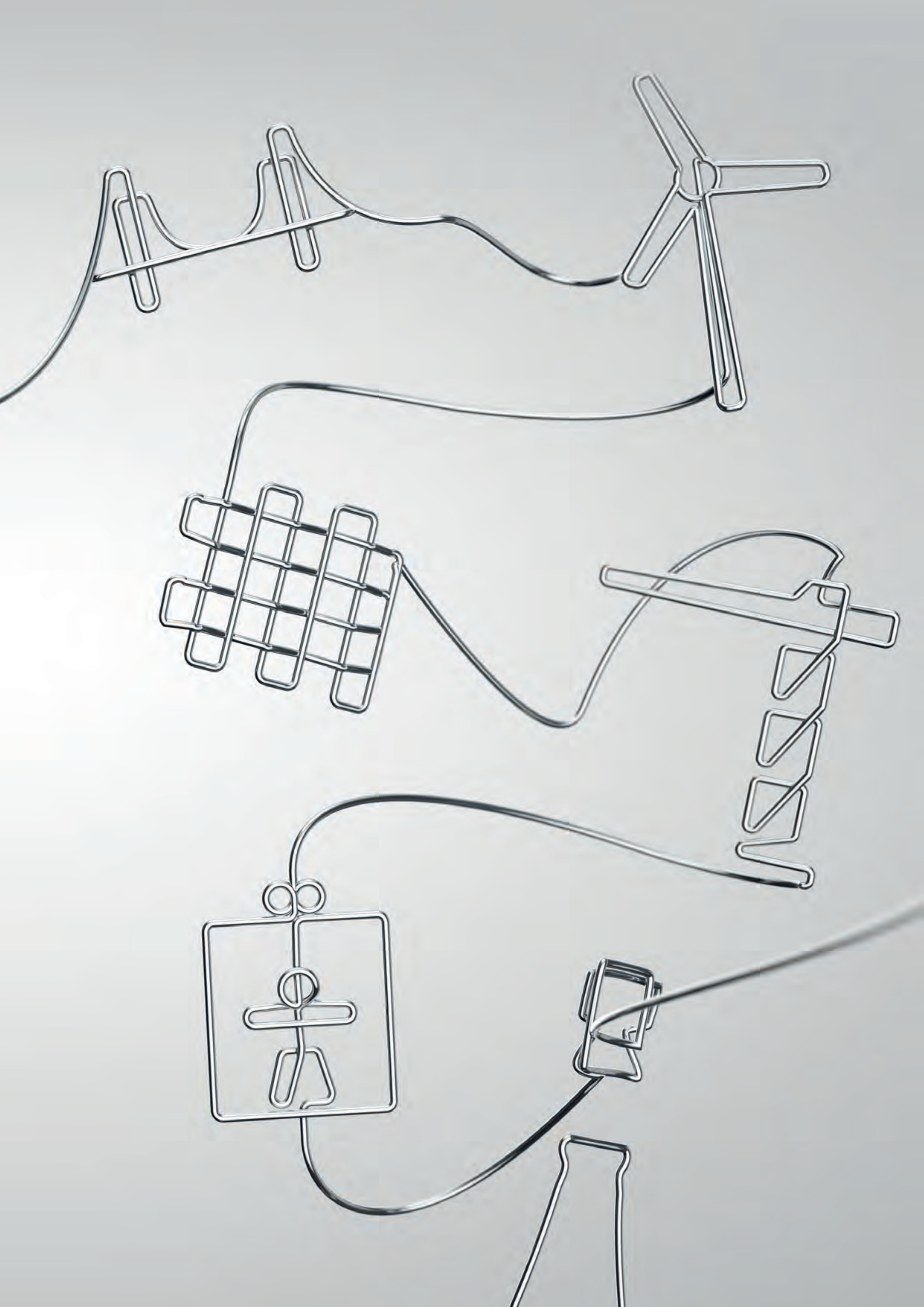
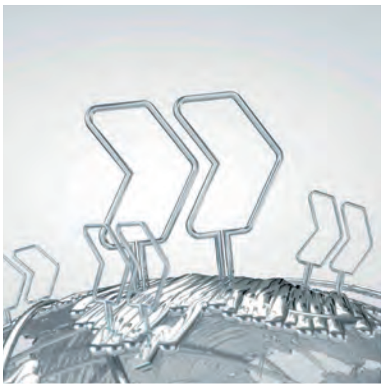
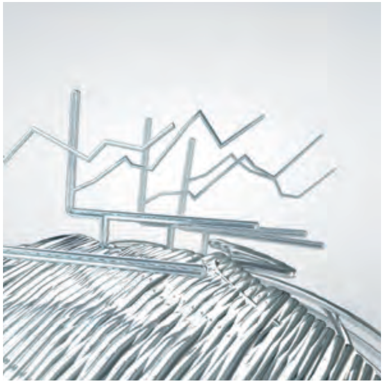


TABLE OF CONTENTS





CHAPTER 1

STRATEGY AND LEADERSHIP

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER AND THE CHAIRMAN

Dear Reader,

2017 was a year of solid growth for Bekaert. We achieved more than 10% sales growth, exceeding the € 4 billion consolidated sales mark for the first time in history.

Our robust organic growth exceeded the market averages in our industry as well as overall GDP growth. Moreover, our growth was value creating with ROIC well above WACC in 2017.

We achieved solid results in EMEA and continued margin improvement in North America. Our margins in the other segments were lower than last year due to various adverse mix effects. Underlying EBIT decreased 1% to € 301 million, representing a margin on sales of 7.3%. Our underlying EBITDA totaled € 497 million at a margin of 12.1%. Bottom-line, the net result attributable to the Group increased by 76% to € 185 million, resulting in EPS of € 3.26.

We have been going through a major transformation over the past years and it is not easy to assess the transformation impact from one single year's results, but when looking back, it becomes clear just how much has changed. The worldwide participation of our employees in Bekaert's global transformation towards higher performance has added to the collective strength of our company. Our teams feel engaged and empowered to always do better and push our shared ambitions to greater heights. Our transformation journey will continue to build from what we have been achieving.

We recognize that the same factors that affected our performance at some point last year will continue to weigh on our margins in 2018. However, we are confident we will improve our profitability during the year and we know what to do in order to make progress.

» We expect to continue improving the pass-through of wire rod price increases, without adversely affecting our sales volumes, and this should help improve margins.
» We have made a breakthrough in the development of fixed abrasive sawing wire and expect to be delivering a positive contribution as from the second half of 2018 onwards.
» Bridon-Bekaert Ropes Group has started to roll out the same transformation tools that we have implemented successfully within Bekaert, to help create a turnaround of the ropes business.
» The global transformational programs supporting our vision and strategies are expected to gain further ground. They include our manufacturing excellence program aimed at gaining competitiveness by improving the company's safety, quality, delivery performance and productivity, our customer excellence program to drive growth and margin performance; our supply chain excellence program to improve our planning and inventory management capability; our global safety program to enhance our safety performance and culture; and the newly added Fit for Growth program aimed at driving functional excellence and capability throughout Bekaert.

Matthew Taylor
CEO

Bert De Graeve
Chairman

» In addition, we will start to see some benefits from the ongoing expansion and cost improvement investments.

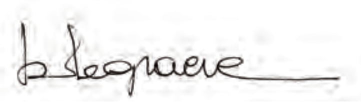
That is why we are confident we will improve our profitability progressively during the year to achieve the same profitability level of 2017. We continue to believe that the improvements we are making throughout our business will allow us to move towards a 10% underlying EBIT margin over the medium term.

We conduct and grow our business in a sustainable way so that our stakeholders all benefit. An important component of delivering value to our shareholders and earning their trust over the long term is returning capital in a consistent and transparent way. Based upon the financial performance of 2017 and the confidence in the set direction, the Board of Directors has decided to propose, to the General Meeting of Shareholders in May of 2018, a gross dividend of € 1.10 per share.

We want to thank our customers, partners and shareholders for their continued trust. And we want to thank our employees for their commitment, energy and irrepressible drive to always improve our capability, as One Bekaert team.

“The improvements we are making throughout our business will allow us to move towards a 10% underlying EBIT margin over the medium term.

Matthew Taylor
Chief Executive Officer



Bert De Graeve
Chairman of the Board of Directors

BOARD OF DIRECTORS

The main tasks of the Board of Directors are to determine the company's general policy, approve the strategy and supervise the 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 by the articles of association. The Board of Directors currently has fifteen members. Their professional profiles cover different areas of expertise, such as law, business, industrial operations, banking & investment banking, marketing & sales, technology & engineering, HR and consultancy.

Bert De Graeve, Matthew Taylor, Celia Baxter, Alan Begg, Leon Bekaert
Gregory Dalle, Charles de Liedekerke, Christophe Jacobs van Merlen, Hubert Jacobs van Merlen, Maxime Jadot
Pamela Knapp, Martina Merz, Emilie van de Walle de Ghelcke, Henri Jean Velge, Mei Ye

Composition Board of Directors

Bert De Graeve, Chairman
Matthew Taylor, CEO
Celia Baxter [(1)]
Alan Begg [(1)]
Leon Bekaert

Grégory Dalle
Charles de Liedekerke
Christophe Jacobs van Merlen
Hubert Jacobs van Merlen
Maxime Jadot

Pamela Knapp [(1)]
Martina Merz [(1)]
Emilie van de Walle de Ghelcke
Henri Jean Velge
Mei Ye [(1)]

[(1)] Independent Directors

The composition of the Board of Directors will change in 2018

On 28 February 2018 the Board of Directors announced the nomination of Mr Colin Smith for appointment by the Annual General Meeting of Shareholders of 9 May 2018. He will replace Mr Alan Begg whose term of office will expire and who is not seeking re-election.

BEKAERT GROUP EXECUTIVE

The Bekaert Group Executive assumes the operational responsibility for the company's activities and acts under the supervision of the Board of Directors. The executive management team is chaired by Matthew Taylor, Chief Executive Officer.

The composition of the Bekaert Group Executive has changed in 2017

On 1 September, 2017, Ms Rajita D'Souza joined Bekaert as Chief Human Resources Officer, replacing Mr Bart Wille who has pursued another career opportunity after having served Bekaert for the past 8 years.

Rajita D'Souza, Indian national, holds a Master degree in Law from the University of Mumbai in India and a Bachelor degree in Business Management. She started her career in 1993 as Manager Operations with Reliance Consultancy Services in Mumbai, India. In 1997, she joined General Electric where she held various HR leadership positions with increasing responsibility and scope. In 2007, Rajita moved to SABIC to become Director Human Resources of SABIC Europe. She was appointed Vice President Human Resources for the EMEA region of The Goodyear Tire & Rubber Company in 2011.

The Bekaert Group Executive consisted of 9 members in 2017 and was composed as follows:

- Matthew Taylor, CEO
- Rajita D'Souza, Chief HR Officer
- Beatríz García-Cos Muntañola, CFO
- Lieven Larmuseau, Executive Vice President Rubber Reinforcement
- Curd Vandekerckhove, Executive Vice President Global Operations
- Geert Van Haver, Chief Technology Officer
- Stijn Vanneste, Executive Vice President - EMEA, South Asia and South East Asia
- Piet Van Riet, Executive Vice President - Industrial & Specialty Products and Marketing & Commercial Excellence
- Frank Vromant, Executive Vice President - Americas

The composition of the BGE will change in 2018

On 1 March 2018, Mr Jun Liao, Chinese national, was appointed Executive Vice President Bekaert North Asia and became a member of the Bekaert Group Executive. Jun Liao joined Bekaert in 2014 as Senior Vice President Rubber Reinforcement North Asia. He now took over part of the responsibilities of Curd Vandekerckhove whose role as Executive Vice President Global Operations has been extended.

From left to right: Curd Vandekerckhove, Stijn Vanneste, Rajita D'Souza, Lieven Larmuseau, Matthew Taylor, Frank Vromant, Beatríz García-Cos Muntañola, Piet Van Riet and Geert Van Haver.
Insert: Jun Liao

OUR STRATEGY

Who we are

Bekaert is a world market and technology leader in steel wire transformation and coating technologies. We pursue to be the preferred supplier for our steel wire products and solutions by continuously delivering superior value to our customers worldwide. Bekaert (Euronext Brussels: BEKB) was established in 1880 and is a global company with almost 30 000 employees worldwide, headquarters in Belgium and € 4.8 billion in combined revenue.

What we do

We seek to be the best in understanding the applications for which our customers use steel wire. Knowing how our steel wire products function within our customers' production processes and products helps us to develop and deliver the solutions that best meet their requirements and, through that, we create value for our customers.

Transforming steel wire and applying unique coating technologies form our core business. Depending on our customers' requirements, we draw wire 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. The coatings we apply reduce friction, improve corrosion resistance, or enhance adhesion with other materials.

How we work

better together sums up the unique cooperation within Bekaert and between Bekaert and its business partners. We create value for our customers by co-creating and delivering a quality portfolio of steel wire solutions and by offering customized services on all continents. We believe in lasting relationships with our customers, suppliers and other stakeholders, and are committed to delivering long-term value to all of them. We are convinced that the trust, integrity and irrepressibility that bring our employees worldwide together as one team also create the fundamentals of successful partnerships wherever we do business.

Our strategy

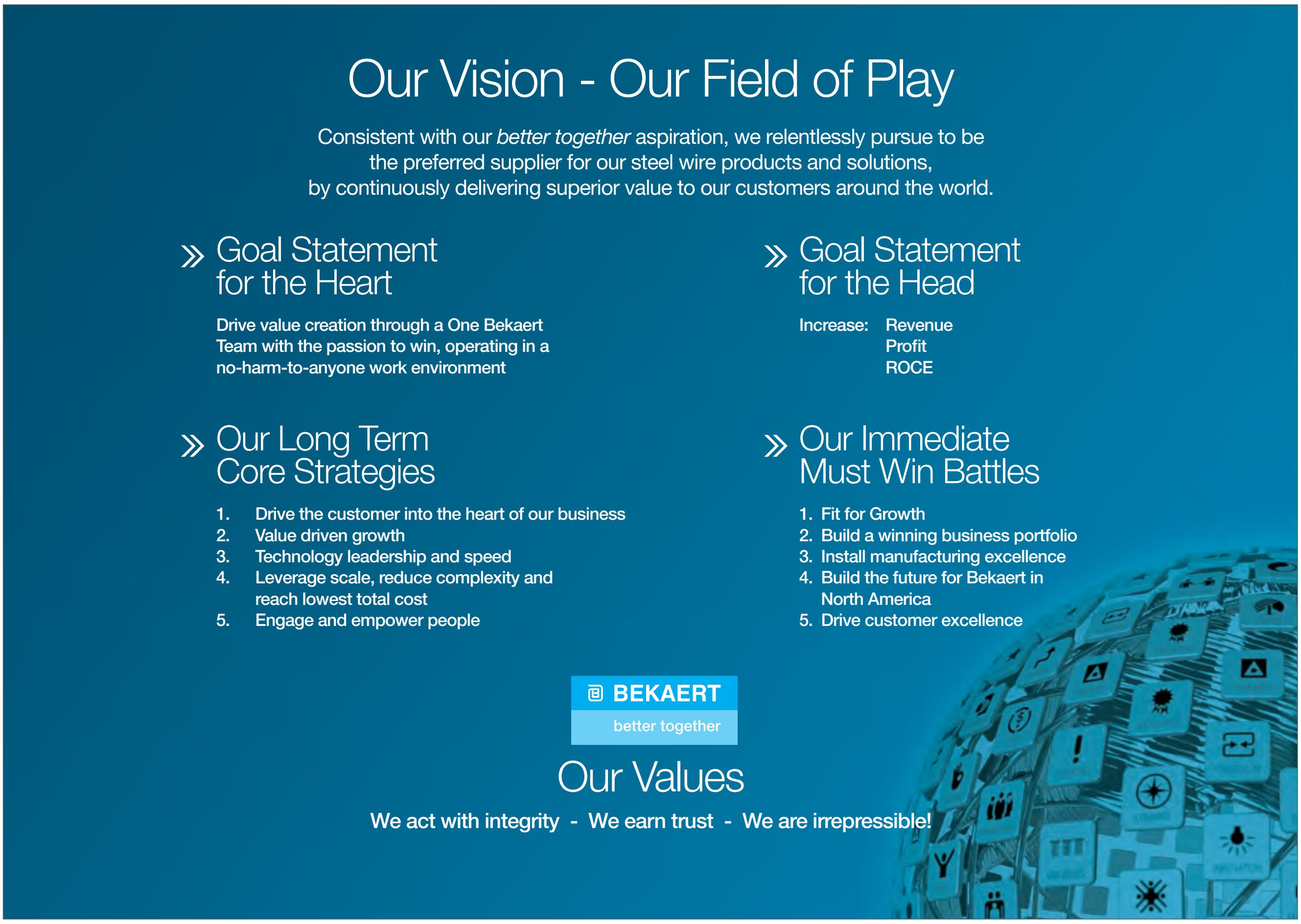
Continuously driving value creation for our shareholders by cost effectively creating superior value for customers is our strategy. Our vision and core strategies form the foundation of a transformation of our business towards higher level performance. They will drive our focus over the coming years and have also been the basis of our priorities and actions in 2017. To give our core strategies a much more immediate focus with dedicated resources and close progress monitoring, we also define our *Must Win Battles*. This approach has proven to be very successful in the past years. *Must Win Battles* receive a special level of attention from the entire organization. They feature heavily in individual and team objectives, which is key to their success and to the progress we make on our transformation journey.

The list of five *Must Win Battles* is evaluated every year. When battles are won or new transformation steps are being made, we update the list. In 2017, we defined *Fit for Growth* as a new *Must Win Battle* and major transformation program aimed at driving functional excellence and capability throughout Bekaert. It will help us become a world-class global organization that works seamlessly across functions, regions and platforms. We call this Business Partnering.

Our Vision

Consistent with our *better together* aspiration, we relentlessly pursue to be the preferred supplier for our steel wire products and solutions by continuously delivering superior value to our customers around the world.

With this Vision statement, Bekaert has explicitly determined its 'field of play': it describes what we want to be, where we want to compete and invest, and how we want to differentiate ourselves.



Our Long-term Core Strategies

Our five core strategies form the basis of Bekaert's priorities and decision-making process towards driving value and growth. These strategies put the company's vision into practice and reflect the direction and priorities over the longer term:

1. Drive the customer into the heart of our business
2. Value driven growth
3. Technology leadership and speed
4. Leverage scale, reduce complexity and reach lowest total cost
5. Engage and empower people

The Bekaert annual target framework, which sets the objectives, goals, strategies and measures for the company and for every individual employee, clearly deploys the five core strategies into every employee's priorities for the year. As a result, all five core strategies have become priorities within everybody's personal development actions and performance review.

1) Drive the customer into the heart of our business

Bekaert has always believed in customer collaboration and co-creation as drivers of sustainable partnerships and customer satisfaction. But we want to do better and become a truly customer-centric organization. This strategy is about gaining insight into what value means to our customers and acting upon it. It is about continuously prioritizing our customers in whatever we do, at all levels and wherever in the world.

» One year after the official launch of the Bekaert Customer Excellence (BCE) transformation program, BCE really gained traction in 2017. At the end of 2017, about 75% of our business was covered, with the various business platforms and cells making progress in different stages of the transformation program.

One of the tangible effects of BCE is that the program drives changes in our customer service models so we can address customer needs more effectively. We see the impact of growing customer insight, enhanced tools, better segmentation and an explicit focus on customer value creation.

As the program unfolds, we expand the use of these new insights and tools into our commercial way-of-working, while, at the same time, drive an increased impact.

To support the BCE program, we have created in 2017 the 'Commercial Excellence Academy' – a forum for continuously improving our commercial capabilities and embedding the learning from BCE within the way-of-working of our commercial teams.

» Customer centricity is a mindset among all employees. It goes far beyond the reaches of the sales department or the direct commercial relationship management. All employees should understand their role in driving the customer into the heart of our business.

After a successful edition of the European Customer Week in 2016, we repeated this initiative in 2017 and expanded the concept to other regions. Through information sessions, workshops and customer visits, employees from all over the world learned about who our customers are and how we can best serve them.

- Belgian employees were invited to information sessions focusing on how Bekaert adds value to the customers, particularly when it comes to co-creating new products. The entertaining presentations shed a new light on long-lasting innovation partnerships.
- In India, a different customer was put in the spotlight every day during the Customer Week. Booths were installed to illustrate the strategies and activities of the customers and how Bekaert helps them achieve their goals. Employees tested their knowledge in a quiz contest, which added to the enthusiasm to learn. The booth concept was also used in Indonesia, where a Customer Ambassador team provided information on the customers' history with Bekaert and on how they have evolved in creating growth together.

BCE

Bekaert Customer Excellence

BCE helps deliver on two of Bekaert's core strategies — 'Drive the customer into the heart of our business' and 'Value-driven growth' — as it aims to achieve four key objectives:

- Anchoring a customer-centric mindset across the organization
- Differentiating ourselves in the market
- Driving sustainable profitable growth by providing superior customer value
- Building a best-in-class commercial organization

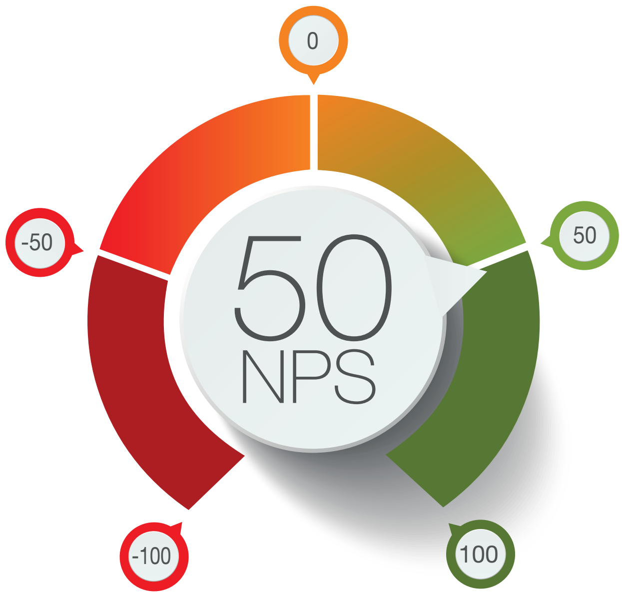
- The Jiangyin (China) tire cord plants invited a key customer to talk about quality performance. During several activities, employees learned how they can contribute to deliver quality in product, process and service.
- In Bekaert Orrville (Ohio, US), all operators were invited to celebrate the kick-off of BCE. This underscores how vital everybody's role and involvement is in achieving customer excellence: from the sales contact up to the shop floor.

Bekaert invites automotive glass players to seminar

In December 2017, Bekaert organized and hosted a seminar in Belgium bringing together representatives from automotive glass bending companies to discuss the latest developments. The focus was technical rather than commercial, making it different compared to many conferences the participants usually attend. At the event, Bekaert and partner suppliers met customers to discuss current challenges and future solutions.

» In November 2017, Bekaert organized the first phase of a global Net Promoter Score (NPS) Survey. It is the first time that such survey is organized across all business platforms and on a global scale. NPS surveys are used to gauge the loyalty of customer relationships by measuring the likeliness that customers would recommend Bekaert to other companies, colleagues or business partners. In the first customer group, the survey covered 50% of Bekaert's Top 80% revenue customers and growth accounts. In the next phase (May 2018) the remaining 50% will be asked to participate. The survey coordination and analysis are handled by an independent market research agency, ICMA Group.

Net Promoter Scores for international B2B manufacturing companies on average attain 20% to 30%. Bekaert was very pleased with the first phase outcome of the global NPS Survey and a score of 50%, far above average. More important are, however, the results per business activity and region, from which we can learn to better understand and improve customer relationships and excellence.



2) Value driven growth

In implementing this strategy, Bekaert is making a clear prioritization of where we want to grow and how we can provide superior value to differentiate ourselves from the competition.

» For the second consecutive year Bekaert achieved robust organic sales growth driven by strong volumes, reflecting a healthy underlying business. Moreover, our growth created value for the second consecutive year with ROIC (8.7%) well above WACC (8.0%).

» In 2017 we further increased the market penetration of more advanced products which lower the total cost in the value chain. This particularly applies to ever stronger and lighter tire cord constructions which allow tire makers to produce tires with a lower weight, thinner plies and lower rolling resistance. Ultra-tensile steel cord is less expensive than the conventional steel cord it replaces when considering **the total cost of ownership**, as it drastically reduces the steel cord weight and as less rubber is needed in the thinner plies.

» To enable value-driven growth, Bekaert strives to dedicate resources and efforts to those areas of the business where we can create value for our customers and for Bekaert. We recognize that in several of our top businesses we have reached or will soon reach market share ceiling. Based on strategic market segmentation and insight, we have created an ambition model which will help us **build a winning business portfolio** through adjacency expansion from the core. Several cases were identified over the course of 2017 and are in the pipeline for further exploration. The total portfolio ambition model enables transparent resource prioritization and direction for business analysis, capital investments, mergers & acquisitions, R&D, and talent development. It is shaping a long-term perspective to drive value-creating growth and includes both organic and acquisitive options. The goal is simple: we want to take a leading position in the winning markets of tomorrow.

> Must Win Battle 'create a winning business portfolio': Bekaert's immediate focus approach to shape a long-term perspective.

» One of the key objectives of the before-mentioned Bekaert Customer Excellence (BCE) program is about driving sustainable profitable growth by providing **superior customer value**. Hence, the program is a major enabler in realizing this strategy. In this respect, BCE focuses on developing quantified value propositions, an enhanced product portfolio, and concrete growth plans for strategic segments. A value proposition can only work when the real underlying needs of the customer are known and addressed. BCE helps us gain customer insights through voice-of-the-customer exercises and value curve analysis. In some cases, value can be created by developing new products and applications. In others, simple packaging changes can create value as they reduce cost and increase processing efficiency for our customers.

Apollo honors Bekaert as Global Business Partner of the Year

In April 2017, Bekaert received Apollo's 'Global Business Partner of the Year Award'. This award praises the supplier who delivers consistent high performance, has the highest supply share, and collaborates intensively on joint development projects. It is a recognition for all Bekaert teams engaged in providing excellence to the Apollo plants in India and Apollo's Vredestein plant in the Netherlands. Furthermore, Apollo has approved two European Bekaert plants to become a preferred supplier to Apollo's newest tire plant in Hungary. This is yet another example of driving value growth together with our customers.

3) Technology leadership and speed

Our third core strategy is about accelerating Bekaert's technology leadership and speed in alignment with our strategy to drive value-creating growth. Co-creation is one of the leading principles: we help our customers differentiate themselves in their markets. Our process and product development projects enable fast progress and effective results in all collaboration programs. Find out more in the Technology and Innovation chapter of the Annual Report.

Shining a light on Technology Leadership and Speed

In 2017, the technology shift in **sawing wire** went extremely fast. Over the past years, Bekaert had established a leading position in 2nd generation sawing wire, a structured wire that enabled customers to increase the cutting process efficiency of hard materials while reducing the consumption of diamond substrate: a clear case of total cost of ownership reduction.

However, faster than anticipated, customers made the technology switch to the 3rd generation sawing wire: fixed abrasive or **diamond wire**. With this technology, micron-sized diamond particles are adhered to a solid core wire, which creates an abrasive cutting tool that can be used in countless applications.

Bekaert took on the challenge to develop a diamond wire that would stand out in performance, diameter and processing quality. The sawing wire team succeeded in developing a solution that is highly advanced and reliable. They demonstrated technology leadership and speed: all key customers approved the Bekaert diamond wire samples after extensive testing. We are now ramping up production capacity and will be ready to grow a position in diamond wire as from the 2nd half of 2018 onwards.

4) Leverage scale, reduce complexity and reach lowest total cost

By reducing complexity and increasing standardization, this core strategy aims to leverage our scale to greater effect. We want to organize ourselves in a very cost-effective way and provide a total cost reduction through effective process and product innovations.

» The Bekaert Manufacturing System (BMS) is a program designed to ensure manufacturing excellence in all our processes and locations worldwide. BMS brings together the collective effort of all Bekaert plants to drive the lowest total cost offering to our customers. By reducing complexity in our way of working and by better leveraging our scale, we can lower operational costs and increase productivity. Hence, we can raise our competitiveness and unlock resources for growth.
- BMS was launched at the end of 2014 and is being implemented according to a strict schedule. With more than 60% of the plants covered at the end of 2017, the improvement actions have had and will continue to show a visible effect on the Group's results. The program can count on the strong engagement and participation of all employees.
- Both Bekaert's joint ventures with ArcelorMittal in Brazil and the plants belonging to the Bridon-Bekaert Ropes Group are included in the BMS implementation roadmap to enable similar benefits in their operations.

» To keep the transformation impact of past BMS implementations sustainable, Bekaert established in 2017 the Bekaert Manufacturing Academy. This program enables us to keep building our capabilities and to improve and share our standards and best practices, so that we keep evolving our way of working as we build our knowledge base. The Bekaert Manufacturing Academy is one of the transformation academies that has been created under the umbrella of Bekaert University, a best-in-class learning platform to sustain and accelerate the transformation processes at Bekaert.

5) Engage and empower people

Engagement and empowerment of people have been key success factors all along our transformation journey. We empower our teams with responsibility, authority and accountability, and count on the engagement of every Bekaert employee in driving a higher-level performance.

» In September 2017, Bekaert organized **a global employee survey**. It was the first time that the company held a survey of all of its employees worldwide. The theme of the survey was 'Your Voice Counts' and we invited all colleagues from Bekaert subsidiaries (excluding the joint ventures and the Bridon-Bekaert Ropes Group plants) to participate. Thanks to an impressive response rate of 91%, we were able to get a clear understanding of the engagement level of our employees and which elements are driving it. The total engagement score from 20 667 managers, white collar workers and operators was 82%. Employees especially appreciated the culture of openness towards improvement, the empowerment they feel in their job, the great team spirit and the willingness of their team to get things done. In short, team morale is high. The survey acts as a barometer of employee engagement and provides areas for improvement, which are taken on through concrete action plans. We intend to repeat the survey every two years.

» Also in 2017, Bekaert established ‘Bekaert University’. This University will develop our team and talent so that our people, individually and in team, can achieve the best of their potential. Bekaert University is all about continuously building the capability of the individual and the organization. It will also be home to different Academies that are meant to accelerate and sustain the transformation process the company is undergoing.

» As a Corporate Socially Responsible company, engagement is the keyword when it comes to Sustainability. A summary of our 2017-2018 sustainability report is included in the Report of the Board of Directors. Our sustainability efforts and activities are focused in such a way that balanced consideration is given to the interests of all respective stakeholders, including employees, customers, shareholders, partners, local governments and the communities. To underscore our engagement and commitment to drive progress in this field we have defined an ambition and a set of clear short- and long-term targets for each of the key pillars of sustainability.

How to Drive True Engagement in the Workplace

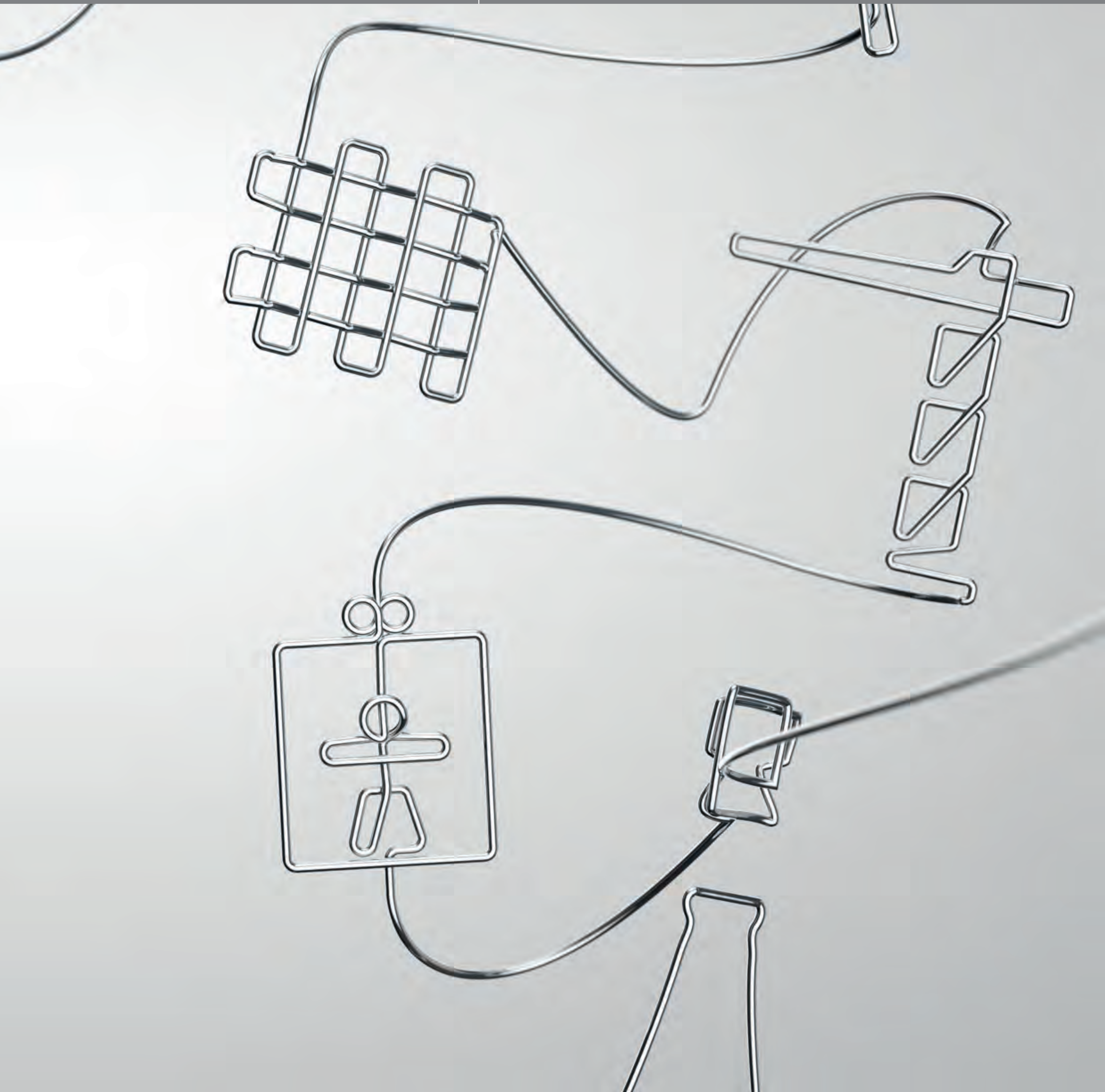
Bekaert Lipetsk (Russia) leads the way!

Bekaert Lipetsk’s outstanding results in the Global Engagement Survey have triggered the attention of Bekaert teams worldwide. Their approach has now become an inspiring story of empowerment and engagement across the Group.

All 300 employees of our plant in Lipetsk are stimulated to always demonstrate authentic leadership. Respect, care and trust form the foundations of each working relationship in Bekaert Lipetsk and the absence of hierarchical barriers stimulates very open communication. The team feels empowered rather than controlled. The enthusiasm of the team also shows in the performance of the plant. Bekaert Lipetsk leads in many ways.

CHAPTER 2

INDUSTRY OFFERINGS



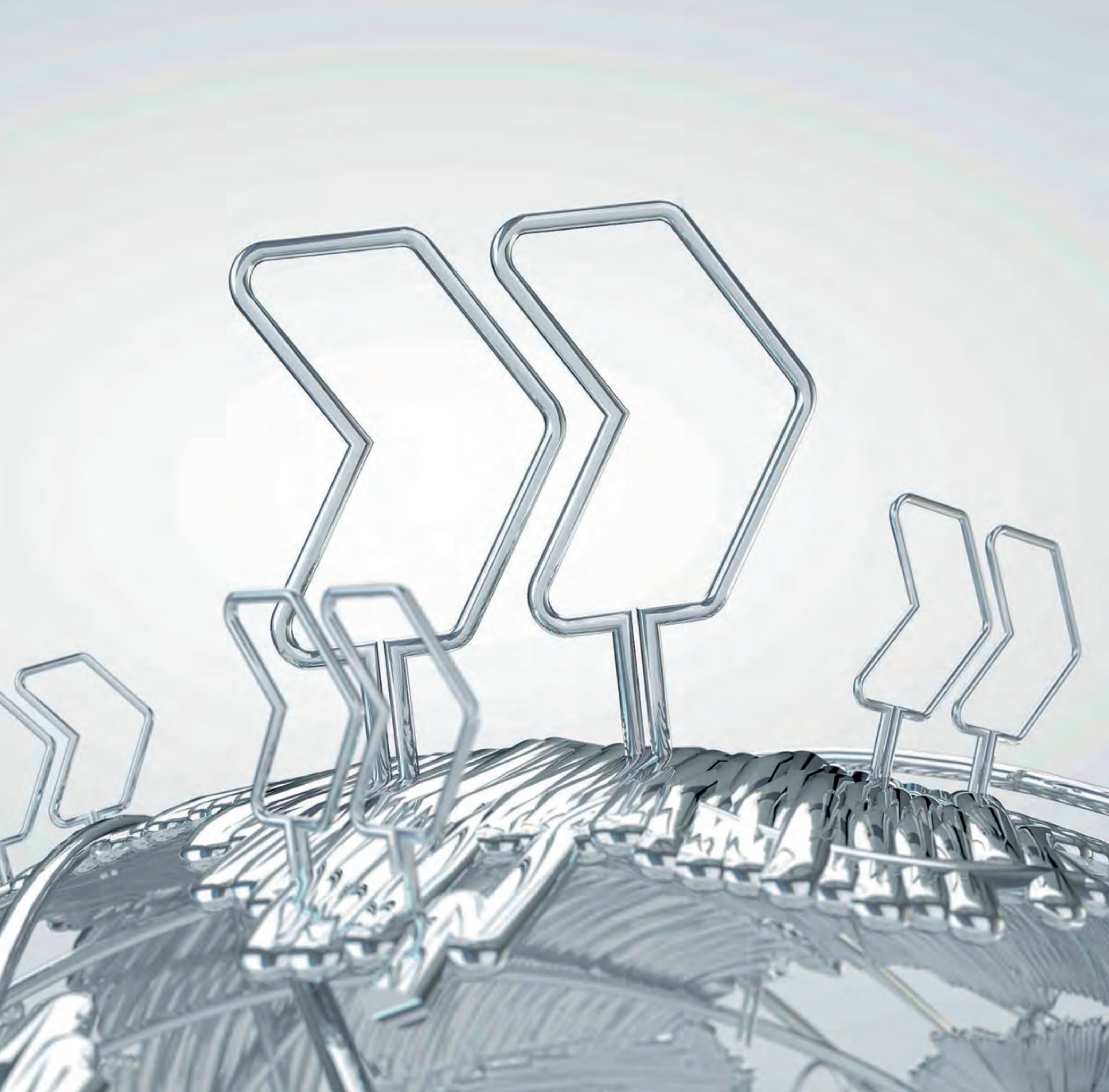
Bekaert has a strong presence in diverse sectors. This makes us less sensitive to sector-specific trends and it also benefits our customers, because solutions we develop for customers in one sector often form the basis of innovations in others.

Bekaert serves customers across a multitude of sectors with a unique portfolio of drawn steel wire products, coated to optimally suit the application needs. Bekaert steel wire is used in cars and trucks, in elevators and mines, in tunnels and bridges, at home and in the office, and in machines and offshore. If it drives, ascends, hoists, filters, reinforces, fences or fastens, there is a good chance Bekaert is inside.

More information on bekaert.com

CHAPTER 3

SEGMENT PERFORMANCE



EMEA

Economic environment in 2017

The EU economies have grown by almost 2.5% in 2017, enjoying the strongest period of economic growth in a decade. Most countries saw their GDP growth expand more than in previous years, except for the UK where lingering concerns about the impact of Brexit and the slow nature of the process led to the weakest pace in five years. The Central European economies especially grew robustly in 2017. Tailwinds to the economies included strong export demand, fiscal stimulus programs, industrial and public investments, and tight labor markets.

Outside the EU, GDP growth in Turkey surged above 6%, supported by government stimulus measures encouraging borrowing and spending. In Russia, the economy has returned to modest growth amidst positive global growth, a recovery in trade, and rising oil prices.

The European automotive and construction markets – sectors that are crucial for Europe and highly relevant for Bekaert's activities – witnessed continued strong demand in 2017. EU new registrations of both cars and commercial vehicles exceeded 3% growth over 2017. The EU construction sector also improved markedly in 2017, owing to high levels of consumer and business sentiment, easy access to financing, and increased investment in public infrastructure works. After a long downturn in the oil and gas sector, the industry has ended 2017 with a degree of renewed confidence. Oil prices have shown a growth trend over the course of the year and gas exports from Russia to Europe have risen to a new record.

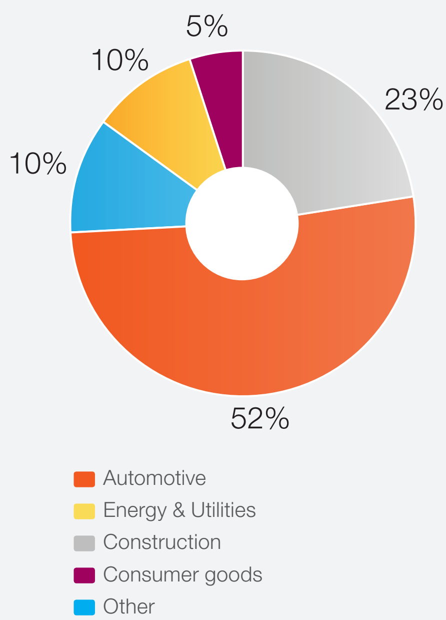
Bekaert has a presence in both the Western European and the Central & Eastern European markets. In Europe, we offer a quality portfolio of advanced steel wire products for sectors that are in search of innovative, high-end products and solutions.

Our activity performance

Bekaert's activities in EMEA achieved 11% sales growth in 2017, driven by robust organic volume growth (+7%) and the aggregate effect of passed-on wire rod price increases and price mix (+4%). Strong automotive, construction and other industrial markets boosted sales volumes throughout the year, while demand for specialty steel wires was flat compared with 2016.

Bekaert's activities in EMEA delivered solid results in 2017. We repeated the record € 141 million underlying EBIT of last year in absolute numbers. The margin performance was lower due to some delay in passing on wire rod price increases to our customers - particularly in the highly competitive construction markets - and because of additional costs of hiring and training personnel needed for the ongoing expansion programs in Central and Eastern Europe.

EMEA 2017
Combined sales by industry



Combined sales	€ 1 264 million
Capital expenditures (PP&E)	€ 115 million
Total assets	€ 1 018 million
Employees	7 486

Compared with 2016, capital expenditure (PP&E) more than doubled to € 115 million and included, amongst others, major capacity expansions in Romania, Slovakia and Russia.

Transforming our business

» Bekaert's global manufacturing excellence program aims to gain competitiveness by optimizing our safety, quality, delivery performance and productivity. In 2017, the EMEA implementation action radius was extended with the Bekaert plants in Slatina (Romania), Sládkovičovo (Slovakia) and Lipetsk (Russia).

» The customer excellence program accelerated over the course of 2017 and included both global and regional business platforms and cells. The program is projected to drive growth and margin performance.

» Bekaert's global safety program, BeCare, was further rolled out on a global scale. Our Slovak plants started BeCare in September 2017, using momentum from the company's international Health & Safety Week to enroll more than 1600 employees in the program. The BeCare launch in Lipetsk (Russia) not only engaged the team to increase safety, it also further stimulated communication and empowerment among an enthusiastic team.

Growth through expansion

» To accommodate the growth of the domestic tire industry in Russia, Bekaert's Lipetsk plant announced in September 2017 its plans to add 50% tire cord capacity and double the half-product capacity by mid-2018. The head of the Lipetsk Special Economic Zone, Mr Koshelev Ivan Nikolaevich, stressed the importance of Bekaert's expansion investments for the Russian tire industry during the announcement ceremony. During the official visit of Belgium's Prime Minister Charles Michel to the Russian Federation in January 2018, Russian Prime Minister Dmitry Medvedev explicitly referred to the Bekaert investment project in Lipetsk as a great illustration of business development with good prospects.

» In October 2017, the Board of Directors of Bekaert held one of its regular meetings in Romania and visited the Bekaert plant in Slatina (Romania), which is in full expansion. The plant is adding 50% tire cord capacity to meet growing demand. The group also visited the neighboring customer plants Pirelly Tyre and Prysmian. The members of the Board of Directors of Bekaert literally walked the whole supply chain, from wire rod to end product.

Bekaert opens New Headquarters

Less than a year and a half after the first stone was laid, Bekaert teams from three locations moved into the new group headquarters in Zwevegem (Belgium). Merging tradition with innovation, the offices introduce a dynamic way of working while honoring the company's heritage. A transparent hall connects the two wings of the building: one is a completely new structure, while the other is a renovated neo-gothic building that takes us back in history to Bekaert's first nail factory built in the early 1900s. With its high vertical windows and brick walls, the new building echoes the style of the original, though with a modern, sleek design. It captures the Bekaert spirit in full, as some of our own products were used to reinforce the structure: Murfor® Compact for masonry reinforcement and Dramix® for the concrete reinforcement of the ground plate. The new headquarters will replace older, less energy-efficient buildings and meet the most demanding environmental requirements.

NORTH AMERICA

Economic environment in 2017

After slow economic growth in 2016 and a weak start to 2017, US GDP growth picked up and reached an estimated 2.3% for the full year. High consumer spending and increased defense funding boosted the growth. Industrial production figures were good thanks to a steadily improving global economy, a weaker US dollar - making exports more competitive - and a modest revival in oil drilling. Changes in US fiscal and trade policy have created an increasingly uncertain operating environment.

Our activity performance

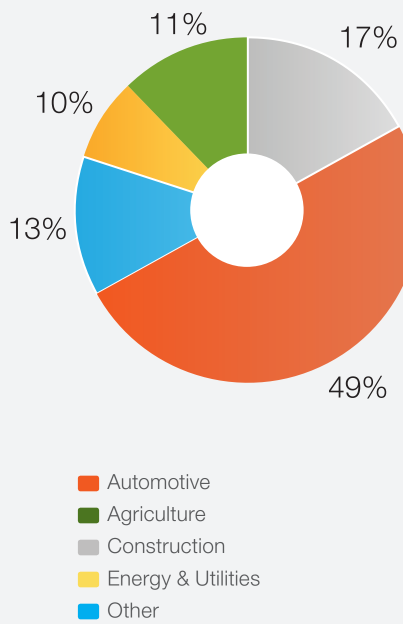
Bekaert's activities in North America achieved almost 8% sales growth and a significant improvement in profitability. Passed-on higher wire rod prices and price-mix effects combined with more than 3% volume increase boosted an organic growth of almost 10%.

Automotive, industrial and specialty steel wire markets performed well in 2017. As anticipated, sales volumes were lower in the last quarter of the year due to the normal seasonality impacts. The adverse effects of a weaker USD in the second half of the year had a significant impact on both sales and profitability, year-on-year.

The transformation programs put in place in the region have had a material impact on the 2017 performance. The combined approach in implementing manufacturing, supply chain and commercial excellence have led to a stronger organization, better segmentation, and increased cost competitiveness. The underlying EBIT increased by 28% to € 33 million at a margin of 6%. The segment also reported a significant increase in EBITDA and ROCE margins compared with the previous reporting periods.

Capital expenditure (PP&E) was € 13 million in North America. The major expansion plan for the Rogers (Arkansas) plant was put on hold due to the uncertainty about changes in US trade policy, which might significantly increase the cost of imported wire rod in the future. Bekaert has to import raw material or finished goods into the US because the local steel mills cannot supply the specific wire rod grades needed to produce tire cord.

North America 2017
Combined sales by industry



Combined sales	€ 552 million
Capital expenditures (PP&E)	€ 13 million
Total assets	€ 299 million
Employees	1 410

Building the future for Bekaert in North America

Over the past decade, the market, customers, legislation and competitors have changed significantly in the North American region. These changes made our business model less competitive than it had been in the past. Profitability declined to unacceptable levels and the Bekaert North American team started a program in 2016 to reverse this situation. Their goal is to build the future for Bekaert in North America. Their approach is a synopsis of all other global Must Win Battles implemented at Bekaert. The team has a focused and ambitious growth agenda and is building a best-in-class organization underpinned by manufacturing excellence, customer excellence, partnering excellence, and a strong passion to win.

» Bekaert's global manufacturing excellence program was implemented in Rogers (Arkansas) and Shelbyville (Kentucky) in 2017. All plants in the US have now gone through the program and are implementing the actions defined.

» In 2017, the North American management team initiated a second wave of commercial excellence projects, taking on business platforms and cells that were not included in the first wave. Using this approach enabled the team to further refine their tools and way of working and increase the impact in a sustainable way.

» All but two production locations in the US have kicked off Bekaert's global safety program BeCare. A plan for the offices is under development, but all staff who regularly appear on the shop floor have received safety training and have an implementation role to fulfill.

» In addition to the global transformation programs, North America has a dedicated project called 'Passion to Win'. It concentrates on five people-related areas: talent; communication; recognition; empowerment; and alignment – and is closely tied to our long-term core strategy to engage and empower people.

Bekaert Plant in Orrville adds operations site

Bekaert's Orrville plant opened an additional operations site next to their existing premises. At this separate site Bekaert adds value beyond transforming wire by cutting precise lengths, and stamping and chamfering wire for their customers. The new building includes sustainable infrastructure elements such as high efficiency heating units, LED lighting and a Dramix®-reinforced floor. The building design is one open space without blind spots, offering full visibility from all sides for enhanced safety.

Bekaert's Van Buren Facility achieves TL9000 Quality Certification

As only one of five companies in North America, Bekaert in Van Buren has achieved TL9000 certification. The surveillance audit thoroughly examined the facility's quality management system, reviewing every aspect of the process from sales to planning to manufacturing and management. The certification is necessary for suppliers to the telecommunications industry.

LATIN AMERICA

Economic environment in 2017

GDP growth in Latin America, although nowhere near the estimated 3.5% global growth rate for 2017, turned slightly positive after an overall contraction in 2016. Increased oil and commodity prices, improved private consumption and the escape from recession by the two larger players, Brazil and Argentina, have induced a modest growth rate for the region in 2017.

Long strikes in the Chilean mines and flood damage in Peru limited the economic expansion in the first half of the year. Political and economic uncertainty due to presidential elections (Ecuador, Chile) and the impact of widespread corruption cases on public infrastructure spending also hampered a real rebound. In Venezuela, the political, economic, and humanitarian crisis worsened further.

In Latin America, Bekaert manufactures an extensive product portfolio to serve construction, mining, agriculture and a wide range of industrial and consumer markets across the region. Bekaert has wholly owned and majority owned subsidiaries in Costa Rica, Ecuador, Colombia, Venezuela, Peru, Chile and Brazil and also runs joint ventures in Brazil in a 45/55 partnership with ArcelorMittal.

Bekaert's activities in Latin America go back to 1950. Today, they represent almost 30% of combined sales.

Our activity performance

In Latin America, consolidated sales were 1% below last year. The divestment of the Sumaré entity accounted for -5.5% and an overall weak economic environment in the region drove demand for our products down, resulting in a volume loss of -5.6% for the year. These effects were almost completely compensated at the top-line by the impact of passed-on higher wire rod prices and slightly positive currency effects.

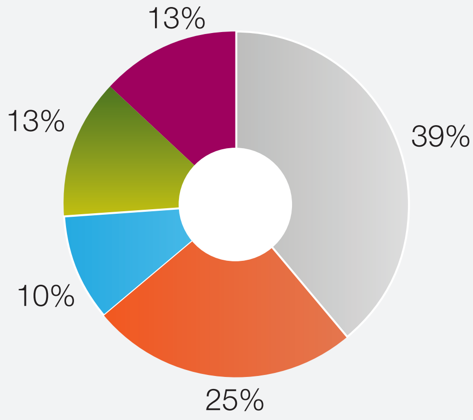
The segment's profitability was affected by the deterioration of the business climate in 2017. Underlying EBIT decreased by 18% due to weak market conditions and cost inflation, amongst other due to protective measures against wire rod imports in various countries. The cancellation of the obligations under an onerous supply contract offset the divestment impact of the high-margin Sumaré entity. The underlying EBIT margin reached 8.2% for the full year.

EBIT increased by more than 20% to € 80 million as a result of the gain on the sale of 55.5% of the shares of the Sumaré plant in Brazil and its integration into the BMB (Belgo Mineira Bekaert Artefatos de Arame Ltda) joint venture partnership with ArcelorMittal.

Bekaert invested € 22 million in property, plant and equipment across the region, particularly in Chile and Peru.

The joint ventures in Brazil reported higher sales as a result of the Sumaré impact, a stronger average Brazilian real compared with last year and passed-on higher

Latin America 2017
Combined sales by industry



Combined sales	€ 1 394 million
Consolidated sales	€ 673 million
Capital expenditures	(*) € 22 million
Total assets	(*) € 453 million
Employees	6 773

(*) Consolidated entries

raw material prices. The share in the results of joint ventures increased by 5.5% due to the integration of the Sumaré entitiy within the joint venture partnership.

Salvaguardia enforces changes in sourcing policies

Bekaert's activities in Ecuador and Chile have been affected by the trade barriers imposed on wire rod imports. These 'salvaguardia' measures forced us to change our sourcing policies, all while local sourcing is not always possible due to the capacity and quality constraints of the local steel mills. Such measures usually lead to higher costs affecting the competitiveness of our operations as well as that of our customers.

Transforming our business

Bekaert's subsidiaries as well as the joint ventures with ArcelorMittal in Brazil have embraced the culture of change that comes with the implementation of the various transformation excellence programs.

In 2017 the Bekaert manufacturing excellence program was rolled out in Costa Rica, Chile and Colombia, reflecting a significant extension of scope after the earlier implementations in Ecuador, Peru and Brazil.

The customer excellence program, rolled out with specific attention on the particularities of the local markets and distribution models, will drive commercial excellence and increased collaboration on the regional level.

In order to reach a very large customer network in a country extending more than 4000 km from north to south, Prodalam, our sales & distribution organization in Chile, with headquarters in Santiago, operates 35 'one-stop-shop' branches scattered across the country. Building companies, fence installers, hardware stores and other customers find their way to a retail-like shopping experience at Prodalam.

Prepared to seize opportunities ...

In Ecuador the 'Casa para Todos' social housing program that benefited our business in 2016, will be reactivated in 2018. IdealAlambrec-Bekaert is ready to seize the opportunities that will arise from this program. Last year our subsidiary has updated the detailed construction manual with architectural plans and building guidance, in anticipation of a new public construction wave, which the Government would start in the course of 2018.

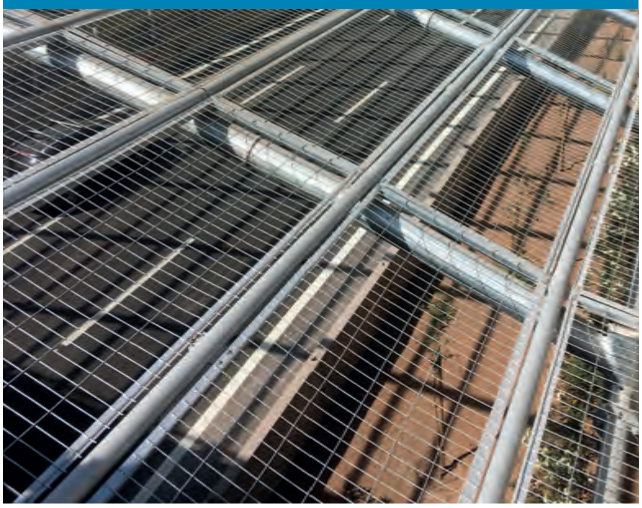
In Chile, our activities project a better economic climate in 2018. The demand pick-up at the end of 2017, political stability after the presidential election year, and more government income from higher copper and other commodity prices all bode well for an improved economy. Our activities are poised to capture growth from increased consumer spending, more mining activity – particularly underground mining – and an active role in the growing aquaculture sector.

...while cautious about policy uncertainties

Upcoming elections in many countries including Brazil, Venezuela, Paraguay, Colombia, Mexico and Costa Rica could delay the execution of major infrastructure projects in 2018. Tax and other policy reforms may also create additional uncertainties for the business climate in the region.

Steel mesh structures protect people and traffic

In downtown Santiago, Chile, the main roads cross the city in a continuous sequence of open-air, half-tunnel and tunnel tracks. To protect pedestrians from falling into open-air underground tracks, and drivers from stone throwing vandalism, tunnel entries and exits and all open-air underground tracks are protected by structures made of steel wire mesh produced by Bekaert's subsidiaries in Chile. This is an attractive solution that enhances traffic safety for everybody on the road.



ASIA PACIFIC

Economic environment in 2017

China's economy grew 6.9% in 2017, the fastest since 2015 and the first upturn since the downward growth trend that started in 2010. The economic growth was the result of a rebound in the industrial sector, a resilient property market and strong export growth.

Disruptions caused by demonetization and tax reforms in India led to a lower GDP growth than in the previous years. However, with a growth of 6.7% in 2017 and a better outlook for the coming years, India continues to show its vast growth potential.

Indonesia's economy, the largest in Southeast Asia and one of the world's largest emerging markets, hit a milestone in 2017 when it reached the USD 1 trillion mark, making it the world's 16th largest economy.

Bekaert is present in Asia with manufacturing sites and development centers in China, India, Indonesia, Malaysia and Japan.

Our activity performance

Bekaert delivered 12% organic sales growth in Asia Pacific, driven by good volume growth and a positive aggregate effect of passed-on wire rod price increases and price-mix. Bekaert's rubber reinforcement activities recorded firm growth across the region.

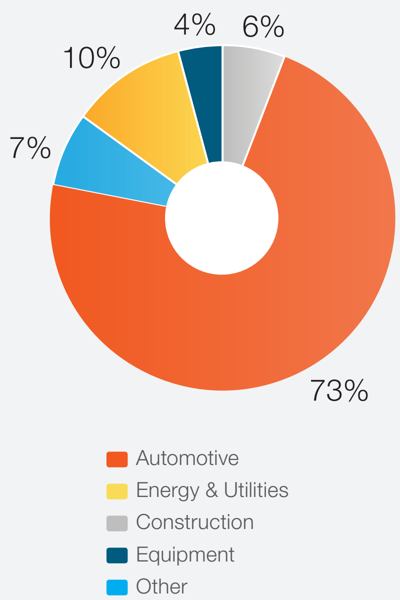
Several developments hindered us from repeating the outstanding margin performance of last year:

» The continuous price increases of raw materials hampered an immediate effective pricing response in the fierce competitive environment in China. The impact on our margins was at its most severe during the middle part of the year. In the fourth quarter, we were better able to pass on wire rod prices without adversely affecting our sales volumes.
» The demand for loose abrasive sawing wire declined sharply due to an acceleration of the technology shift to new generation products.
» The ongoing expansion programs in the region generated additional costs related to hiring and training personnel.

These elements had an adverse effect on the overall profitability for the region in 2017. Underlying EBIT decreased to € 107 million at a margin of 9.3%, below our 2016 performance.

We have taken actions to upgrade our sawing wire offering so we can play a part in the ongoing technology shift. Bekaert has successfully developed in the course of 2017 a fixed abrasive sawing wire. All key customers have tested and approved the samples and we are progressively investing in production capacity to start serving our customers as of mid-2018.

Asia Pacific 2017
Combined sales by industry



Combined sales	€ 1 144 million
Capital expenditures (PP&E)	€ 122 million
Total assets	€ 1 209 million
Employees	11 046

In anticipation of continued growth perspectives, Bekaert invested € 122 million in PP&E in the region in 2017, more than doubling the investment pace of 2016 and including expansion investments in China, India and Indonesia. In order to better leverage scale, the company also closed two entities that did not have the potential to generate value-creating growth: the Shah Alam plant in Malaysia and the small tire cord plant in Huizhou (China).

Transforming our Business

In 2017, Bekaert's global manufacturing excellence program was successfully implemented in Ranjangaon (India), Ipoh (Malaysia), and Chongqing and Shanghai (China). Most Asian production plants have now gone through the Bekaert Manufacturing Excellence program and the identified savings and improvement potential will increasingly impact our competitiveness.

In addition, the other global transformation programs of Bekaert: the customer excellence program; the BeCare safety program; the supply chain excellence program; and the latest added Fit for Growth transformation are embraced by our engaged and passionate teams in Asia.

Expanding our business

Bekaert takes full ownership in Chongqing

In April 2017, Bekaert completed the acquisition of the 50% equity share Ansteel formerly held in Bekaert Ansteel Tire Cord (Chongqing) Co. Ltd (BATC). Subsequently, BATC is now a wholly-owned Bekaert subsidiary and has been renamed Bekaert (Chongqing) Steel Cord Co. Ltd (BCSC).

Bekaert adds state-of-the-art production hall in Weihai, Shandong province

In June 2017, a new production hall was opened in Weihai as an extension to our existing tire cord plant. The greenfield project was finalized in just half a year and incorporates the latest industry standards. A high degree of automation and other innovative solutions make the new production area the 'factory of the future'. Regional and global engineering and automation teams worked together to achieve the highest levels of safety, automation, flexibility and quality.

Accelerating growth in India

Bekaert has intensively invested and will continue to invest in its Ranjangaon plant in India to double the tire cord capacity in line with growing demand, and to extend the plant with half product capacity, so it does no longer need to import half product from other Bekaert facilities in Asia.

Tire Cord innovations earn Bekaert recognitions from CRIA

China Rubber Industry Association (CRIA) granted the Bekaert China team a Contribution Award for their great efforts in supporting the CRIA Green Tire Week initiative. CRIA appreciated Bekaert's commitment to developing lighter, stronger and better tire cords, which is a substantial support to the industry in developing and promoting greener tires.

BRIDON-BEKAERT ROPES GROUP

Economic environment in 2017

Mining rope markets have picked up somewhat over the course of 2017, thanks to more mining activity driven by increased commodity prices. Offshore oil and gas rope markets remained subdued in absence of new investments.

Other markets relevant for the ropes business are – amongst others – the equipment sector (crane and hoisting), forestry and fishing, and construction markets. Elevator, timing belt and automotive markets relevant to the advanced cords business continued to perform well in 2017.

Our activity performance

Bridon-Bekaert Ropes Group (BBRG) achieved 42% sales growth. The integration of the Bridon activities since the end of June 2016, accounted for an increase of 38%. The former Bekaert activities within BBRG delivered 5% organic growth reflecting almost 4% volume increase stemming from double-digit growth in the advanced cords business and a modest volume increase in ropes.

The advanced cords business activities have performed strongly throughout the year. The steel ropes activities in North America, Australia and Chile gradually reported higher sales volumes on the wave of increased demand in the mining sector. The European and Brazilian entities, which are heavily dependent on oil, reported very weak sales and results throughout the year.

Underlying EBIT was € 15 million at a margin of 3.3%, reflecting the difficult conditions in oil & gas markets and the margin impact of continuous wire rod price increases. The projected recovery of Bridon-Bekaert Ropes Group is taking longer than anticipated due to the absence of a rebound in offshore oil & gas activities and the slow reconversion and entry process into more diversified market segments. While the order books are modestly growing, they have an extended delivery window with limited immediate growth effects.

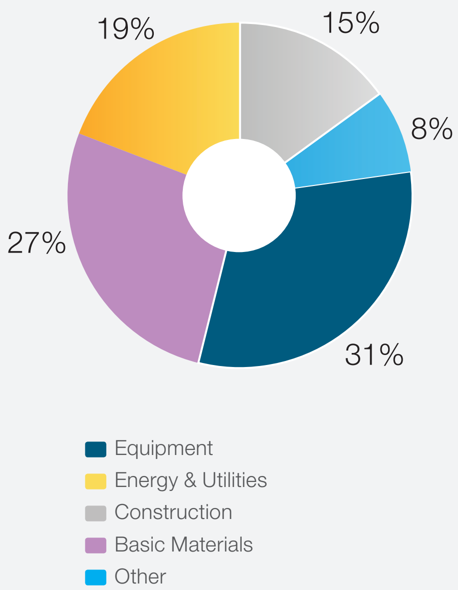
BBRG invested € 15 million in PP&E in 2017, half of which in advanced cords and the other half in steel ropes manufacturing sites worldwide.

Strategy towards a turnaround

The management of Bridon-Bekaert Ropes Group is implementing actions to strengthen its market positions and to gradually leverage the benefits of its increased scale.

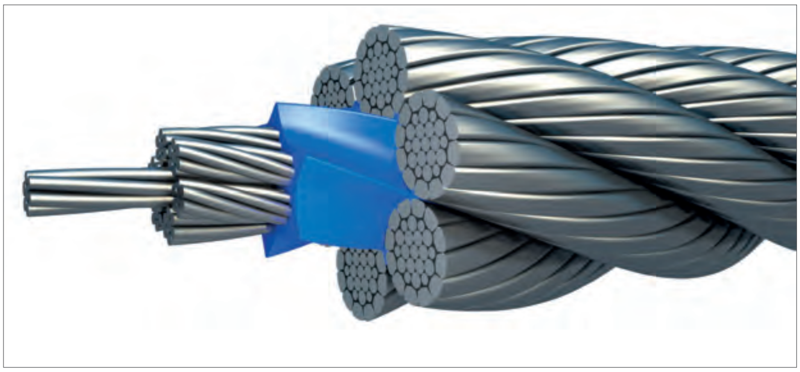
Bridon-Bekaert Ropes Group is putting into practice the same transformation tools that have been implemented successfully within Bekaert. These programs will help create a turnaround in cost effectiveness, sales growth and margin capability and should progressively improve the performance of the segment over the next years.

Bridon-Bekaert Ropes Group 2017
Combined sales by industry



Combined sales	€ 454 million
Capital expenditures (PP&E)	€ 15 million
Total assets	€ 574 million
Employees	2 598

Moreover, the team is spearheading innovation in synthetic and hybrid ropes in anticipation of ever more demanding subsea and mining applications and regulations. Read more about the newest developments in the Technology Chapter of this Annual Report.



CHAPTER 4

TECHNOLOGY & INNOVATION

Technology leadership and speed is a core strategy of Bekaert. Our activities in this field are aimed at creating value for our customers in order for our business, and all our stakeholders, to prosper in the long term. We co-create with customers and suppliers around the globe to develop, implement, upgrade and protect both current and future technologies. We listen to our customers so we understand their innovation and processing needs. Knowing how our products function within their production processes and products is key to developing value-creating solutions.

Transforming steel wire and applying unique 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 our activities and processes.

Innovation in practice: continuously redeploying our core competencies

In order to sustain and strengthen our technological leadership, we continue to explore new possibilities in steel wire transformation and coating technologies. Through the combination of these competencies, we influence the properties of steel such as strength, ductility, fatigue, shape, adhesion, and corrosion resistance.

Even after 137 years of expertise, there is still much to be discovered in our search for the optimal bulk and surface properties of steel wire. By maximizing the synergies between the competencies of our technologists and those of our research and business partners, we can make a real difference and draw infinite possibilities.

Innovation in a nutshell

» In 2017, we invested € 63 million in R&D, net of investment grants.
» An international team of more than 450 R&D specialists develops new products and process innovations.
» Bekaert operates two main technology centers, one in Belgium and one in China, and various development centers worldwide.
» Additionally, the Bridon-Bekaert Ropes Group has a technology center in the UK for steel and synthetic rope development and testing.

Wire Association International awards Bekaert for research

Bekaert is the 2017 winner of Wire Association International's (WAI) annual Allan B. Dove Memorial medal award in the Ferrous Division category for its paper 'Quenched and partitioned steel wires: process, characterization and properties'. The Wire Association International, Inc. is a worldwide technical society for wire and cable industry professionals that collects and shares technical, manufacturing and general business information. Since 1934, WAI's annual medal awards praise the most commendable technical papers on manufacture or fabrication.

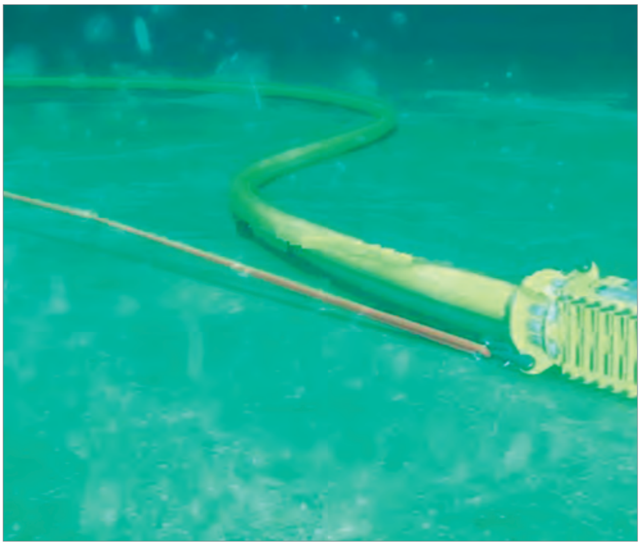
Intellectual Property

- » IP protection at Bekaert consists of patent and design protection, trade secrets, non-disclosure agreements and more. It applies to products and brands, processes and equipment, as well as exclusive development and test programs in collaboration with customers, suppliers and research partners. Reliable IP protection policies have made Bekaert a trusted partner of customers around the world.
- » In 2017, the Bekaert Intellectual Property Department filed 44 first patent applications. By the end of 2017, Bekaert — including Bridon-Bekaert Ropes Group — had a portfolio of more than 1650 patents and patent applications.
- » Substantial progress was made in the granting of relevant patents covering the new generation of building products: the engineered concrete reinforcing fibers Dramix® 4D and 5D, the masonry reinforcement Murfor® Compact, and the new road reinforcement Fortifix®.
- » There were many first patent filings related to new generation heat exchangers and gas burners.
- » Bekaert initiated two patent infringement proceedings against competitors in the course of 2017. Furthermore, Bekaert was able to stop trademark infringement on several e-commerce internet sites.

R&D as a driver for value creation

- » Bekaert's super-tensile and ultra-tensile steel cord ranges for tire reinforcement allow tire makers to produce tires with a lower weight, thinner plies, and lower rolling resistance. Moreover, ultra-tensile steel cord is, when considering the total cost of ownership, less expensive than the conventional steel cord it replaces. For the end user this results in reduced CO_2 emission and lower fuel consumption. The highest tensile strength cords made by Bekaert currently enable a decrease of cord weight by over 30% compared to normal tensile strength cords. In 2017, Bekaert continued to grow the market penetration of these advanced steel cords, as more tire manufacturers recognize the value of designing high-end quality tires at a lower total cost.

- » Bekaert continuously aligns its test methods with the customers. As a result, we carried out substantially more cyclic corrosion tests in 2017 compared with the year before, since this is becoming increasingly more important as a supplier to the automotive industry
- » The search for higher tensile strengths has resulted in new developments for overhead power lines. Aluminum-conductor steel reinforced (ACSR) cables have a steel core used for support. These thinner and lighter ultra- or mega-tensile steel cores, produced by Bekaert, allow overhead power line manufacturers to add more aluminum and, as a result, cut power losses by 20%.
- » Mega- and giga-tensile steel wire also reinforces aluminum conductor steel supported (ACSS) cables. Our steel cores can as much as double the conductor capacity by transferring more power at higher temperatures while preventing the cables from sagging. Mega-tensile cores are about 53% stronger than standard cores, while giga-tensile wires are as much as 63% stronger.
- » Wire coated with Bezinal® XC or XP competes with stainless steel wire for use in medical applications. Bezinal® XP excels in corrosion and cathodic protection, while Bezinal® XC is characterized by a very stable coating integrity that can withstand heavy deformation without losing overall performance. In doing so, both coatings address several market demands, such as the increased need for miniaturization, prolonged shelf life and cost-efficient production. Last year a key industry player successfully used Bezinal® coated steel wires to make springs for auto-injector pens for medical use.
- » Bekaert's Advanced Design Center (ADC) is at the intersection of product development and market research for flat & shaped products. Responding to customer demand, Bekaert has developed hard drawn rectangular shaped wire with a very consistent edge geometry. Compared to traditional round wires with the same product properties, these rectangular wires are stronger. Customers can either produce lighter and smaller springs with comparable spring loads as round wire, or use the same size springs with higher load capacities.
- » Bridon-Bekaert Ropes Group is at the forefront of the most innovative ropes.
  - A new synthetic rope has been developed for subsea infrastructure mooring. The new ScanRope product was constructed from Spectra® S1000 SuperLine™ (HMPE) and is protected by an advanced abrasion / particle resistant jacket, as a better and more durable alternative to traditional subsea infrastructure mooring systems.



- The ScanRope MoorLine deep water mooring line, a 280mm diameter fiber rope, with its load bearing material sheathed with an advanced particle filter system and protected by an abrasion resistant polyester jacket, was designed with a minimum break force of 2500 tons.
- Several trials are running successfully in mines across the world with a highly innovative hybrid rope. The trials show promising results in terms of the rope's performance and lifetime and are projected to reveal the application and business potential in the course of 2018.

» Last but not least, Bekaert successfully developed a 3rd generation sawing wire technology and product. The diamond wire, developed by the sawing wire R&D team in China, has been tested and approved by all targeted customers. This successful development is an illustration of Bekaert's technology leadership and speed and will be gearing our sawing wire business for the future.

Co-creation and open innovation

Bekaert actively seeks opportunities for cooperation with strategic customers, suppliers and academic research institutes and universities. In 2017, these partnerships have been especially successful in the domains of physical metallurgy, metallic coatings and modeling.

Acknowledgement

We wish to thank the Flemish government's Flanders Innovation & Entrepreneurship (VLAIO) agency as well as the Belgian federal government. Their subsidies and incentives for R&D projects involving highly educated scientific staff and researchers in Flanders are essential in securing a foothold for our R&D activities in Belgium.

Innovation & Venturing

Through its innovation & venturing department, Bekaert invests in funds that have a finger on the pulse of technology. In 2017, Bekaert joined the Emerald Technology Ventures fund with a focus on advanced materials. Just like the other funds in which Bekaert participates, Emerald offers access to many start-up companies, which gives Bekaert early insight into what is happening in the field of technology.

Our focus is on young companies that have developed a new technology that might form the missing link to a project, or improve our processes, or a new opportunity that could disrupt our business. When we spot a relevant start-up, we approach them to cooperate in a way that benefits both parties. This could be through a licensing or commercial agreement, or through joint development.

One such example is the investment in Epoch Wires, a UK start-up producing superconductive wire. This type of wire could strongly reduce the cost of wind turbines, medical magnetic resonance imaging (MRI) scanners, and energy storage and transmission systems. Bekaert added management expertise and technical support, enabling the young company to advance its research and expand commercially.

Another focus area in innovation is additive manufacturing, wherein Bekaert is exploring opportunities to add value and to accelerate the adoption of 3D printing of metal or metal-reinforced parts. Bridon-Bekaert Ropes Group showed the way by enabling the construction of the world's first 3D-printed concrete bridge.

In September 2017, Epoch Wires was featured in the United Kingdom's 'Manufacturing & Services Industry' edition of The Parliamentary Review. The Review is a series of independent publications from award-winning journalists and industry experts. The Parliamentary Review provides a comprehensive summary of best practices among Britain's policy makers and business leaders. Every year, its publication is presented at a gala in the Palace of Westminster.

BBRG advanced cords used in world's first 3D-printed bridge

In October 2017, the world's first 3D-printed concrete bridge was officially opened in Gemert (the Netherlands). During the printing process, advanced cords were added to the bridge elements, so that no tensile stress can occur in the concrete. The ultra-strong and flexible solution provided by the Bridon-Bekaert plant in Aalter (Belgium) was a less than 1 mm thin FLEX 0.9 cord.

Equipped for excellence

Bekaert's in-house engineering department plays a key role in the optimization and standardization of our production processes and machinery. In addition to designing, manufacturing and integrating available engineering solutions, this department installs and services the critical equipment in our production plants worldwide.

Bekaert can quickly react to capacity adjustment needs thanks to its engineering department. Because the technology needs are well known and understood, lead times are short and flexibility is high.

Newly designed equipment always combines innovative solutions for performance improvements in various areas, including product quality, production excellence and flexibility, and cost efficiency. Our main focus areas are machine safety, ergonomics and the environmental impact.

Building the factory of the future

Our engineers and technicians use their broad experience to participate in creating the "Bekaert factory of the future". They do this by working on high performing, innovative equipment at a low operational cost, machines that require minimal changeover time, and ensuring maximum automation and robotics. Great effort is taken to automate equipment, allowing machine operators to optimally use their expertise on tasks with added value.

Factory automation and a Manufacturing Execution System (MES) are enablers to optimize productivity. The interconnection and digitalization show in the increased use of sensors and robotics. Advanced sensors and measuring tools are increasingly being integrated into Bekaert's manufacturing equipment in order to control the specification tolerances during various production steps. This enhances Bekaert's product quality testing capability in all critical process stages and guarantees defect-free products for the customers.

Value engineering

Bekaert Engineering makes make-or-buy decisions based on various factors, including cost-effectiveness, technology lead, and IP protection. To this end, the team actively screens the market for new technologies and trends and explores partnership opportunities to constantly improve Bekaert's equipment and manufacturing excellence.

In line with the ***better together*** philosophy, the engineering teams interact with and stimulate each other to develop and deliver the best solutions for and together with the business. Encouraged by the *Must Win Battle 'Fit for Growth',* Bekaert Engineering will focus even more on innovative initiatives driving value.

Engineering in a nutshell

» Bekaert's in-house engineering department employs an international team of more than 550 engineers and technicians.

» The engineering teams are located in Belgium, China, India, Slovakia, USA and Brazil. The Belgian team focuses on the conceptual design and prototyping of new equipment, while the production of standard equipment is done in China and India. The teams in China, India, Slovakia, USA and Brazil provide on-site services to the Bekaert plants worldwide.

» As Bekaert is expanding worldwide, Bekaert Engineering has positioned its engineering entities within the various regions to ensure optimal and speedy support for the production facilities.

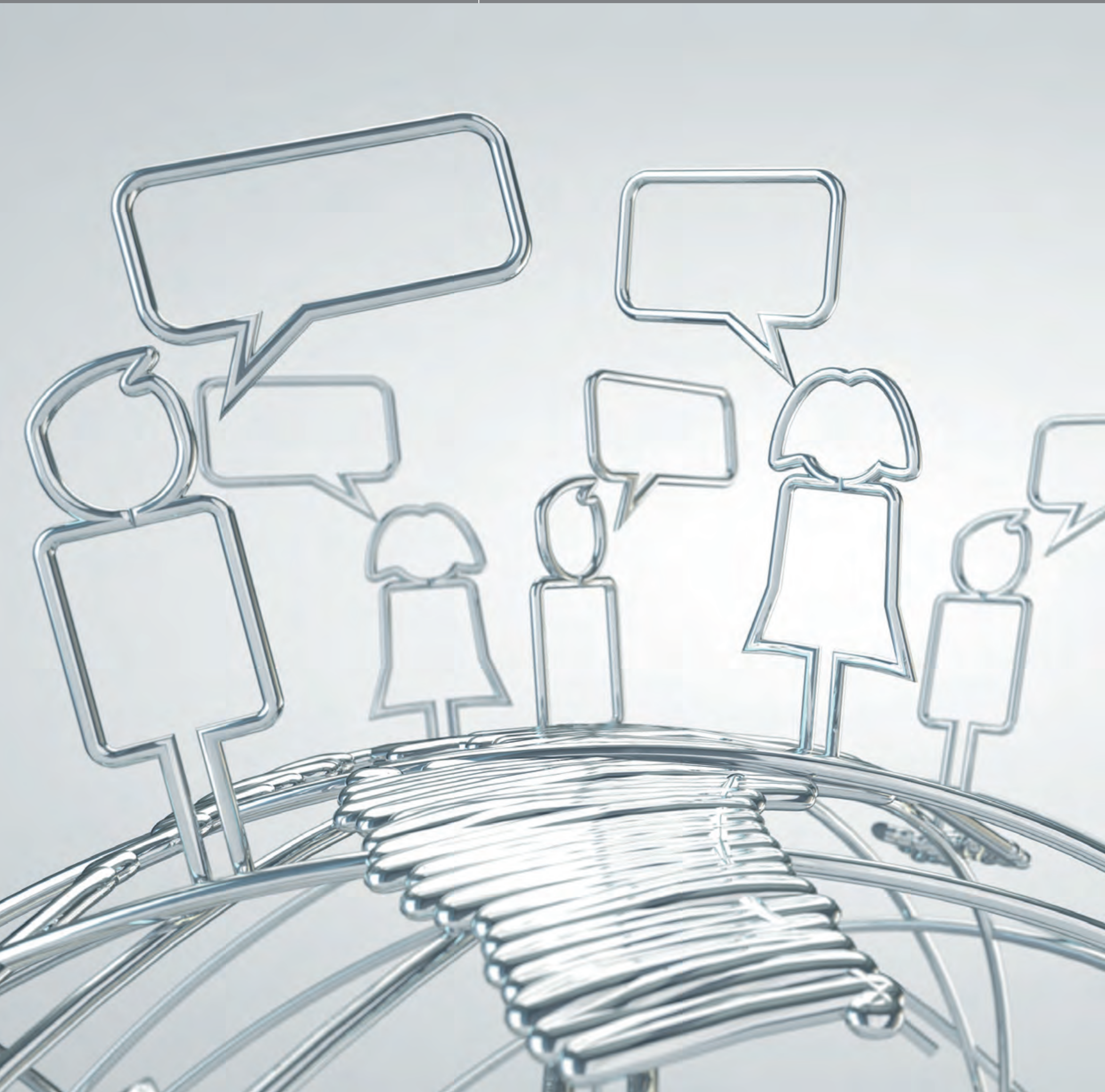
» Bekaert's engineering team is constantly looking for internal and external opportunities for total cost reduction. It also looks for disruptive innovative engineering solutions for new products and processes in close cooperation with the technology centers. Furthermore, Bekaert Engineering ensures excellent assembly, installation and maintenance services, and coordinates global spare parts management.

Bekaert Engineering organizes Total Quality Management challenge

Cross-functional teams at Bekaert Engineering in Belgium, China and Slovakia participated in a challenge to improve total quality management (TQM). In eight months, the teams went from brainstorming to implementing ideas for improvement. At the end of the challenge, the teams presented their work to their colleagues. CEO Matthew Taylor awarded the team that applied the total quality management way-of-working the best with the TQM trophy.

CHAPTER 5

REPORT OF THE BOARD



KEY FIGURES

Combined key figures

in millions of €

	2016	2017	Delta
Sales	4 351	4 808	10.5%
Capital Expenditure (PP&E)	170	298	75.3%
Employees as at 31 December	28 863	29 313	1.6%

Consolidated financial statements

in millions of €

	2016	2017	Delta
Income statement			
Sales	3 715	4 098	10.3%
EBIT	260	318	22.3%
EBIT-underlying	305	301	-1.3%
Interests and other financial results	-111	-93	-16.2%
Income taxes	-62	-69	11.3%
Group share joint ventures	25	27	8.0%
Result for the period	112	183	63.4%
attributable to the Group	105	185	76.2%
attributable to non-controlling interests	7	-2	-
EBITDA-underlying	513	497	-3.1%
Depreciation PP&E	192	192	-
Amortization and impairment	30	-	-
Balance sheet			
Equity	1 598	1 583	-0.9%
Non-current assets	2 137	2 124	-0.6%
Capital expenditure (PP&E)	159	273	71.7%
Balance sheet total	4 304	4 445	3.3%
Net debt	1 068	1 151	7.8%
Capital employed	2 650	2 664	0.5%
Working capital	843	888	5.3%
Employees as at 31 December	25 572	25 784	0.2%
Ratios			
EBITDA on sales	13.0%	12.4%	
Underlying EBITDA on sales	13.8%	12.1%	
EBIT on sales	7.0%	7.8%	
Underlying EBIT on sales	8.2%	7.3%	
EBIT interest coverage	3.9	4.0	
ROCE	10.0%	11.8%	
ROE	7.2%	11.5%	
Financial autonomy	37.1%	35.6%	
Gearing (Net debt on equity)	66.8%	72.7%	
Net debt on EBITDA	2.2	2.3	

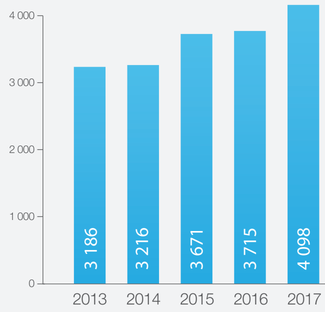
Joint ventures and associates

in millions of €

	2016	2017	Delta
Sales	636	710	11.6%
Operating result	75	66	-12.0%
Net result	64	71	10.9%
Capital expenditure (PP&E)	12	26	116.7%
Depreciation	16	20	25.0%
Employees as at 31 December	3 291	3 529	7.2%
Group's share net result	25	27	8.0%
Group's share equity	142	165	16.2%

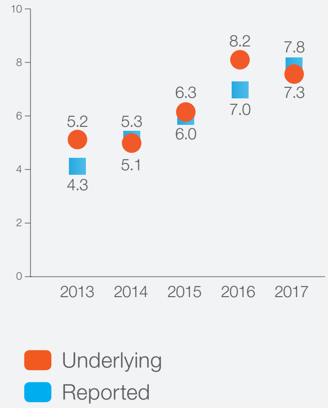
Consolidated sales

in millions of €



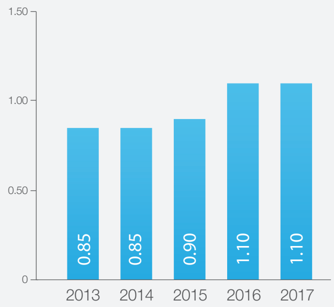
EBIT on sales

in %



Gross dividend[1]

in €



[1] The dividend is subject to approval by the General Meeting of Shareholders 2018

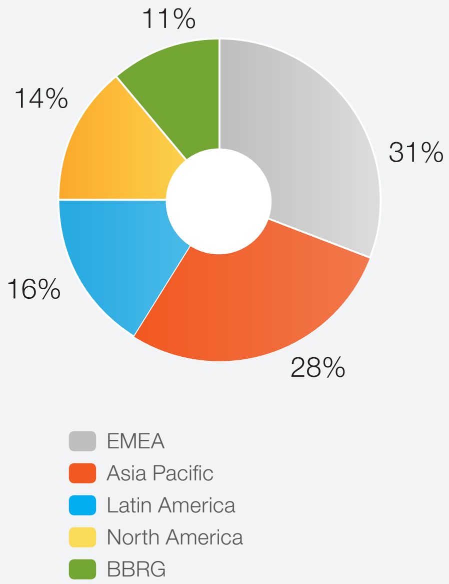
Key figures per share NV Bekaert SA	2016	2017	Delta
Number of shares as at 31 December	60 347 525	60 373 841	0.04%
Market capitalization as at 31 December (in millions of €)	2 322	2 200	-5.3%

Per share in €	2016	2017	Delta
EPS	1.87	3.26	74.3%
Gross dividend*	1.10	1.10	-
Net dividend**	0.77	0.77	-

Valorization in €	2016	2017	Delta
Price as at 31 December	38.49	36.45	-5.3%
Price (average)	37.07	42.05	13.4%

* Subject to approval by the General Meeting of Shareholders 2018
** Subject to the applicable tax legislation

Consolidated sales by segment



KEY FIGURES PER SEGMENT

EMEA

Underlying	2016	2017
EBIT on sales	12.2%	11.1%
EBITDA on sales	17.4%	15.9%
ROCE	22.1%	20.8%

EMEA
€ 1 264 million
Combined sales
26%

North America

Underlying	2016	2017
EBIT on sales	5.1%	6.0%
EBITDA on sales	7.6%	8.5%
ROCE	11.7%	14.9%

North America
€ 552 million
Combined sales
12%

Latin America

Underlying	2016	2017
EBIT on sales	9.8%	8.2%
EBITDA on sales	13.0%	11.1%
ROCE	16.6%	14.8%

Latin America
€ 1 394 million
Combined sales
29%

Asia Pacific

Underlying	2016	2017
EBIT on sales	11.3%	9.3%
EBITDA on sales	21.1%	17.1%
ROCE	12.2%	10.9%

Asia Pacific
€ 1 144 million
Combined sales
24%

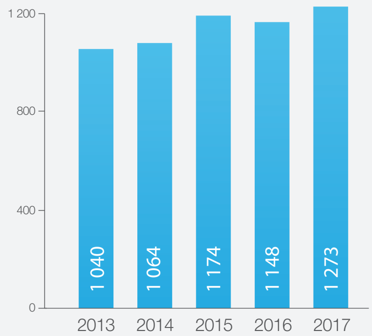
BBRG

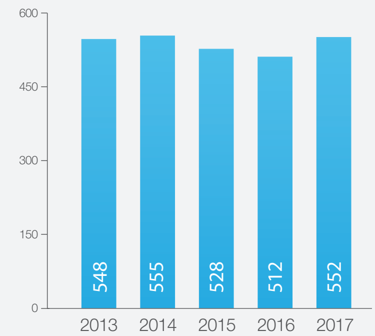
Underlying	2016	2017
EBIT on sales	4.1%	3.3%
EBITDA on sales	10.8%	9.0%
ROCE	3.4%	3.1%

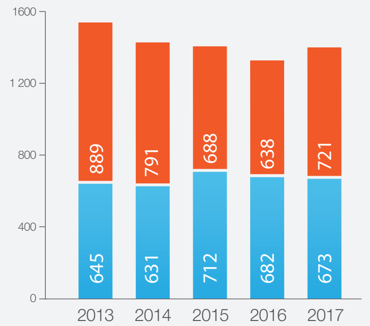
Bridon-Bekaert Ropes Group
€ 454 million
Combined sales
9%

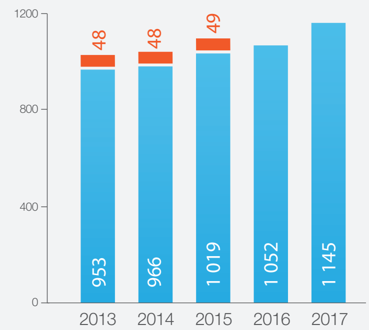
SALES

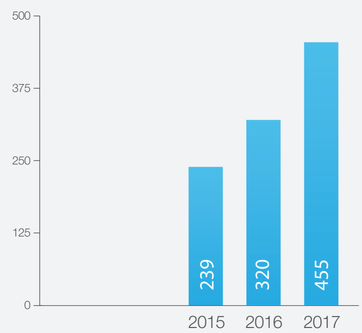
in millions of €











Consolidated companies
Joint ventures and associates

SUMMARY OF FINANCIAL REVIEW

Notes

Besides IFRS accounts, Bekaert also presents the key underlying business performance parameters of profitability and cash generation, to provide a more consistent and comparable view on the Group's financial performance. These underlying business performance indicators adjust the IFRS figures for the one-off accounting impacts of restructuring costs, provisions for environmental sanitization programs, asset impairments, M&A related fees, and other such non-recurring items that would distort the analysis of the Group's underlying Business performance. 'REBIT' and 'REBITDA' - reflecting the 'recurring' or 'underlying' business performance - are now named[1] EBIT-Underlying and EBITDA-Underlying respectively. EBIT and EBITDA according to IFRS are referred-to as such or as EBIT-reported and EBITDA-reported when specification adds clarity.

Underlying EBIT bridge

Bekaert's underlying EBIT was € 301 million, reflecting a margin of 7.3%. In terms of organic growth, the main factors preventing us from turning improved volumes into incremental profitability were the adverse mix effect of a fast declining loose abrasive sawing wire business and the time needed to pass on the continuously increasing wire rod prices. The impact of the latter on our margins was at its most severe during the middle part of the year. In the fourth quarter, we were better able to pass on wire rod prices without adversely affecting our sales volumes.

The incremental cost savings from transformation programs and other measures compensated for the full-year integration of the Bridon activities in the Bridon-Bekaert Ropes Group at lower than average margins, and the divestment of the high-margin Sumaré business in Brazil.

Sales and financial review

Sales

Bekaert achieved consolidated sales of € 4.1 billion in 2017, an increase of 10.3% compared with last year. Organic volume growth boosted sales by 3.4% and the aggregate effect of passed-on higher wire rod prices and price-mix added +5.5%.

[1] Definitions of financial parameters are described in the Financial Review of this Annual Report

The net effect of mergers, acquisitions and divestments was +2.2% while currency movements accounted for -0.9%. Combined sales totaled € 4.8 billion for the year, up 10.5% from 2016 due to 7.5% organic growth, a limited net effect of mergers, acquisitions and divestments (+2.8%) and about neutral exchange rate effects.

Dividend

The Board of Directors confirms its confidence in the strategy and future perspectives of the company and will propose that the General Meeting of Shareholders on 9 May 2018 approve the distribution of a gross dividend of € 1.10 per share, stable from last year. The dividend will, upon approval by the General Meeting of Shareholders, become payable as of 15 May 2018.

Financial results

Bekaert achieved an operating result (EBIT-Underlying) of € 301 million (versus € 305 million in 2016). This equates to a margin on sales of 7.3% (versus 8.2% in 2016). The one-offs amounted to € 17 million (€ -45 million in 2016) and included the gain on the sale of 55.5% of the shares in the formerly wholly-owned subsidiary in Sumaré (€ +25.8 million) and other items adding up to a net expense of € -8.8 million.

Including these one-offs, EBIT was € 318 million, representing an EBIT margin on sales of 7.8% (versus € 260 million or 7.0%). Underlying EBITDA was € 497 million (12.1% margin) compared with € 513 million (13.8%) and EBITDA reached € 510 million, or an EBITDA margin on sales of 12.4% (versus 13.0%).

Reported selling and administrative expenses increased by € 17 million to € 345 million due to the impact of mergers, acquisitions and divestments (€ 17.8 million) and consulting costs related to transformation programs (€ 7.5 million), effects which were partly offset by overhead cost reductions and the positive impact from currency movements. Research and development expenses amounted to € 63 million, stable from last year. Other operating revenues and expenses mainly reflected the gains on operating cash flow hedges, income from government grants and less impairment losses compared to 2016.

Interest income and expenses amounted to € -87 million, € -14 million higher than last year due to an increase of gross debt and a higher average interest rate. Other financial income and expenses amounted to € -6.4 million (versus € -37.5 million) and included a gain of € 17.7 million on the conversion option related to the convertible bond issued in June 2016 (versus a loss of € -37.4 million in 2016).

Taxation on profit amounted to € 69 million, compared with € 62 million in 2016. The effective tax rate decreased from 41.6% last year to 30.8% in 2017.

The share in the result of joint ventures and associated companies increased from € 25 million to € 27 million and includes the integration of the Sumaré business into the joint venture partnership from the second half of 2017 onwards.

The result for the period thus totaled € 183 million, compared with € 112 million in 2016. The result attributable to non-controlling interests decreased from € 7 million to € -2 million. After non-controlling interests, the result for the period attributable to the Group was € 185 million, compared with € 105 million last year. Earnings per share amounted to € 3.26, up from € 1.87 in 2016.

Balance sheet

As at 31 December 2017, shareholders' equity represented 35.6% of total assets, down from 37.1% in 2016. The gearing ratio (net debt to equity) was 72.7% (versus 66.8%).

Net debt was € 1 151 million, down from € 1 230 million as at 30 June 2017 and up from € 1 068 million as at year-end 2016. Net debt on underlying EBITDA was 2.3, compared with 2.1 on 31 December 2016.

Cash flow statement

Cash from operating activities amounted to € 244 million, compared with € 400 million in 2016, due to lower cash generation and the cash-out impact of a higher working capital.

Cash flow attributable to investing activities amounted to € -226 million (versus € -100 million): € -277 million related to substantially higher capital expenditure (intangibles and PP&E) while the net impact of acquisitions and divestments dropped from € 41 million to € 20 million.

Cash flows from financing activities totaled € 47 million (versus € -302 million in 2016). The cash-ins from gross financial debt in 2016 reflected the repayment of a long-term loan offset by the extra cash received from the Convertible Bond Exchange.

Investment update and other information

Net debt increased to € 1 151 million, up from € 1 068 million as at year-end 2016 and down from € 1 230 million as at 30 June 2017. Net debt on underlying EBITDA was 2.3, compared with 2.1. on 31 December 2016. Excluding Bridon-Bekaert Ropes Group, net debt on underlying EBITDA was 1.5, below our target of 2.0.

Bekaert is investing in all continents to expand and upgrade the production capacity to the levels needed. Investments in property, plant and equipment amounted to € 273 million in 2017 and included major tire cord expansion programs in EMEA and Asia Pacific.

In addition to the 3 885 446 treasury shares held as of 31 December 2016, Bekaert purchased 172 719 own shares in the course of 2017. A total of 403 150 stock options were exercised in 2017 under the Stock Option Plan 2010-2014 and 403 150 treasury shares were used for that purpose. 18 735 treasury shares were transferred in the context of the Personal Shareholding Requirement Plan. As a result, Bekaert held an aggregate 3 636 280 treasury shares as of 31 December 2017.

Segment reports

EMEA

Bekaert's activities in EMEA achieved 11% sales growth in 2017, driven by robust organic volume growth (+7%) and the aggregate effect of passed-on wire rod price increases and price mix (+4%). Strong automotive, construction and other industrial markets boosted sales volumes throughout the year, while demand for specialty steel wires was flat compared with 2016.

Bekaert EMEA delivered solid results in 2017. We repeated the record € 141 million underlying EBIT of last year in absolute numbers. The margin performance was lower due to some delay in passing on wire rod price increases to our customers — particularly in the highly competitive construction markets — and because of additional costs of hiring and training personnel needed for the ongoing expansion programs in Central and Eastern Europe.

The one-offs amounted to € +3 million and were mainly related to the reversal of impairment losses.

Compared with last year, capital expenditure (PP&E) more than doubled to € 115 million and included, amongst others, major capacity expansions in Romania, Slovakia and Russia.

Bekaert anticipates continued good demand from most markets and increased benefits from the ongoing expansion programs. The steadily increasing oil prices may induce some investment activity in oil markets in the near future.

North America

Bekaert's activities in North America achieved almost 8% sales growth and a significant improvement in profitability. Passed-on higher wire rod prices and price-mix effects combined with more than 3% volume increase boosted an organic growth of almost 10%.

Automotive, industrial and specialty steel wire markets performed well in 2017. As anticipated, sales volumes were lower in the last quarter of the year due to the normal seasonality impacts. The adverse effects of a weaker USD in the second half of the year had a significant impact on both sales and profitability, year-on-year.

The transformation programs put in place in the region have had a material impact on the 2017 performance. The combined approach in implementing manufacturing, supply chain and commercial excellence have led to a stronger organization, better segmentation, and increased cost competitiveness. The underlying EBIT increased by 28% to € 33 million at a margin of 6%. The segment also reported a significant increase in EBITDA and ROCE margins compared with the previous reporting periods.

Capital expenditure (PP&E) was € 13 million in North America.

Latin America

In Latin America, consolidated sales were down 1% from last year. The divestment of the Sumaré entity accounted for -5.5% and the overall weak economic environment in the region drove demand for our products down, resulting in a volume loss of -5.6% for the year. These effects were almost completely compensated at the top-line by the impact of passed-on higher wire rod prices and slightly positive currency effects.

The segment's profitability was affected by the deterioration of the business climate in 2017. Underlying EBIT decreased by 18% due to weak market conditions and cost inflation, amongst other due to protective measures against wire rod imports in various countries. The cancellation of the obligations under an onerous supply contract offset the divestment impact of the high-margin Sumaré entity. The underlying EBIT margin reached 8.2% for the full year.

EBIT increased by more than 20% to € 80 million as a result of the gain on the sale of 55.5% of the shares of the Sumaré plant in Brazil which has been integrated into the BMB (Belgo Mineira Bekaert Artefatos de Arame Ltda) joint venture partnership with ArcelorMittal.

Bekaert invested € 22 million in property, plant and equipment across the region, particularly in Chile and Peru.

Bekaert's combined sales increase reflects the translation impact of a stronger average Brazilian real compared with last year and passed on higher raw material prices. The share in the results of joint ventures increased by 5.5% due to the integration of the Sumaré entity within the joint venture partnership in Brazil.

Asia Pacific

Bekaert delivered 12% organic sales growth in Asia Pacific, driven by good volume growth and a positive aggregate effect of passed-on wire rod price increases and price-mix. Bekaert's rubber reinforcement activities reported firm growth across the region.

Several developments hindered us from repeating the outstanding margin performance of last year:

- » The continuous price increases of raw materials hampered an immediate effective pricing response in the fierce competitive environment in China. The impact on our margins was at its most severe during the middle part of the year. In the fourth quarter, we were better able to pass on wire rod prices without adversely affecting our sales volumes.
- » The demand for loose abrasive sawing wire declined sharply due to an acceleration of the technology shift to new generation products.
- » The ongoing expansion programs in the region generated additional costs related to hiring and training personnel.

These elements had an adverse effect on the overall profitability for the region in 2017. Underlying EBIT decreased to € 107 million at a margin of 9.3%, below our 2016 performance.

We have taken actions to upgrade our sawing wire offering so we can play a part in the ongoing technology shift. Bekaert has successfully developed in the course of 2017 a fixed abrasive sawing wire. All key customers have tested and approved the samples and we are investing in production capacity to start serving our customers as of mid-2018.

In anticipation of continued growth perspectives, Bekaert invested € 122 million in PP&E in the region in 2017, more than doubling the investment pace of 2016 and including expansion investments in China, India and Indonesia. In order to better leverage scale, the company also closed two entities that did not have the potential to generate value-creating growth: the Shah Alam plant in Malaysia and the small tire cord plant in Huizhou (China).

We expect the high run rate in our tire markets to continue into 2018. We project improved margin performance in our ongoing businesses by progressively regaining pricing power. We take into account continued low demand for loose abrasive sawing wire in the first half of 2018 and a positive contribution from the launch of fixed abrasive sawing wire as from the second half onwards.

Bridon-Bekaert Ropes Group

Bridon-Bekaert Ropes Group (BBRG) achieved 42% sales growth. The integration of the Bridon activities since the end of June 2016, accounted for an increase of 38%. The former Bekaert activities within BBRG delivered 5% organic growth reflecting almost 4% volume increase stemming from double-digit growth in the advanced cords business and a modest volume increase in ropes.

The advanced cords business activities have performed strongly throughout the year. The steel ropes activities in North America, Australia and Chile gradually reported higher sales volumes on the wave of increased demand in the mining sector. The European and Brazilian entities, which are heavily dependent on oil, reported very weak sales and results throughout the year.

Underlying EBIT was € 15 million at a margin of 3.3%, reflecting the difficult conditions in oil & gas markets and the margin impact of continuous wire rod price increases. The projected recovery of Bridon-Bekaert Ropes Group is taking longer than anticipated due to the absence of a rebound in offshore oil & gas activities and the slow reconversion and entry process into more diversified market segments. While the order books are modestly growing, they have an extended delivery window with limited immediate growth effects.

BBRG invested € 15 million in PP&E in 2017, half of which in advanced cords and the other half in steel ropes manufacturing sites worldwide.

The management of Bridon-Bekaert Ropes Group is implementing actions to strengthen its market positions and to gradually leverage the benefits of its increased scale. Bridon-Bekaert Ropes Group is putting into practice the same transformation tools that have been implemented successfully within Bekaert. These programs will help create a turnaround in cost effectiveness, sales growth and margin capability and should progressively improve the performance of the segment over the coming years.

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 Corporate Governance Charter was further revised by the Board of Directors on 13 November 2014 and on 28 July 2016 (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 currently consists of fifteen members, who are appointed by the General Meeting of Shareholders. Eight of the Directors are appointed from among candidates nominated by the principal shareholder. 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.

Five 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: Celia Baxter (first appointed in 2016), Alan Begg (first appointed in 2008), Pamela Knapp (first appointed in 2016), Martina Merz (first appointed in 2016) and Mei Ye (first appointed in 2014).

The Board had six regular meetings in 2017. 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 2017:

» strategic projects;
» the strategic plan for the period 2018-2022;
» the business plan for 2018;
» the succession planning at the Board and Executive Management levels;
» the remuneration and long-term incentives for the Chief Executive Officer and the other members of the Executive Management;
» the 2017 global employee survey;
» governance, risk and compliance;
» the repurchase of Company shares;
» Board evaluation;
» continuous monitoring of the debt and liquidity situation of the Group.

Name	First appointed	Expiry of current Board term	Principal occupation[2]	Number of regular/ extraordinary meetings attended
Chairman				
Bert De Graeve[1]	2006	2019	NV Bekaert SA	6
Chief Executive Officer				
Matthew Taylor	2014	2018	NV Bekaert SA	6
Members nominated by the principal shareholder				
Leon Bekaert	1994	2019	Director of companies	6
Grégory Dalle	2015	2019	Managing Director, Credit Suisse International, Investment Banking and Capital Markets	6
Charles de Liedekerke	1997	2019	Director of companies	6
Christophe Jacobs van Merlen	2016	2020	Managing Director, Bain Capital Private Equity (Europe), LLP (UK)	5
Hubert Jacobs van Merlen	2003	2019	Director of companies	6
Maxime Jadot	1994	2019	CEO and Chairman of the Executive Board, BNP Paribas Fortis (Belgium)	6
Emilie van de Walle de Ghelcke	2016	2020	Legal Counsel, Sofina (Belgium)	6
Henri Jean Velge	2016	2020	Director of Companies	6
Independent Directors				
Celia Baxter	2016	2020	Director of companies	6
Alan Begg	2008	2018	Director of companies	6
Pamela Knapp	2016	2020	Director of companies	6
Martina Merz	2016	2020	Director of companies	6
Mei Ye	2014	2018	Independent director of and advisor to companies	6

[1] Bert De Graeve was first appointed as Board Member in 2006. In 2014 he became Chairman of the Board.
[2] 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, Ms Pamela Knapp, is independent. Ms Knapp's competence in accounting and auditing is demonstrated by her former position as Chief Financial Officer of the Power Transmission and Distribution Division of Siemens (from 2004 to 2009) and her position as Chief Financial Officer of GfK SA (from 2009 to 2014). The Committee members as a whole have competence relevant to the sector in which the Company is operating. The Committee is chaired by Mr Hubert Jacobs van Merlen.

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 the Executive Management.

Name	Expiry of current board term	Number of regular and extraordinary meetings attended
Hubert Jacobs van Merlen	2019	4
Bert De Graeve	2019	4
Pamela Knapp	2020	4
Christophe Jacobs van Merlen	2020	4

The Committee had four regular meetings in 2017. 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;
- governance, risk and compliance and 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, Ms Celia Baxter and Mr Alan Begg, 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 board term	Number of meetings attended
Bert De Graeve	2019	3
Celia Baxter	2020	3
Alan Begg	2018	3

One of the Directors nominated by the principal shareholder and the Chief Executive Officer are invited to attend the Committee meetings without being a member.

The Committee met three times in 2017. In addition to its statutory powers and its powers under the Bekaert Charter, the Committee discussed the following main subjects:

- the recruitment of a new Chief Human Resources Officer;
- the succession planning at the top management level;
- the variable remuneration for the Chief Executive Officer and the other members of the Executive Management for their performance in 2016;
- the base remuneration for the Chief Executive Officer and the other members of the Executive Management for 2017;
- target setting for 2017;
- the long-term incentive grants.

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 board term	Number of meetings attended
Bert De Graeve	2019	3
Leon Bekaert	2019	3
Charles de Liedekerke	2019	3
Maxime Jadot	2019	3
Martina Merz	2020	3
Matthew Taylor	2018	3

The Committee met three times in 2017 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 this section and 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.

In 2017, the Chairman organized a performance appraisal of the full Board.

Diversity

Since the Annual General Meeting of 11 May 2016, the Company is compliant with the legal requirement that at least one third of the members of the Board of Directors are of the opposite gender.

Bekaert is developing a recruitment and promotion policy which is aimed at gradually driving more diversity, including gender diversity. More information is available in Bekaert's Group-wide Sustainability report.

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.

Ms Rajita D'Souza joined Bekaert as Chief Human Resources Officer and became a member of the BGE effective 1 September 2017.

Per 1 March 2018, Mr Jun Liao took over the responsibilities of Mr Vandekerckhove regarding the North Asia region and joined the BGE.

As from 1 March 2018, the BGE consists of the following members:

Name	Postition	Appointed
Matthew Taylor	Chief Executive Officer	2013
Rajita D'Souza	Chief Human Resources Officer	2017
Beatríz García-Cos	Chief Financial Officer	2016
Lieven Larmuseau	Executive Vice President Rubber Reinforcement Business Platforms	2014
Jun Liao	Executive Vice President North Asia	2018
Curd Vandekerckhove	Executive Vice President Global Operations	2012
Geert Van Haver	Chief Technology and Engineering Officer	2014
Stijn Vanneste	Executive Vice President Europe, South Asia and South East Asia	2016
Piet Van Riet	Executive Vice President Industrial Products and Specialty Products Business Platforms, Marketing & Commercial Excellence	2014
Frank Vromant	Executive Vice President Americas	2011

Conduct policies

Statutory conflicts of interest 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 interest of a financial nature with the Company, and should refrain from participating in the discussion of and voting on those items. A conflict of interest arose on two occasions in 2017, and the provisions of Article 523 were complied with on such occasions.

On 28 February 2017, the Board had to determine the remuneration of the Chief Executive Officer (amongst which the proposed short term variable remuneration of € 636 694 on account of his 2016 performance and the proposed mid-term variable remuneration of € 181 913 in respect of the period 2014-2016). Excerpt from the minutes:

RESOLUTION
On the motion of the Nomination and Remuneration Committee, the Board:

» *approves the proposed short term variable remuneration payable to the CEO on account of his 2016 performance;*
» *approves the proposed base salary increase for the CEO, to apply as from 1 July 2017;*
» *approves the proposed exceptional grant of 10 000 performance share units for the CEO and the related performance target in accordance with the Performance Share Plan NV Bekaert SA 2015-2017.*
» *resolves to waive the contractually agreed deferral of one third of the CEO's annual variable pay for this year.*

RESOLUTION
On the motion of the Nomination and Remuneration Committee, the Board approves the mid-term variable remuneration payable in respect of the period 2014-2016.

RESOLUTION
On the motion of the Nomination and Remuneration Committee, the Board approves the short term variable remuneration objectives for the CEO in respect of 2017.

On 18 December 2017, the Board had to decide on the number of options that would be offered to the Chief Executive Officer under the Stock Option Plan 2015-2017 and on the performance targets with respect to the performance share units that would be granted in December 2017 under the Performance Share Plan 2015-2017. The Board also discussed the future long-term incentive plan for the period 2018-2020. Excerpt from the minutes:

RESOLUTION
On the motion of the Nomination and Remuneration Committee, the Board approves the offer of 20 000 options to the CEO pursuant to the Stock Option Plan 2015-2017.

RESOLUTION
On the motion of the Nomination and Remuneration Committee, the Board approves the proposed performance targets with respect to the performance share units that will be granted in December 2017.

RESOLUTION

On the motion of the Nomination and Remuneration Committee, the Board approves the proposal to replicate the current long-term incentive plan (i.e. combination of stock option plan and performance share plan) for a three-year period (2018-2020).

Other transactions with Directors and Executive Management

The Bekaert Charter contains conduct guidelines with respect to direct and indirect conflicts of interest 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 interest concerning such transactions occurring in 2017 (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 Dealing Code. As a result of the EU Market Abuse Regulation, the Board of Directors has, on 28 July 2016, approved a new version of the Bekaert Dealing Code, effective 3 July 2016. The Bekaert Dealing Code is included in its entirety in the Bekaert Charter as Appendix 4. The Bekaert Dealing Code restricts transactions in Bekaert financial instruments 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 disclosure of executed transactions by leading managers and their closely associated persons through a notification to the Company and to the Belgian Financial Services and Markets Authority (FSMA). The Company Secretary is the Dealing Code Officer for purposes of the Bekaert Dealing Code.

Remuneration Report

1. Description of the procedure used in 2017 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 Meetings of 11 May 2011 and of 14 May 2014.

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 2017 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.

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 for the attendance fees in respect of Board or Committee meetings.

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 Board Member Expense Policy.

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 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.

Executive managers

The main elements of the Group's executive remuneration policy are a base remuneration, a short-term and a 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 long-term variable remuneration program aims at rewarding managers and executives for their contribution to the creation of enhanced shareholder value over time. This program is 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 and a 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 Nomination and Remuneration 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 other members of the Executive Management consists of a base remuneration, a short-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 Executive Manager, being a member of the BGE leading a globally operating industrial group with various business platforms. The Chief Executive Officer evaluates the performance of each of the other BGE members 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.

The long-term variable remuneration component for the Chief Executive Officer and the other BGE members exists of the offer of a variable amount of stock options under a share option plan and the grant of a fixed amount of performance share units under a performance share plan.

The Chief Executive Officer and the other members of the BGE also participate in a Personal Shareholding Requirement Plan, pursuant to which they are required to build and maintain a personal shareholding in Company shares and whereby the Company matches the BGE member's investment in Company shares in year x with a direct grant of a similar number of Company shares at the end of year x + 2.

3. Remuneration of the Directors in respect of 2017

The amount of the remuneration and other benefits granted directly or indirectly to the Directors, by the Company or its subsidiaries, in respect of 2017 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 € 250 000.

The remuneration of each Director, except the Chair, for the performance of the duties as a member of the Board was a set amount of € 42 000, and an amount of € 4 200 for each meeting of the Board attended in person (with a maximum of € 25 200 for six meetings per year).

The remuneration of the Chair of the Audit and Finance Committee, in the capacity as Chair and member of such a Committee, was an amount of € 4 000 for each Committee meeting 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 € 3 000 for each Committee meeting attended in person.

in €	Set amount	Amount for board attendance	Amount for committee attendance	Total
Chairman				
Bert De Graeve	250 000			250 000
Board members				
Celia Baxter	42 000	25 200	9 000	76 200
Alan Begg	42 000	25 200	9 000	76 200
Leon Bekaert	42 000	25 200	9 000	76 200
Grégory Dalle	42 000	25 200	0	67 200
Charles de Liedekerke	42 000	25 200	9 000	76 200
Christophe Jacobs van Merlen	42 000	21 000	12 000	75 000
Hubert Jacobs van Merlen	42 000	25 200	16 000	83 200
Maxime Jadot	42 000	25 200	9 000	76 200
Pamela Knapp	42 000	25 200	12 000	79 200
Martina Merz	42 000	25 200	9 000	76 200
Matthew Taylor	42 000	25 200	0	67 200
Emilie van de Walle de Ghelcke	42 000	25 200	0	67 200
Henri Jean Velge	42 000	25 200	0	67 200
Mei Ye	42 000	25 200	0	67 200
Total Directors' Remuneration				**1 280 600**

4. Remuneration of the Chief Executive Officer in respect of 2017 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 table in section 6 below.

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 the following performance related elements:

» a short-term variable remuneration, with objectives related to the annual business plan. The objectives are set at the beginning of the year by the Nomination and Remuneration Committee and are approved by the Board. Those objectives include a weighted average of both Group and individual financial and non-financial targets which are relevant in evaluating annual financial performance of the Group and progress achieved against the agreed strategic objectives; they are evaluated annually by the Board. One third of the annual short-term variable remuneration of the Chief Executive Officer is deferred over a period of twenty-four months; no deferral is applicable for the other members of the BGE.

» a long-term variable remuneration, in the form of:
- the offer of a variable amount of stock options;
- the grant of a fixed amount of performance share units which will vest following a vesting period of three years, conditional to the achievement of a pre-set performance target.

The performance criteria used to evaluate the short-term and long-term variable remuneration are sales turnover, EBIT, working capital, share price growth, non-financial targets such as the implementation of transformation programs, combined with specific individualized objectives.

At par level, the value of the variable remuneration elements of the Chief Executive Officer and the other members of the BGE exceeds 25% of their total remuneration. More than half of this variable remuneration is based on criteria over a period of minimum three years.

6. Remuneration of the Chief Executive Officer in respect of 2017

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 2017 for his Chief Executive Officer role is set forth below.

Matthew Taylor	Renumeration[1]	Comments
Base remuneration	€ 779 145	Includes Belgian base remuneration as well as Belgian and foreign director fees[2]
Short-term variable remuneration	€ 477 521	Annual variable remuneration, based on 2017 performance
Mid-term variable remuneration	€ 95 504	Mid-term variable remuneration, based on 2015-2017 performance
Long-term variable remuneration:		
- Stock option grant	30 000 options	Number of stock options granted
- Performance share units	16 500 units	Number of performance share units granted
Pension	€ 155 384	Defined Contribution Plan
Other remuneration elements	€ 55 353	Includes company car and risk insurances

(1) In respect of 2017.

(2) The base remuneration includes the remuneration received by the Chief Executive Officer in his capacity as a Director.

7. Remuneration of the other Bekaert Group Executive members in respect of 2017

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 2017 is set forth below on a global basis

	Remuneration(1)	Comments
Base remuneration	€ 2 848 250	Includes Belgian base remuneration as well as Belgian and foreign director fees
Short-term variable remuneration	€ 1 444 453	Annual variable remuneration, based on 2017 performance
Mid-term variable remuneration	€ 181 236	Mid-term variable remuneration, based on 2015-2017 performance
Long-term variable remuneration:		
- Stock option grant	90 500 options	Number of stock options granted
- Performance share units	22 500 units	Number of performance share units granted
Pension	€ 480 602	Defined Contribution and Defined Benefit Plan
Other remuneration elements	€ 128 954	Includes company car and risk insurances

(1) In respect of 2017.

8. Stock Options and Performance Share Units for Executive Management granted in 2017

The number of performance share units and the number of stock options granted to the Chief Executive Officer and the other members of the BGE in 2017, and the number of options exercised by them or forfeited in 2017 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 in 2017 are based on the Stock Option Plan 2015-2017 that was proposed by the Board of Directors and approved by a Special General Meeting in 2015. The plan offers options to acquire existing Company shares. There is one regular offer of options in December in each of the years 2015 through 2017, and the options are granted on the sixtieth day following the date of their offer (i.e. in February of the following year).

The 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 2016 and granted in February 2017 is € 39.426 per share.

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 year following the date of their offer.

The stock options that were exercisable in 2017 are based on the initial four grants of the Stock Option Plan 2010-2014 and on the predecessor plans to the Stock Option Plan 2010-2014. The terms of the earlier plans are similar to those of the Stock Option Plan 2015-2017, but the options that were granted to employees under the predecessor plans to the Stock Option Plan 2010-2014 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 SOP2010-2014 plan.

The performance share units granted in 2017 to the Chief Executive Officer and the other members of the BGE are based on the Performance Share Plan 2015-2017 that was proposed by the Board of Directors and approved by a Special General Meeting in 2015.

The plan offers rights with respect to Company shares to the members of the BGE, the senior management and a limited number of management staff members of the Company and a number of its subsidiaries (the rights, "performance share units" and the shares, "performance shares"). Each performance share unit entitles the beneficiary to acquire one performance share subject to the conditions of the Performance Share Plan 2015-2017. These performance share units will vest following a vesting period of three years, conditional to the achievement of a pre-set performance target. The performance target is set annually by the Board of Directors, in line with the Company strategy. The precise vesting level of the performance share units will depend upon the actual achievement level of the vesting criterion, with no vesting at all if the actual performance is below the defined minimum threshold. Upon achievement of said threshold, there will be a minimum vesting of 50% of the granted performance share units; full achievement of the agreed vesting criterion will lead to a par vesting of 100% of the granted performance share units, whereas there will be a maximum vesting of 300% of the granted performance share units if the actual performance is at or above an agreed ceiling level. In between these levels, the vesting will be proportionate. Upon vesting, the beneficiaries will also receive the value of the dividends relating to the previous three years with respect to such (amount of) performance shares to which the effectively vested performance share units relate. It is foreseen that there is one performance share unit grant in each of the years 2015 through 2017, and the aggregate number of performance share units to be offered is determined each year by the Board of Directors on the motion of the Nomination and Remuneration Committee. The performance share units are granted to the beneficiaries for free.

9. Severance pay for Executive Management

Belgian labor law and normal practice are the basis for the severance arrangements with the executive managers, except for the Chief Executive Officer, the Chief Financial Officer and the Chief Human Resources Officer, whose contractual arrangements, entered into at the time of their appointment, provide for a notice period of twelve months.

	Number of performance share units granted in 2017	Number of stock options granted in 2017	Number of stock options exercised in 2017	Number of stock options forfeited in 2017
Matthew Taylor	16 500	30 000	20 000	-
Beatríz García-Cos	2 500	12 500	-	-
Rajita D'Souza	5 000	-	-	-
Lieven Larmuseau	2 500	15 000	12 500	-
Geert Van Haver	2 500	9 500	23 500	-
Piet Van Riet	2 500	12 500	5 900	-
Curd Vandekerckhove	2 500	15 000	-	-
Stijn Vanneste	2 500	12 500	2 700	-
Frank Vromant	2 500	13 500	12 000	-

10. Departure of Executive Managers

Bart Wille, former Chief Human Resources Officer, left the company on 31 July 2017. In accordance with the contractual agreement, a severance arrangement based on twelve months has been agreed.

11. 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 2017

Approach

Bekaert is committed to providing transparent financial information to its shareholders. It is Bekaert's intention to engage constantly in an open dialogue with its shareholders.

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

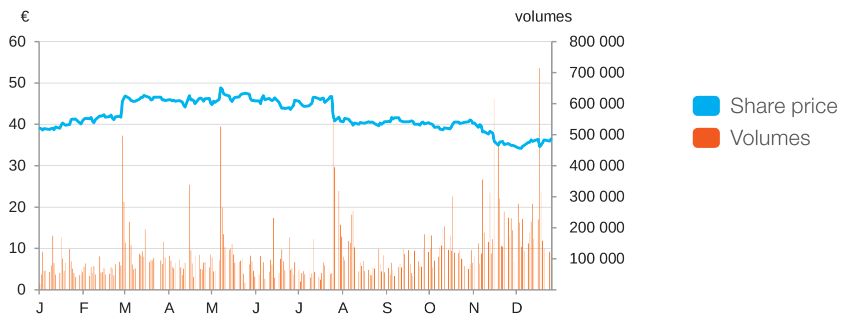
The Bekaert share is listed on NYSE Euronext Brussels as ISIN BE0974258874 (BEKB) and was first listed in December 1972. The ICB sector code is 2727 Diversified Industrials.

Share performance

in €	2013	2014	2015	2016	2017
Price as at 31 December	25.720	26.345	28.385	38.485	36.445
Price high	31.110	30.195	30.000	42.450	49.915
Price low	20.010	21.900	22.580	26.560	33.500
Price average closing	24.926	27.155	26.124	37.065	42.052
Daily volume	126 923	82 813	120 991	123 268	121 686
Daily turnover (in millions of €)	3.1	2.1	3.1	4.5	5.0
Annual turnover (in millions of €)	796	527	804	1 147	1 279
Velocity (% annual)	54	35	52	53	51
Velocity (% adjusted free float)	90	59	86	88	86
Free float (%)	59.9	55.7	56.7	59.2	59.6

Volumes traded

The average daily trading volume was about 122 000 shares in 2017. The volume peaked on 20 December, when 715 255 shares were traded.



On 23 February 2018 Bekaert had a market capitalization of 2.3 billion and a free float market capitalization of 1.4 billion. The free float was 59.56% and the free float band 60%.

After having been an established value in the Euronext Brussels Star Index since its start in 1991, Bekaert was excluded from BEL20® as from 19 March 2018.

Bekaert, world market and technology leader in steel wire transformation and coating technologies, will continue to create value for its customers and shareholders. That is our focus. Our growth and transformation journey will allow us to move towards a 10% underlying EBIT margin over the medium term. That is our firm ambition.

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).

Stichting Administratiekantoor Bekaert (principal shareholder) owns 34.42 % of the shares, while the identified institutional shareholders own 36.18% of the shares. Retail represents 11.80% while Private Banking 7.60% and treasury shares 6.02%. 3.98% is unidentified.

Capital structure

As of 31 December 2017 the registered capital of the Company amounts to € 177 690 000, and is represented by 60 373 841 shares without par value. The shares are in registered or dematerialized form.

Authorized capital

The Board of Directors has been authorized by the General Meeting of Shareholders of 11 May 2016 to increase the Company's registered capital in one or more times by an aggregate maximum amount of € 176 000 000 (before any issue premium). The authority is valid for five years from 20 June 2016 and can be renewed in accordance with the applicable statutory provisions. Pursuant to this authorization, the Board of Directors may, among others, effect a capital increase under the authorized capital by means of issuing ordinary shares, subscription rights or convertible bonds and may limit or disapply the preferential subscription right of the Company's shareholders in accordance with Article 596 and following of the Companies Code. Furthermore, the Board of Directors has been authorized, for a period of three years from 20 June 2016, to make use of the authorized capital upon receipt by the Company of a notice from the FSMA of a public takeover bid for the Company's securities.

Convertible bonds

The Board of Directors has made use of its powers under the authorized capital when it resolved on 18 May 2016 to issue senior unsecured convertible bonds due June 2021 for an aggregate amount of € 380 000 000 (the "2016 Convertible Bonds"). These convertible bonds carry a zero-coupon and their conversion price amounts to € 51.25 per share.

In connection with the issuance of the 2016 Convertible Bonds, the Board of Directors resolved to disapply the preference subscription right of existing shareholders set forth in Articles 596 and following of the Companies Code. The terms of the convertible bonds allow the Company, upon the conversion of the bonds, to either deliver new shares or existing shares or pay a cash alternative amount.

In order to mitigate dilution for existing shareholders upon conversion of the 2016 Convertible Bonds, the Board of Directors intends where possible, to repay the principal amount of the convertible bonds in cash and, if the then prevailing share price is above the conversion price, pay the upside in existing shares of the Company. The conversion of the 2016 Convertible Bonds would then have no dilutive effect for existing shareholders.

Furthermore, the terms of the 2016 Convertible Bonds allow the Company to redeem the bonds at their principal amount together with accrued and unpaid interest in certain circumstances, for example on or after 30 June 2019, if the Company's shares trade at a price higher than 130% of the conversion price during a certain period.

Stock option plans, performance share plan and personal shareholding requirement plan

The total number of outstanding subscription rights under the Stock Option Plan 2005-2009 and convertible into Bekaert shares is 208 170. A total of 26 316 subscription rights were exercised in 2017 under the Stock Option Plan 2005-2009, resulting in the issue of 26 316 new Company shares, and an increase of the registered capital by € 78 000 and of the share premium by € 683 798.

In addition to the 3 885 446 treasury shares held by it as of 31 December 2016, the Company purchased 172 719 own shares in the course of 2017. A total of 403 150 stock options were exercised in 2017 under the Stock Option Plan 2010-2014 and 403 150 treasury shares were used for that purpose. 17 191 treasury shares were sold to members of the Executive Management in the context of the Personal Shareholding Requirement Plan (at a price equal to the closing price at Euronext on the day of the transfer) and 1 544 treasury shares were transferred to a member of the Executive Management pursuant to the Company matching mechanism under the Personal Shareholding Requirement Plan. No treasury shares were cancelled in 2017. As a result, the Company held an aggregate 3 636 280 treasury shares as of 31 December 2017.

A second grant of options under the Stock Option Plan 2015-2017 took place on 13 February 2017, when 273 325 options were granted. Each such option will be convertible into one existing Company share at an exercise price of € 39.43.

A third offer of 227 875 options under the Stock Option Plan 2015-2017 was made on 21 December 2017, and 225 475 of those options were accepted and were granted on 20 February 2018. Each option of the third series will be convertible into one existing Company share at an exercise price of €34.60.

A third regular grant of 55 250 performance share units under the Performance Share Plan 2015-2017 was made on 21 December 2017. In addition, an exceptional grant of 10 000 performance share units to the Chief Executive Officer was made on 6 March 2017 and an exceptional grant of 5 000 performance share units to the newly hired Chief Human Resources Officer was made on 1 September 2017. Each performance share unit entitles the beneficiary to acquire one performance share subject to the conditions of the Performance Share Plan 2015-2017.

These performance share units will vest following a vesting period of three years, conditional to the achievement of a pre-set performance target. The precise vesting level of the performance share units will depend upon the actual achievement level of the vesting criterion, with no vesting at all if the actual performance is below the defined minimum threshold. Upon achievement of said threshold, there will be a minimum vesting of 50% of the granted performance share units; full achievement of the agreed vesting criterion will lead to a par vesting of 100% of the granted performance share units, whereas there will be a maximum vesting of 300% of the granted performance share units if the actual performance is at or above an agreed ceiling level. In between these levels, the vesting will be proportionate.

The Stock Option Plan 2015-2017 and its predecessor stock option 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

The Board of Directors will propose that the Annual General Meeting to be held on 9 May 2018 approve the distribution of a gross dividend of € 1.10 per share.

in €	2013	2014	2015	2016	2017(1)
Total gross dividend	0.850	0.850	0.900	1.100	1.100
Net dividend(2)	0.638	0.638	0.657	0.770	0.770
Coupon number	5	6	7	8	9

(1) The dividend is subject to approval by the General Meeting of Shareholders 2018.

(2) Subject to the applicable tax legislation.

General Meeting of Shareholders

The Annual General Meeting was held on 10 May 2017. An Extraordinary General Meeting was held on 29 March 2017. The resolutions of the meetings are available 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 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 30 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 20 June 2016, 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 20 June 2016, 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 20 June 2016 (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 thirty 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 24 April 2015, 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, 8 May 2013, 14 May 2014, 13 May 2015, 11 May 2016 and 10 May 2017 in accordance with Article 556 of the Companies Code; the minutes of those meetings were filed with the Registry of the Commercial Court of Gent, division Kortrijk on 14 April 2006, 18 April 2008, 17 April 2009, 16 April 2010, 15 April 2011, 30 May 2012, 23 May 2013, 20 June 2014, 19 May 2015, 18 May 2016 and 2 June 2017 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 long-term incentive 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 region), 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.

The in 2016 acquired companies of the Bridon Group are using different systems which are in the process of being aligned to and harmonized in the way of working to the existing Bekaert practices. 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 year end 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. The last update was done in November 2017. 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 2017 ERM report includes among others, the following potential risks:

» overall pressure on profitability
» political/economic/social instability in emerging countries (e.g. Venezuela, Russia);
» 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 regulations;
» creditworthiness of customers; and
» the risk of failure of the banking system in specific countries.

SUSTAINABILITY

The world around us: our shared concern

Our Company Values distinguish us and guide our actions. We conduct business in a socially responsible and ethical manner. To us, sustainability is about economic success, about the safety and development of our employees, about lasting relationships with our business partners, and about environmental stewardship and social progress. This way, Bekaert translates sustainability into a benefit for all stakeholders.

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

Sustainability standards

Bekaert's Sustainability Report 2017 was conducted based on the GRI Sustainability Reporting Standards, Core option. Global Reporting Initiative (GRI) is a non-profit organization that promotes economic, environmental and social sustainability. Bekaert's responsible performance in 2017 has also 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.

In 2017, Bekaert was awarded a gold recognition level from Ecovadis, an independent sustainability rating agency whose methodology is built on international CSR standards.

In response to growing interest throughout the supply chain to report on the carbon footprint of operations and logistics, Bekaert also participates in the Climate Change and Supply Chain questionnaires of CDP (formerly known as the Carbon Disclosure Project).

Monitoring and reporting scope

The sustainability actions and respective indices and certificates cover the wholly and majority owned subsidiaries of the NV Bekaert SA. This includes the subsidiaries of the Bridon-Bekaert Ropes Group, unless otherwise indicated.

More detailed information and targets for the future can be found in the Bekaert group-wide sustainability report 2017-2018.

Our responsibility in the workplace

Our employees

As a company and as individuals, we act with integrity and commit to the highest standards of business ethics. We promote equal opportunity, foster diversity and we create a no-harm-to-anyone work environment across our organization. Our values are ingrained in our culture and connect us all as One Bekaert team. We act with integrity · We earn trust · We are irrepressible!

Embracing diversity

At Bekaert, we believe in working together to achieve better performance. As a truly global company, we embrace diversity across all levels in the organization, which is a major source of strength for our company. This applies to diversity in terms of nationality, cultural background, age or gender, but also in terms of capabilities, business experience, insights and views.

The Bekaert population counts about 50 nationalities and employment in 40 countries around the world. This **nationality diversity** is mirrored in all levels of the organization as well as in the composition of the Board of Directors.

Nationality Diversity (31 Dec 2017)	#people	#nationalities	#non-native[1]	%non-native
Board of Directors	**15**	**4**	**6**	**40%**
Bekaert Group Executive (BGE)	9	4	3	33%
Senior Vice Presidents	16	7	6	38%
Next leadership level[2]	87	17	39	45%
Total Leadership Team	**112**	**19**	**48**	**43%**

(1) Non-native definition = other nationality than the one of the mother company's social seat (i.e. Belgium)

(2) Next leadership level = B13 and above managers excluding BGE and Senior Vice Presidents (Hay classification reference)

The manufacturing character of Bekaert's operations clarify a predominantly male population, particularly among operators and white collar technicians.

Gender Diversity (31 Dec 2017)	#people	%male	%female
Operators	21 750	95%	5%
White collars	5 895	71%	29%
Management	1 668	82%	18%
Total Bekaert Employees	**29 313**	**89%**	**11%**

Bekaert is developing a **recruitment and promotion policy**, which is aimed at gradually driving more diversity, including gender diversity.

Gender diversity in the Board of Directors and in the Top Leadership Team of Bekaert:

Gender Diversity (31 Dec 2017)	#people	%male	%female
Board of Directors	**15**	**67%**	**33%**
Bekaert Group Executive (BGE)	9	78%	22%
Senior & Next leadership level[1]	74	76%	24%
Total Leadership Team	**83**	**76%**	**24%**

(1) Senior Vice Presidents and B13 and above managers (Hay classification reference) excluding BGE

Age diversity in Bekaert's highest governance bodies:

Age Diversity (31 Dec 2017)	#people	30-50 years old	over 50 years old
Board of Directors	15	20%	80%
Bekaert Group Executive (BGE)	9	22%	78%
Total highest governance bodies	**24**	**21%**	**79%**

Respecting human rights

Bekaert is 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.

We are committed to respect the rights and dignity of each employee. We promote equal opportunity and do not discriminate against any employee or applicant for employment on the basis of age, race, nationality, social or ethnic descent, gender, physical disability, sexual preference, religion, political preference, or union membership. We recognize and appreciate the cultural identity of our teams in all countries in which we operate and do business.

The recruitment, remuneration, application of employment conditions, training, promotion and career development of our employees are based on professional qualifications only.

Learning and development

We champion talent nurturing through career development and life-long learning. We attach great importance to providing challenging career and personal development opportunities to our employees. Training 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 2017, we further expanded our offerings on our internal Learning & Development portal and we stepped up the roll-out to white collars. The portal now also enables to keep track of the long-term personal development actions and opportunities. It provides an overview of all available trainings, both traditional classroom courses and e-learning modules, and allows employees to request external trainings as well.

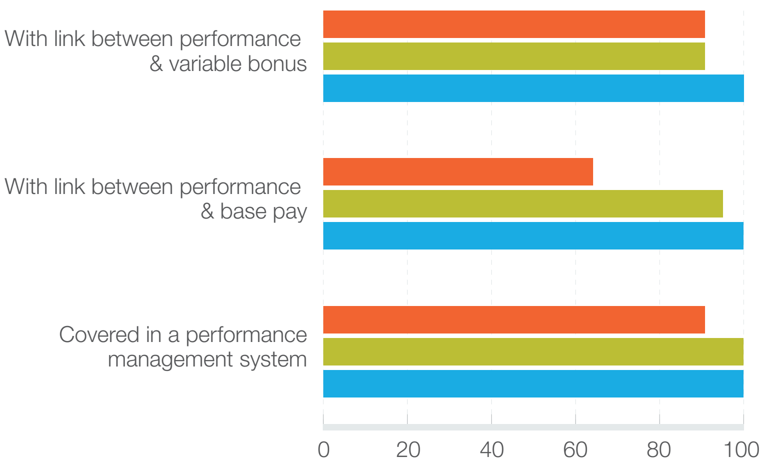
Also in 2017, Bekaert established ‘Bekaert University’. This University will develop our team and talent so that our people, individually and in team, can achieve the best of their potential. Bekaert University is all about continuously building the capability of the individual and the organization. It will also be home to different Academies that are meant to accelerate and sustain the transformation process the company is undergoing.

Bekaert University

TECHNOLOGY ACADEMY · COMMERCIAL ACADEMY · LEADERSHIP ACADEMY · MANUFACTURING ACADEMY · PROCUREMENT ACADEMY · SUPPLY CHAIN ACADEMY

Employee related data

- On average, 50 hours of training per employee took place in 2017. [1]
- Percentage of employees who received a performance review in 2017: [1]



[1] Excluding BBRG. Bridon-Bekaert Ropes Group is in process of implementing similar reporting data.

BeCare: no harm to anyone @Bekaert

In 2017, we further rolled out BeCare, our global safety excellence program that was launched in 2016. BeCare aims at creating a no-harm, risk-free work environment for all our employees and for anyone working at or visiting our premises. During an intensive training period, employees acquaint with an elaborate set of safety best practices, learn to spot and deal with unsafe situations and know how to contribute to creating a caring environment.

BeCare starts to change behavior in our plants and offices and in our meetings with our business partners.

The Orrville plant (Ohio, US) had a relatively weak safety performance in the past years. Upon implementing BeCare, everything changed. The plant recently celebrated 1 year without accidents that require medical service or that result in lost days. In the Lipetsk plant (Russia), our employees really took on the BeCare techniques and culture and consider it a boost to raise the already high degree of enthusiasm and engagement at the plant.

A healthy workplace

Because we also attach great importance to a healthy working environment, we continued to invest in automated handling equipment and other workplace ergonomics in 2017.

Special attention is given throughout the company to the safe handling and storage of chemicals. A central database records all chemicals used in our plants and strict health and safety guidelines apply for our employees.

We monitor workplace conditions such as noise, dust and temperature and are defining and implementing a roadmap to make further improvements.

International Health and Safety Week

In 2017 Bekaert organized its 10th International Health & Safety Week. All plants worldwide take part in this annual event. The theme for this year was "*I care - You care - We BeCare*" and was obviously centered around the global safety program BeCare. Bekaert plants worldwide were encouraged to share their best practices and learn from each other.

Fatal accidents

The Bekaert management and employees deeply regret the loss of two colleagues who passed away because of accidents while they were at work. The accidents happened in our plants in Sumaré (Brazil) and Prodac (Peru).

Thorough investigations were conducted to understand what happened and to prevent any further casualties at the workplace.

We will remember our colleagues and ensure that their deaths push us to make faster and deeper improvements to our safety culture and behavior. Eliminating risks from our business is one of the objectives of BeCare, our global safety excellence program.

Safety related data

Bekaert has a group-wide OHSAS 18001 certificate. In 2017, about 60% of all Bekaert employees were covered by this standard.

On average 10 training hours per employee were related to safety in 2017.

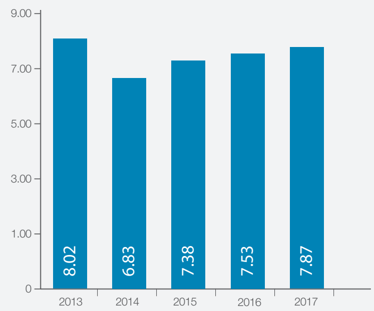
Our safety performance was not good in 2017. First and above all, because we suffered the loss of two colleagues. In addition, both the lost time incident frequency rate and the severity index increased, compared to 2016. One of the effects of BeCare is much stricter adherence to reporting accuracy and compliance, but that is not a reason for increased safety incidents and risks.

Safety champions in consolidated plants

In 2017, two plants achieved more than 5 years without recordable safety incidents. Three plants achieved 4 years without recordable safety incidents. Four others achieved more than 2 years without recordable safety incidents and 19 plants were more than one year incident-free.

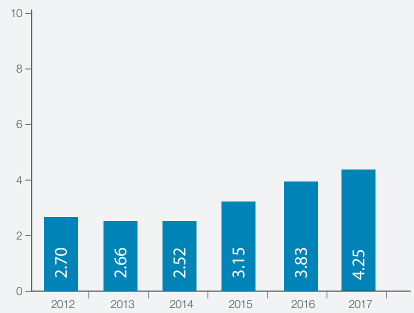
Almost 30 plants have thus proven that it is possible to make Bekaert a safe place to work.

Total Recordable Injury Rate (TRIR) Bekaert Combined[1]



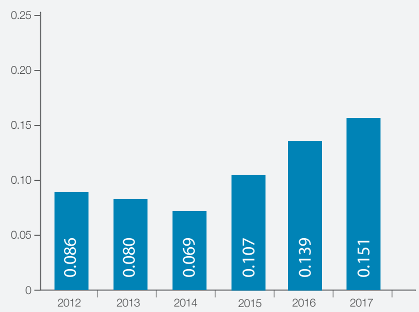
TRIR = total number of recordable injuries per million worked hours.

Lost Time Incident Frequency Rate (LTIFR) Bekaert Consolidated Plants[2]



LTIFR = number of lost time accidents (LTA) per million worked hours.

Severity index (SI) Bekaert Consolidated Plants[2]



SI = number of lost days due to occupational accidents per thousand worked hours.

[1] BBRG and joint ventures included
[2] BBRG included

Our responsibility in 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 interact with the local governments in a transparent, constructive way. We do not support political institutions and in all our communications, we adopt a neutral position with respect to political issues. 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 with our customers and suppliers

Bekaert has production facilities and sales offices in 40 countries and builds lasting relationships with customers and suppliers, wherever we do business. We work closely with customers and suppliers by engaging in co-development projects, by conducting feedback initiatives and satisfaction surveys, and by performing industry analyses together.

Supporting our customers' sustainability programs

We actively cooperate with customers in sustainability initiatives. We support our customers' sustainability programs by implementing specific actions in our respective policies and by joining sustainability initiatives and standards to accommodate their priorities. Acting as a socially and environmentally responsible supplier helps our customers achieve their sustainability targets too.

Building a sustainable supply chain

Bekaert's purchasing department continued its engagement to enhance sustainability awareness and control with our suppliers. The Bekaert Supplier Code of Conduct outlines environmental, labor and governance related requirements that suppliers shall comply with (or deliver proof of following its principles). At the end of 2017 this supplier commitment represented 82% of spend coverage, compared with 75% in 2016.

All wire rod suppliers as well as suppliers of other critical materials are formally evaluated on a yearly base, and corrective action plans are put in place when the minimum required levels have not been reached. These action plans are closely monitored in order to keep the focus on improvement high.

Responsible sourcing of minerals

Bekaert recognizes the importance of responsible sourcing. In 2017, all suppliers covered by the Responsible Minerals Initiative (RMI), formerly known as Conflict Free Sourcing Initiative (CFSI), signed the Bekaert Supplier Code of Conduct (or delivered proof of following its principles) and 100% of our tin suppliers completed the most recent Conflict Minerals Reporting Template (CMRT). This is an initiative of the Responsible Business Alliance (RBA), formerly known as the Electronic Industry Citizenship Coalition (EICC), and the Global e-Sustainability Initiative (GeSi), that help companies from a range of industries address conflict mineral issues in their supply chain. Bekaert also implemented a Conflict Free Minerals policy.

Anti-corruption policies and procedures

All Bekaert employees receive the "Bekaert Code of Conduct" upon entering the company. This document includes the Bekaert anti-corruption policy & procedures. All managers and all white collars are required to renew their commitment to the Bekaert Code of Conduct annually and to pass a test on business ethics cases.

The Code has also been integrated in all new labor contracts for white and blue collars worldwide.

Particular training programs on the Code of Conduct and on anti-corruption and anti-bribery policies are also provided to functional groups (e.g. the purchasing function). In addition, the Group Internal Audit department regularly audits the adherence to the respective policies and procedures, and recommends corrective actions where necessary. All policies are available on the Bekaert Intranet.

Our responsibility towards the environment

We continuously strive to develop processes that use less material, cut energy consumption and reduce waste.

Our concern for the environment is applied in 3 domains:
» develop new, eco-friendlier production processes for our plants worldwide
» prevention and risk management
» the development of products that contribute to a cleaner environment

1. Develop eco-friendlier production processes for our plants worldwide

In the first domain, our ambition is to develop eco-friendlier production processes for our plants worldwide. We do this by implementing worldwide initiatives that aim to reduce energy consumption and CO_2 exhaust and by installing energy-efficient infrastructure in all our new plants.

» Since 2015, Bekaert is running the Bekaert Manufacturing Systen (BMS), a transformation program focused on manufacturing excellence, including energy reduction measures. Although our energy consumption increased compared to 2016 because of the growth of the business and a change in the product-mix, we were able to limit the increase. Thanks to BMS we achieved an annual recurrent saving of 249 Gwh. This program is not 100% implemented yet, so we aim to increase the annual energy savings even further.
» The energy intensity ratio decreased versus our reference year 2015, both for electrical and thermal energy.
» The LED program replacing all traditional lighting by LED lights in production areas worldwide was completed in 2017. We achieved annual energy reduction savings of 87 GWh (50% of the energy used for lighting) as a result of this program. We will continue the LED light program in all new buildings and plants.
» 25% of the electricity needs came from renewable energy sources in 2017. The success rate in sourcing from renewable energy sources largely depends on the availability of these sources and of data thereon. In Ecuador, to mention one, 100% of Bekaert's electricity consumption is from hydraulic energy.
» In our Ranjangaon plant in India, we completed the installation of a zero liquid discharge water purification system. As a result, all industrial wastewater streams are recycled and reused.
» In September 2017, 30 Bekaert managers and consultants spent 2 days in the Aachen (Germany) Digital Capability Center, a joint-venture between McKinsey & Company, ITA Academy Ltd and leading technology companies, to discuss the 'plant of the future' challenges and opportunities. On the agenda:
  - Safety - Environment - Robotics
  - Health - Our responsibility as an employer and as a supplier

Bekaert wins ener.CON Europe Award 2018 for energy saving achievements

In March 2018, Bekaert won the ener.CON Europe Award 2018 for the energy savings achieved through the Bekaert Manufacturing System. From 30 filings, an expert committee selected Bekaert and two other nominees to present their projects during the ener.CON Conference in Berlin. One of our BMS representatives held a powerful and convincing pitch in which he clearly explained what impact our BMS approach had and will continue to have on energy savings. Not only the energy and environment professionals from ener.CON recognized the power of this approach: more than half of the 200 industry experts in the audience voted Bekaert the winner of the 2018 award.

The last treatment step of the zero liquid discharge water treatment consists of an evaporator which converts the wastewater in solid waste and clean distillate which can be recuperated in the process.

2. Prevention and risk management play an important role in Bekaert's environmental policy

Prevention and risk management play an important role in Bekaert's environmental policy. This includes measures against soil and ground water contamination, responsible use of water and worldwide ISO14001 certification.

» In the course of 2017, Bekaert's global procedure to ensure precautionary measures against soil and ground water contamination (ProSoil) was further fine-tuned with a list of concrete action plans that guarantee a "first time right" approach. This helps us to improve our risk analysis and priority setting.
» Responsible use of water is also an ongoing priority. We constantly monitor our water consumption and have implemented programs that aim to reduce water usage in the long term.
» In 2017, 95% of the Bekaert plants worldwide were ISO 14001 certified. ISO 14001 is part of the ISO 14000 internationally recognized standards providing practical tools to companies who wish to manage their environmental responsibilities. ISO 14001 focuses on environmental systems. Bekaert's full worldwide certification is an ongoing goal; it is an element in the integration process of newly acquired entities and of companies that are added to the consolidation perimeter. Bekaert also received a group-wide certification for ISO 14001 and ISO 9001. The ISO 9000 family addresses various aspects of quality management.
» Bekaert complies with the European RoHS regulation on hazardous substances.

3. We develop products that contribute to a cleaner environment

At Bekaert we develop products that contribute to a cleaner environment. Ecology is an aspect that is already considered during the R&D phase of new products. In many cases, it is even a driving factor in product development.

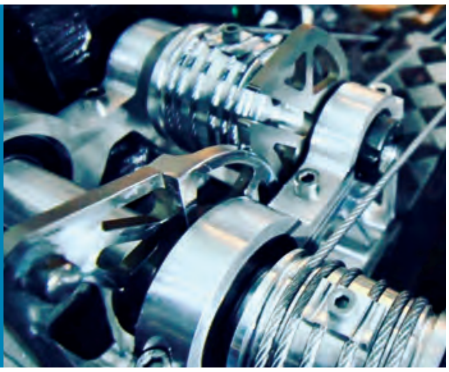
Some examples:
» Bekaert's super-tensile and ultra-tensile steel cord ranges for tire reinforcement allow tire makers to produce tires with a lower weight, thinner plies, and lower rolling resistance. This revolution enables a 15% reduction of the total tire weight, thereby decreasing the CO_2 emissions of a vehicle by 250kg or a global reduction by almost 850 million kg of CO_2 per year.
» Bekaert successfully developed a 3rd generation sawing wire technology and product. Sawing wire allows manufacturers in the photovoltaic industry to cut polysilicon ingots into wafers for the production of solar cells with a minimum loss of material. The diamond wire, developed by the sawing wire R&D team in China, has been tested and approved by all targeted customers.

Bekaert tire cord innovations earn recognition from CRIA

China Rubber Industry Association (CRIA) granted the Bekaert China team a Contribution Award for their great efforts in supporting the CRIA Green Tire Week initiative. CRIA appreciated Bekaert's commitment to develop lighter, stronger and better tire cords for a greener tire, which is believed to be of substantial support to the industry to develop and promote greener tires.

Helping the Belgian Solar Team win the bronze medal in the 2017 World Solar Challenge

In October 2017 the engineering students of the Belgian Solar Team won bronze in the 3000 km long World Solar Challenge in Australia. The skillful navigation of the solar car was one of the critical elements in this successful race and was made possible by an advanced cord in the steering module. The solar team was looking for a lightweight solution where every gram counts. The Bridon-Bekaert advanced cords plant of Aalter (Belgium) provided a compact 2.8mm diameter cord that allows inducing more than 700 kilo of force on the axles, right down Bridon-Bekaert's alley of high-strength advanced cord technologies.



Our responsibility towards society

Education projects form the backbone of Bekaert's social 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 is 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. Volunteers from the Bekaert Technology Research & Development Center went to Jiangyin Chenguang Primary School to give a first-aid training in March 2017. Students learned how to perform life-saving measures such as CPR (Cardio Pulmonary Resuscitation) and AED (Automated External Defibrillator). A standard emergency procedure was also introduced during the training.

In Brazil, our joint ventures participated in the Youth Entrepreneurship project, a program that prepares young people in taking their first steps into the job market. 30 employees volunteered to teach low-income youth how to improve their professional skills. 324 students have participated in this future-building initiative.

Also in Brazil, 630 students participated in a science education program that was set up in 2016. The goal is to create interest in science and awareness for the environment.

In North America, Bekaert supports the FFA, Future Farmers of America. This is a nationally recognized program that offers agricultural education, career opportunities and leadership development to 649 355 student members. We express our commitment to this initiative by giving agriculture-related trainings and by offering sponsorships.

The International Children's Day was celebrated in several of our plants and offices. Colleagues from our plant in Slovakia attended a celebration event in the Children's Centre Hrajkovo. They assisted in the activities of the daycare center.

In China Bekaert has a long-term collaboration with the Shanghai Pudong Lianying Primary school. Bekaert colleagues donated new reading books to the school library on the occasion of Children's Day.

Supporting social community initiatives

We support local activities and projects for social, cultural and economic development that aim to improve societal conditions in the places where we are active, among others through healthcare initiatives and disaster relief.

In the past years, several parts of the world have been confronted with various natural disasters. We try to contribute to the affected regions by providing building material, food and financial help, especially when communities are hit where we are active.

When the Manabí region in Ecuador was struck with a devastating earthquake in April 2016, the IdealAlambrec-Bekaert plant was contracted by the Government as the primary business partner in a major housing reconstruction program. Right after the earthquake, Bekaert Latin America together with the IdealAlambrec-Bekaert plant in Quito donated 10 houses to affected families in the area. In 2017 they made a second donation, reaffirming our commitment to continue working to rebuild the Manabí region. The donated houses are built in line with Ecuadorian construction regulations regarding earthquake resistance. The construction works were performed by local builders and technicians, contributing to the employment in and the development of the province.

The southern states of the United States suffered under the devastating hurricane Harvey in Augst 2017. The Bekaert plant in Van Buren collected and donated money to families who lost their homes.

In the beginning of 2017, Chili was in a state of emergency for several weeks. Wildfires raged through the southern and central part of the country and burned down houses, livestock and even entire villages. The Inchalam-Bekaert plant gathered forces to support families who lost their house. Food and beverages were provided and Inchalam-Bekaert donated material for the reconstruction of the houses in cooperation with NGO Techo Chile.

The Inchalam-Bekaert plant also participates actively in Mesa Empresa, an initiative that supports collaborations between companies and the local community. Their aim is to improve the life quality of people by organizing activities related to culture, environment, health, training, and recreation. In 2017, Inchalam-Bekaert collaborated among others in sports activities and a clean-up initiative to celebrate World Environment Day.

The Marietta sales team in the United States has built a sensory playground for children with special needs in the Moultrie, Georgia community. This project was a collaboration with local social organizations who offer help to children with disabilities.

All over the world, Bekaert supports local health initiatives.

» In our plants in Zwevegem (Belgium) and Proalco (Colombia) for example, colleagues organized a blood donation for the blood banks of the national medical services.
» The program Ver e Viver (Seeing and living) in Brazil provides vision tests and glasses to students of municipal schools. Thanks to our Brazilian joint ventures, 4 295 students benefited from a vision test in 2017 and 256 glasses were donated.

References

» 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 of the 2017 Annual Report, starting at page 77.
A description of the principal risks and uncertainties is included in the Corporate Governance Statement, page 64 of the first part of the 2017 Annual Report. In addition, reference is made to Notes 3 page 95-96 and 7.3 to the consolidated financial statements, pages 157-169 of the Financial Review in the 2017 Annual Report.

» The significant events occurring after the balance sheet date are described in Note 7.6 to the consolidated financial statements, page 172 of the Financial Review in the 2017 Annual Report.

» The research and development activities are described in the Chapter Technology & Innovation, page 32 of the 2017 Annual Report. In addition, reference is made to Notes 5.1 and 5.2 to the consolidated financial statements, pages 100-103 of the Financial Review in the 2017 Annual Report.

» The information concerning the use of financial instruments is included in Note 7.3 to the consolidated financial statements, page 157-169 of the Financial Review in the 2017 Annual Report.

» The non-financial information is included in the separate Sustainability Report, issued 30 March 2018.

FINANCIAL REVIEW

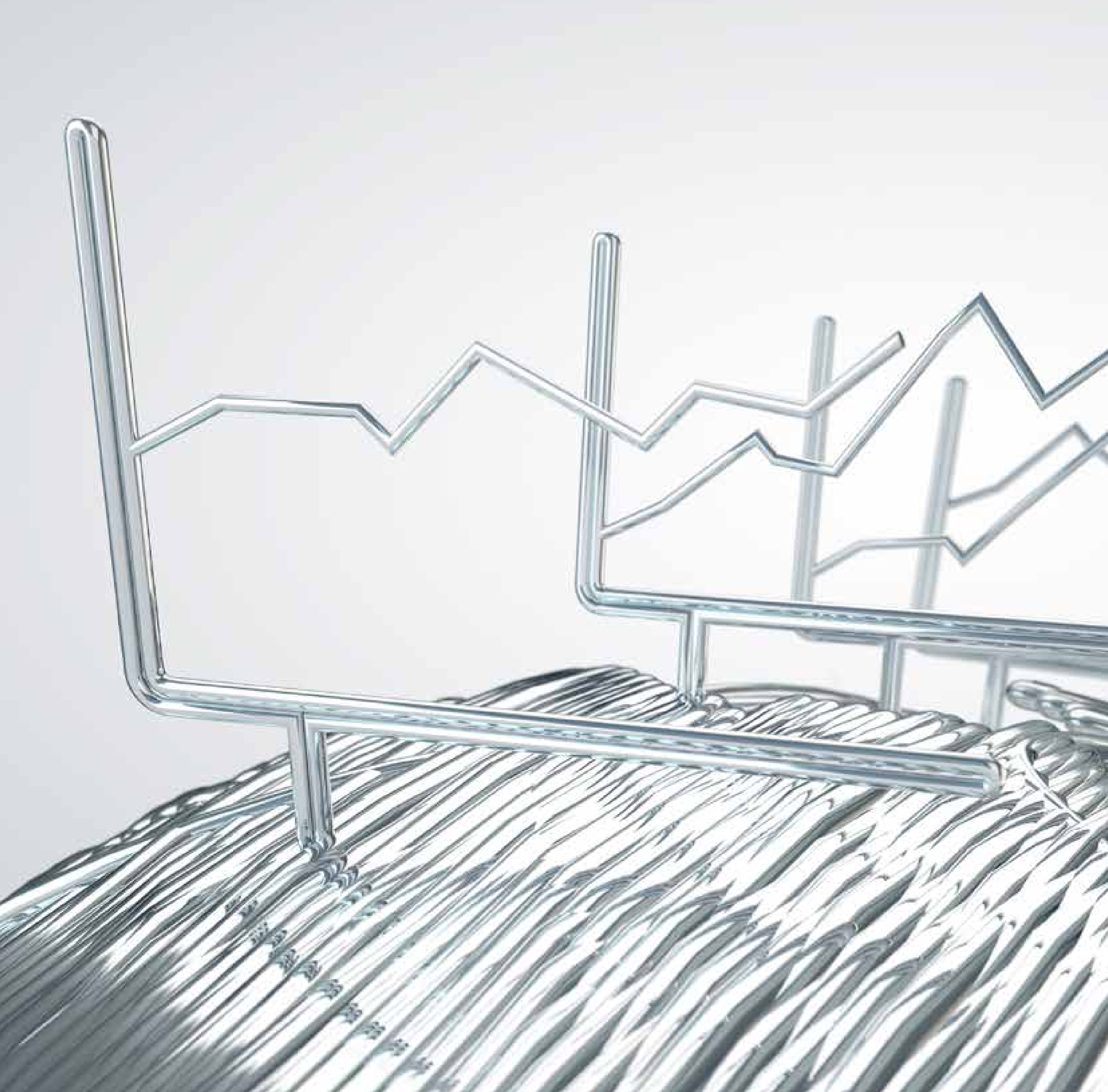


Table of Contents

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

in thousands of € - Year ended 31 December	Notes	2016	2017
Sales	5.1.	3 715 217	4 098 247
Cost of sales	5.1.	-3 058 093	-3 396 431
Gross profit	**5.1.**	**657 124**	**701 816**
Selling expenses	5.1.	-175 769	-180 100
Administrative expenses	5.1.	-151 727	-164 411
Research and development expenses	5.1.	-63 322	-62 670
Other operating revenues	5.1.	14 657	48 863
Other operating expenses	5.1.	-21 309	-25 436
Operating result (EBIT)	**5.1.**	**259 654**	**318 062**
EBIT - Underlying	**5.1. / 5.2.**	**304 952**	**301 095**
Interest income	5.3.	6 325	3 117
Interest expense	5.3.	-79 493	-89 852
Other financial income and expenses	5.4.	-37 458	-6 408
Result before taxes		**149 028**	**224 919**
Income taxes	5.5.	-62 052	-69 276
Result after taxes (consolidated companies)		**86 976**	**155 643**
Share in the results of joint ventures and associates	5.6.	25 445	26 857
RESULT FOR THE PERIOD		**112 421**	**182 500**
Attributable to			
the Group		*105 166*	*184 720*
non-controlling interests	*6.14.*	*7 255*	*-2 220*

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

Earnings per share in € per share	**5.7.**	**2016**	**2017**
Result for the period attributable to the Group			
Basic		*1.869*	*3.255*
Diluted		*1.849*	*2.672*

Consolidated statement of comprehensive income

in thousands of € - Year ended 31 December	Notes	2016	2017
Result for the period		**112 421**	**182 500**
Other comprehensive income (OCI)	**6.13.**		
Other comprehensive income reclassifiable to income statement in subsequent periods			
Exchange differences			
Exchange differences arising during the year on subsidiaries		15 717	-107 368
Exchange differences arising during the year on joint ventures and associates		21 120	-23 460
Reclassification adjustments relating to entity disposals or step acquisitions		-	6 895
Inflation adjustments		1 483	2 032
Cash flow hedges			
Fair value changes to hedging instruments		1 284	101
Reclassification adjustments for amounts recognized in income statement		-542	-348
Available-for-sale investments			
Net fair value gain on available-for-sale investments during the year		1 758	-1 389
Reclassification adjustments relating to impairments or disposals		591	-
Deferred taxes relating to reclassifiable OCI	6.6.	-135	-75
OCI reclassifiable to income statement in subsequent periods, after tax		**41 276**	**-123 612**
Other comprehensive income non-reclassifiable to income statement in subsequent periods			
Remeasurement gains and losses on defined-benefit plans		-9 978	15 089
Share of non-reclassifiable OCI of joint ventures and associates		40	16
Deferred taxes relating to non-reclassifiable OCI	6.6.	-602	-1 176
OCI non-reclassifiable to income statement in subsequent periods, after tax		**-10 540**	**13 929**
Other comprehensive income for the period		**30 736**	**-109 683**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**143 157**	**72 817**
Attributable to			
the Group		*134 687*	*87 481*
non-controlling interests	*6.14.*	*8 470*	*-14 664*

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**	**2016**	**2017**
Intangible assets	6.1.	140 377	125 217
Goodwill	6.2.	152 345	149 895
Property, plant and equipment	6.3.	1 514 714	1 501 028
Investments in joint ventures and associates	6.4.	146 582	165 424
Other non-current assets	6.5.	32 142	41 944
Deferred tax assets	6.6.	150 368	140 717
Non-current assets		**2 136 528**	**2 124 225**
Inventories	6.7.	724 500	779 581
Bills of exchange received	6.7.	60 182	55 633
Trade receivables	6.7.	739 145	836 809
Other receivables	6.8.	108 484	126 876
Short-term deposits	6.9.	5 342	50 406
Cash and cash equivalents	6.9.	365 546	418 779
Other current assets	6.10.	52 225	44 329
Assets classified as held for sale	6.11.	112 361	8 093
Current assets		**2 167 785**	**2 320 506**
Total		**4 304 313**	**4 444 731**

Equity and liabilities as at 31 December in thousands of €	**Notes**	**2016**	**2017**
Share capital	6.12.	177 612	177 690
Share premium		36 594	37 278
Retained earnings	6.13.	1 432 394	1 529 268
Treasury shares	6.13.	-127 974	-103 038
Other Group reserves	6.13.	-51 534	-153 543
Equity attributable to the Group		**1 467 092**	**1 487 655**
Non-controlling interests	**6.14.**	**130 801**	**95 381**
Equity		**1 597 893**	**1 583 036**
Employee benefit obligations	6.15.	182 641	150 810
Provisions	6.16.	63 107	46 074
Interest-bearing debt	6.17.	1 161 310	1 180 347
Other non-current liabilities	6.18.	44 873	27 121
Deferred tax liabilities	6.6.	52 556	44 382
Non-current liabilities		**1 504 487**	**1 448 734**
Interest-bearing debt	6.17.	297 916	454 401
Trade payables	6.7.	556 361	665 196
Employee benefit obligations	6.7. / 6.15.	132 913	130 204
Provisions	6.16.	17 720	9 181
Income taxes payable		101 683	91 597
Other current liabilities	6.19.	61 840	62 382
Liabilities associated with assets classified as held for sale	6.11.	33 500	-
Current liabilities		**1 201 933**	**1 412 961**
Total		**4 304 313**	**4 444 731**

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	Treasury shares	Other Group reserves [1] Cumulative translation adjust-ments	Other Group reserves [1] Other reserves	Equity attributable to the Group	Non-controlling interests [2]	Total
Balance as at 1 January 2016	**176 957**	**31 884**	**1 397 110**	**-144 747**	**-30 808**	**-48 185**	**1 382 211**	**129 440**	**1 511 651**
Result for the period	-	-	105 166	-	-	-	**105 166**	7 255	**112 421**
Other comprehensive income	-	-	2 000	-	35 130	-7 609	**29 521**	1 215	**30 736**
Effect of BBRG merger	-	-	-16 389	-	-126	-20	**-16 535**	10 548	**-5 987**
Effect of other changes in Group structure	-	-	-173	-	90	-6	**-89**	72	**-17**
Equity-settled share-based payment plans	-	-	4 387	-	-	-	**4 387**	62	**4 449**
Creation of new shares	655	4 710	-	-	-	-	**5 365**	-	**5 365**
Treasury shares transactions	-	-	-9 235	16 773	-	-	**7 538**	-	**7 538**
Dividends	-	-	-50 472	-	-	-	**-50 472**	-17 791	**-68 263**
Balance as at 31 December 2016	**177 612**	**36 594**	**1 432 394**	**-127 974**	**4 286**	**-55 820**	**1 467 092**	**130 801**	**1 597 893**
Balance as at 1 January 2017	**177 612**	**36 594**	**1 432 394**	**-127 974**	**4 286**	**-55 820**	**1 467 092**	**130 801**	**1 597 893**
Result for the period	-	-	184 720	-	-	-	**184 720**	-2 220	**182 500**
Other comprehensive income	-	-	2 363	-	-107 637	8 035	**-97 239**	-12 444	**-109 683**
Capital contribution by non-controlling interests	-	-	-	-	-	-	**-**	9 870	**9 870**
Effect of partial disposal of Bekaert Sumaré [3]	-	-	2 432	-	-2 396	-36	**-**	-	**-**
Effect of NCI purchase	-	-	-18 200	-	17	-	**-18 183**	1 163	**-17 020**
Effect of NCI sale	-	-	4 191	-	96	-	**4 287**	-4 287	**-**
Effect of other changes in Group structure	-	-	-235	-	-89	-	**-324**	324	**-**
Equity-settled share-based payment plans	-	-	5 003	-	-	-	**5 003**	123	**5 126**
Creation of new shares	78	684	-	-	-	-	**762**	-	**762**
Treasury shares transactions	-	-	-20 959	24 937	-	-	**3 978**	-	**3 978**
Dividends	-	-	-62 441	-	-	-	**-62 441**	-27 949	**-90 390**
Balance as at 31 December 2017	**177 690**	**37 278**	**1 529 268**	**-103 037**	**-105 723**	**-47 821**	**1 487 655**	**95 381**	**1 583 036**

[1] *See note 6.13. 'Retained earnings and other Group reserves'.*
[2] *See note 6.14. 'Non-controlling interests'.*
[3] *See note 7.2. 'Effect of business disposals'.*

The accompanying notes are an integral part of this statement of changes in equity.

Consolidated cash flow statement

in thousands of € - Year ended 31 December	Notes	2016	2017
Operating activities			
Operating result (EBIT)	5.1. / 5.2.	259 654	318 062
Non-cash items included in operating result	7.1.	256 227	191 588
Investing items included in operating result	7.1.	1 034	-16 194
Amounts used on provisions and employee benefit obligations	7.1.	-44 864	-50 098
Income taxes paid	5.5. / 7.1.	-96 388	-87 059
Gross cash flows from operating activities		**375 663**	**356 299**
Change in operating working capital	6.7.	16 336	-109 544
Other operating cash flows	7.1.	7 553	-2 609
Cash flows from operating activities		**399 552**	**244 146**
Investing activities			
New business combinations	7.2.	40 917	-
Other portfolio investments	7.1.	-41	-17 362
Proceeds from disposals of investments	7.2.	13	37 596
Dividends received	6.4.	22 422	28 615
Purchase of intangible assets	6.1. / 7.2.	-5 955	-3 853
Purchase of property, plant and equipment	6.3.	-158 529	-272 666
Other investing cash flows	7.1.	1 187	1 404
Cash flows from investing activities		**-99 986**	**-226 266**
Financing activities			
Interest received	5.3.	7 338	3 284
Interest paid	5.3.	-63 397	-60 066
Gross dividend paid to shareholders of NV Bekaert SA		-50 472	-62 441
Gross dividend paid to non-controlling interests		-17 505	-27 722
Proceeds from long-term interest-bearing debt	6.17.	172 072	179 274
Repayment of long-term interest-bearing debt	6.17.	-375 255	-29 829
Cash flows from / to (-) short-term interest-bearing debt	6.17.	-5 567	69 629
Treasury shares transactions	6.13.	7 538	3 978
Other financing cash flows	7.1.	23 193	-28 916
Cash flows from financing activities		**-302 055**	**47 191**
Net increase or decrease (-) in cash and cash equivalents		**-2 489**	**65 071**
Cash and cash equivalents at the beginning of the period		**401 771**	**365 546**
Effect of exchange rate fluctuations		-25 495	-20 079
Cash and cash equivalents reclassified as held for sale	6.11.	-8 241	8 241
Cash and cash equivalents at the end of the period		**365 546**	**418 779**

The accompanying notes are an integral part of this cash flow 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 28 March 2018.

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 2017

The main impact from newly adopted IFRS policies relates to the amended IAS 7 'Statement of Cash Flows', Disclosure Initiative (effective 1 January 2017), requiring more disclosures on changes in liabilities arising from financing activities (see note 6.17. 'Interest-bearing debt').
The following amended standard has been adopted in the current period but without any impact on the amounts reported in these financial statements. However, this may impact the accounting for future transactions or arrangements.

» Annual Improvements to IFRSs (2014-2016 Cycle) (effective 1 January 2017), published in December 2016.
» These improvements relate to IFRS 12 'Disclosure of interests in other entities', clarifying the scope of the disclosure requirements.

Standards, amendments and interpretations that are not yet effective in 2017 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 1 January 2018). All recognized financial assets that are currently within the scope of IAS 39 are required to be subsequently measured at amortized cost or fair value. Only debt instruments acquired with the intention of collecting the contractual cash flows until their maturity are measured at amortized cost. Other debt instruments and all equity investments are measured at fair value. Equity investments can either be carried at fair value through profit or loss (FVTPL) or at fair value through other comprehensive income (FVTOCI). This option can be elected on an investment by investment basis and cannot be reversed subsequently. In principle, Bekaert will carry its main non-consolidated strategic equity investments at FVTOCI. This does not have a material effect at the date of transition. IFRS 9 also modifies the requirements with respect to hedge accounting and introduces the expected loss model for impairment of financial assets. Furthermore, it modifies the accounting for a modification or exchange of debt that does not result in a derecognition. In such a case the amortized cost is recalculated by discounting the modified contractual cashflows at the original EIR (effective interest rate) and any difference is recognized through profit or loss. The effective interest rate is only revised for transaction costs.

The Group will discontinue to apply IAS 39 hedging requirements (as permitted on transition to IFRS 9) as from 2018, but does not anticipate that the application of the IFRS 9 requirements neither for the expected loss model nor for hedge accounting will have a material impact on the Group's consolidated financial statements. Bekaert very rarely applies hedge accounting. Since the merger with Bridon, the Group currently has a very limited number of cash flow hedges. When Bekaert issued a € 380 million convertible bond in 2016, 75.9 % of the new bonds were accounted for as an exchange of financial liabilities and no exchange gain or loss was recognized under IAS 39. The change in accounting for a modification or exchange of debt will have an impact on opening retained earnings of € -1.9 million per 1 January 2018.

As part of the transition to the new standard, the Group opted not to restate the comparative information for 2017.

- IFRS 15 'Revenue from Contracts with Customers' (effective 1 January 2018), establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The new standard introduces a 5-step approach to revenue recognition and measurement:
  (1) identify the contract with the customer;
  (2) identify the performance obligations in the contract;
  (3) determine the transaction price;
  (4) allocate the transaction price to the performance obligations in the contract;
  (5) recognize revenue when (or as) the entity satisfies a performance obligation.
  It also requires extensive disclosures.
  As part of the transition to the new standard, the Group opted not to restate the comparative information for 2017.

  The Group recognizes revenue from the following sources: delivery of products and to a limited extent of services, and construction contracts. Bekaert assessed that the delivery of goods and services represent two separate performance obligations. Revenue will be recognized for each of these performance obligations when control over the corresponding goods and services is transferred to the customer. This is similar to the current identification of separate revenue components under IAS 18. Furthermore, we do not expect the allocation of revenue to be significantly different from that currently determined. The timing of revenue recognition of each of these performance obligations are also expected to be consistent with current practice. As regards the construction contracts, the Group has specifically considered IFRS 15 guidance on contract combinations, variable consideration, and the assessment of whether there is a significant financing component in the contracts. The Group has assessed that revenue from these construction contracts should be recognized over time as the customer controls the machinery during the course of construction by the Group. Furthermore, the Group considers that the input method currently used to measure progress towards complete satisfaction of these performance obligations will continue to be appropriate under IFRS 15.

- IFRS 16 'Leases' (effective 1 January 2019), which supersedes IAS 17 'Leases' and related interpretations. The new standard eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are capitalized and accounted for in a similar way to finance leases under IAS 17, except short-term leases and leases of low-value assets. Lessor accounting however remains largely unchanged.

  IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in 7.4. 'Contingencies and commitments'. As at 31 December 2017, the Group has operating lease commitments for a nominal amount of € 90.3 million. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognize a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognized in the Group's consolidated financial statements and the Group is currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the review is complete.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019). This interpretation clarifies how to account for income taxes when it is unclear whether the tax authority will accept the Group's tax treatment. The Group is still assessing whether this new interpretation might have an impact.

Other new, and amendments to, standards and interpretations effective after 2017 are not expected to have a material impact on the financial statements.

2.2. General principles

Basis of preparation

The consolidated financial statements are presented in thousands of euros, under the historical cost convention, except for derivatives, financial assets 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 variable returns from its involvement with the entity and has the ability to affect these 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, the income statement and the comprehensive income statement. 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 only 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 rate 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 not to be 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 which is in most cases 50 years, but can vary between 30 and 100 years.

Commercial assets
Commercial assets mainly include customer lists, customer contracts and brand names, mostly acquired in a business combination, with useful lives ranging between 8 and 15 years.

Emission rights
In the absence of any IASB standard or interpretation regulating the accounting treatment of CO2 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.

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.

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 normally does not 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.

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 their 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 separately acquired 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 & 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. When 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'). 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 these 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 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 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. Impairment losses on available-for-sale financial assets are never reversed through income statement. 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 only include 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 costs 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. By law, defined-contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Before 2015 the defined-contribution plans in Belgium were basically accounted for as defined-contribution plans. New legislation dated December 2015 however triggered the qualification. As a consequence, the defined-contribution plans are reported as defined-benefit obligations, whereby as from year end 2016 an actuarial valuation was performed.

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, performance share plan and personal shareholding requirement plan which allow Group employees to acquire shares of NV Bekaert SA are of the equity-settled type.
Share appreciation rights and Performance Share Units 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, 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 binomial models or Monte Carlo simulations 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-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 initially measured at cost, which is the fair value of the consideration payable, and subsequently carried at amortized cost.

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. 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.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

Impairment of assets

Goodwill and intangible assets with an indefinite useful life or not yet available for use (if any) 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 of disposal and its value in use). The fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal, 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 smallest 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.

Underlying performance measures

Bekaert believes that the separate presentation of non-GAAP measures such as underlying performance is essential for the readers of its financial statements who want to analyze comparable figures. Operating income and expenses that are related to restructuring programs, impairment losses, the initial accounting for business combinations, business disposals, environmental provisions or other events and transactions that have a one-off effect are excluded from Underlying EBIT(DA) measures. 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 one-off effects. One-off effects from business combinations mainly include: acquisition-related expenses, negative goodwill, gains and losses on step acquisition, and recycling of CTA on the interest previously held. One-off effects 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-off effect mainly include disasters, sales of investment property and significant litigations.

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. 'Key sources of estimation uncertainty' 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 as intangible assets were not met.

- Management makes judgments in defining the functional currency of Group entities based on economic substance of the transactions relevant to these entities. By default the functional currency is the one of the country in which the entity is operating. See note 7.8. 'Subsidiaries, joint ventures and associates' for a comprehensive list of entities and their functional currency.

- As regards 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, combined with hyperinflation, 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. Applying the economic exchange rate to the Venezuelan operations has further reduced the significance of their contribution to the consolidated financials ever since. In spite of the political and monetary instability, management was able to keep the company operational and hence concluded that it is still in control. At year-end 2017, the cumulative translation adjustments amount to € -57.3 million, which - in case of loss of control - would be recycled to income statement.

- Management concluded that Bekaert, given its non-controlling interest of 13.0% at year-end 2017, 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.

- Management concluded that the Company has control over Bridon-Bekaert Ropes Group ('BBRG') considering the terms and the conditions of the shareholders' agreement.

- With respect to the bank covenants to which BBRG is subject (see note 7.3. 'Financial risk management and financial derivatives'), BBRG passed all covenant tests during 2017. Management concluded accordingly that all financial debt is classified consistently with its contractual maturity in the balance sheet also considering management's ability to take corrective measures. Management continues to monitor the evolution of the bank covenants going forward.

- Management concluded that the Company has control over Bekaert Maccaferri Underground Solutions BVBA considering the share options agreed between the parties.

- 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. At year-end 2017 uncertain tax positions recognized as income taxes payable amount to € 65.4 million (2016: € 79.1 million).

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 risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

» Deferred tax assets are recognized for the carry-forward of unused tax losses, unused tax credits and temporary differences to the extent that it is probable that taxable profit will be available in the foreseeable future. In making its judgment, management takes into account elements such as long-term business strategy and tax planning opportunities (see note 5.5. 'Income taxes' and 6.6. 'Deferred tax assets and liabilities').

» 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').

» New capacity expansion projects in Russia show regained confidence in the Russian market potential. Therefore management reversed the impairment loss of 215 million ruble (€ 3.3 million) recorded on the assets of its Russian operations since 2014.

» Fair value measurements that cannot be fully based on observable market parameters involve judgment that could affect estimated fair value. This includes the conversion option attached to the convertible bond issued in June 2016 and the put option granted to Maccaferri for the non-controlling interests in Bekaert Maccaferri Underground Solutions BVBA.

» In June 2017 Bekaert and ArcelorMittal closed the transaction to integrate Bekaert's formerly wholly-owned subsidiary in Sumaré (Brazil) into the BMB (Belgo Mineira Bekaert Artefatos de Arame Ltda) partnership. In that context the fair value of the stake of 44.5% retained by Bekaert was based on the purchase consideration for the 55.5% interest disposed.

» Tax receivables (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, have not been provided for, supported by legal advice (see note 6.4. 'Investments in joint ventures and associates').

4. Segment reporting

Except for BBRG which is described below, the Group uses a geographical segmentation since this is the best way to evaluate the nature and financial performance of the business as a whole. The segmentation reflects the importance of the regions for the Group's global growth strategy. The Group'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 Group sells the vast majority of its production volumes in the region where they are manufactured.

In addition to the four regional segments, the Bridon-Bekaert Ropes Group ('BBRG') is considered as a separate reportable segment in accordance with IFRS 8 'Operating Segments', since its financial information is regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess its performance.

The following five reporting segments are presented:

1. EMEA – Europe, Middle-East and Africa: 31% of consolidated sales (2016: 31%)
2. North America: 14% of consolidated sales (2016: 14%)
3. Latin America: 16% of consolidated sales (2016: 18%)
4. Asia Pacific: 28% of consolidated sales (2016: 28%)
5. BBRG: 11% of consolidated sales (2016: 9%)

In 2016 Bridon business only contributed to the operating results for half a year since the merger was finalized on 28 June 2016.

4.1. 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 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. Intersegment eliminations mainly include eliminations of receivables and payables, and margin eliminations on transfers of fixed assets and goods and related adjustments to depreciation and amortization.

2017 in thousands of €	EMEA	North America	Latin America	Asia Pacific	Group & Business support	BBRG	Intersegment eliminations	Consolidated
Net sales	1 273 462	551 808	673 204	1 144 775	-	454 998	-	4 098 247
Operating result (EBIT)	**143 929**	**33 350**	**80 285**	**103 819**	**2 734**	**12 267**	**-58 322**	**318 062**
EBIT - Underlying	141 133	33 350	54 876	106 535	-44 929	15 122	-4 992	301 095
Depreciation and amortization	61 611	13 349	19 555	89 226	4 301	25 898	-18 988	194 952
Impairment losses	-3 262	-	-	-157	-6	13	-	-3 412
EBITDA	**202 278**	**46 699**	**99 840**	**192 888**	**7 029**	**38 178**	**-77 310**	**509 602**
Segment assets	1 017 565	298 607	452 674	1 209 301	199 136	573 859	-285 165	3 465 977
Unallocated assets								978 754
Total assets								**4 444 731**
Segment liabilities	299 465	88 246	120 297	197 280	122 075	108 410	-133 521	802 252
Unallocated liabilities								2 059 443
Total liabilities								**2 861 695**
Capital employed	718 100	210 361	332 377	1 012 021	77 061	465 449	-151 644	2 663 725
Weighted average capital employed	679 811	223 826	371 418	973 935	68 934	491 089	-113 958	2 695 055
Return on weighted average capital employed (ROCE) [1]	21.2%	14.9%	21.6%	10.7%	-	2.5%	-	11.8%
Capital expenditure – PP&E	114 836	12 967	22 271	122 366	17 322	14 837	-31 933	272 666
Capital expenditure – intangible assets	2 018	70	171	52 053	1 271	791	-52 521	3 853
Share in the results of joint ventures and associates	-	-	26 857	-	-	-	-	26 857
Investments in joint ventures and associates	-	-	165 424	-	-	-	-	165 424
Number of employees (year-end) [2]	6 699	1 349	3 218	9 851	1 928	2 587	-	25 631

2016 in thousands of €	EMEA	North America	Latin America	Asia Pacific	Group & Business support	BBRG	Intersegment eliminations	Consolidated
Net sales	1 148 308	512 331	681 834	1 052 364	-	320 380	-	3 715 217
Operating result (EBIT)	**135 527**	**26 043**	**66 599**	**100 431**	**-63 438**	**-8 699**	**3 191**	**259 654**
EBIT - Underlying	140 660	26 009	66 851	119 204	-64 209	13 247	3 190	304 952
Depreciation and amortization	57 863	12 903	21 839	101 598	3 142	21 103	-14 531	203 917
Impairment losses	390	20	-236	17 247	-40	481	-	17 862
EBITDA	**193 780**	**38 966**	**88 202**	**219 276**	**-60 336**	**12 885**	**-11 340**	**481 433**
Segment assets	881 478	299 775	464 210	1 114 595	175 997	613 364	-198 624	3 350 795
Unallocated assets								953 518
Total assets								**4 304 313**
Segment liabilities	239 944	62 482	117 657	179 051	115 450	91 507	-105 240	700 851
Unallocated liabilities								2 005 569
Total liabilities								**2 706 420**
Capital employed	641 534	237 293	346 553	935 544	60 547	521 857	-93 384	2 649 944
Weighted average capital employed	637 681	222 428	402 515	976 001	57 042	384 935	-94 896	2 585 706
Return on weighted average capital employed (ROCE) [1]	21.3%	11.7%	16.5%	10.3%	-	-2.3%	-	10.0%
Capital expenditure – PP&E	51 745	20 848	14 349	58 814	10 028	13 944	-11 199	158 529
Capital expenditure – intangible assets	1 779	-	1 315	850	2 053	48	-90	5 955
Share in the results of joint ventures and associates	-	-	25 445	-	-	-	-	25 445
Investments in joint ventures and associates	-	-	146 582	-	-	-	-	146 582
Number of employees (year-end) [2]	6 552	1 293	3 827	9 494	1 800	2 494	-	25 460

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

[2] *Number of employees: full-time equivalents.*

4.2. Revenue by product application

in thousands of €	2016	2017	Variance (%)
Net sales			
Rubber reinforcement products	*1 582 363*	*1 738 387*	*9.9%*
Other steel wire products	*1 649 297*	*1 713 129*	*3.9%*
Stainless products	*154 881*	*178 338*	*15.1%*
Steel and synthetic ropes, advanced cords (BBRG)	*320 380*	*454 998*	*42.0%*
Other	*8 296*	*13 395*	*61.5%*
Total	**3 715 217**	**4 098 247**	**10.3%**

Rubber reinforcement products include tire cord, bead wire and hose reinforcement wire. Other steel wire products include industrial steel wires, specialty steel wires (including stainless wires), building products and sawing wire. Stainless products include fibers and combustion products for heating and drying.

BBRG products are presented separately. The other product groups are sold in all regional segments. 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, the USA and Slovakia for Bekaert in terms of revenues and non-current assets (i.e. intangible assets, goodwill, property, plant and equipment, investments in joint ventures and associates).

in thousands of €	2016	% of total	2017	% of total
Net sales from Belgium	324 179	9%	352 658	9%
Net sales from Chile	318 082	9%	341 810	8%
Net sales from China	774 198	21%	836 980	20%
Net sales from USA	551 703	15%	627 218	15%
Net sales from Slovakia	297 834	8%	343 278	8%
Net sales from other countries	1 449 221	38%	1 596 303	40%
Total net sales	**3 715 217**	**100%**	**4 098 247**	**100%**
Non-current assets located in Belgium	123 312	6%	135 422	7%
Non-current assets located in Chile	103 216	5%	99 684	5%
Non-current assets located in China	466 890	24%	418 551	22%
Non-current assets located in USA	163 200	8%	140 693	7%
Non-current assets located in Slovakia	142 917	7%	154 405	8%
Non-current assets located in other countries	954 483	50%	992 809	51%
Total non-current assets	**1 954 018**	**100%**	**1 941 564**	**100%**

5. Income statement items

5.1. Operating result (EBIT) by function

in thousands of €	2016	2017	variance
Sales	3 715 217	4 098 247	383 030
Cost of sales	-3 058 093	-3 396 431	-338 338
Gross profit	**657 124**	**701 816**	**44 692**
Selling expenses	-175 769	-180 100	-4 331
Administrative expenses	-151 727	-164 411	-12 684
Research and development expenses	-63 322	-62 670	652
Other operating revenues	14 657	48 863	34 206
Other operating expenses	-21 309	-25 436	-4 127
Operating result (EBIT)	**259 654**	**318 062**	**58 408**
EBIT - Underlying	**304 952**	**301 095**	**-3 857**

Sales and gross profit in thousands of €	2016	2017	variance (%)
Sales	3 715 217	4 098 247	10.3%
Cost of sales	-3 058 093	-3 396 431	11.1%
Gross profit	**657 124**	**701 816**	**6.8%**
Gross profit in % of sales	17.7%	17.1%	

Bekaert's consolidated sales increased by 10.3% versus last year. Organic volume growth boosted sales by 3.4% and the aggregate effect of passed-on higher wire rod prices and price-mix added 5.5%. The net effect of mergers, acquisitions and divestments explained 2.2% of the sales increase. Unfavorable currency movements (-0.9%) (mainly related to Chinese renminbi and US dollar) weakened this evolution.

Gross profit increased by 6.8% compared to 2016, resulting in a margin of 17.1% compared to 17.7% in 2016. Cost of sales includes the cancellation of the obligations under an onerous supply contract for which a provision was recorded as part of the purchase price allocation at the time of acquisition (€ 10.4 million) (see note 6.16. 'Provisions'). The net effect of mergers, acquisitions and divestments accounted for 1.9% and there was also a small impact of negative currency movements (-0.2%).

Overheads in thousands of €	2016	2017	variance (%)
Selling expenses	-175 769	-180 100	2.5%
Administrative expenses	-151 727	-164 411	8.4%
Research and development expenses	-63 322	-62 670	-1.0%
Total	**-390 818**	**-407 181**	**4.2%**

The increase in selling expenses (€ 4.3 million) reflects to a large extent the impact of acquisitions/divestments (€ 9.2 million), a significant decrease in bad debt reserve (€ -5.6 million), higher costs related to higher organic sales (€ 2.0 million) and by a positive impact from currency movements (€ -1.3 million).
Administrative expenses increased (€ 12.7 million). The impact of acquisitions/divestments (€ 8.6 million) and consulting costs related to transformation programs (€ 7.5 million) was slightly offset by a positive impact from currency movements (€ -0.8 million).
Research and development expenses amounted to € 63 million, about stable from last year.
In terms of percentage on sales overheads slightly decreased to 9.9%.

Other operating revenues in thousands of €	2016	2017	variance
Royalties received	8 996	7 871	-1 125
Gains on disposal of PP&E and intangible assets	565	684	119
Realized exchange results on sales and purchases	-1 258	-1 241	17
Government grants	915	2 333	1 418
Restructuring - other revenues	319	416	97
Reversal write-down inventories/trade receivables	934	-	-934
Gains on business disposals (portion sold)	-	18 149	18 149
Gains on business disposals (portion retained)	-	14 552	14 552
Other revenues	4 186	6 100	1 914
Total	**14 657**	**48 863**	**34 207**

Other operating expenses in thousands of €	2016	2017	variance
Royalties paid	53	-	-53
Losses on disposal of PP&E and intangible assets	-1 490	-2 083	-593
Amortization of intangible assets	-2 849	-	2 849
Bank charges	-2 933	-2 809	124
Tax related expenses (other than income taxes)	-2 360	-3 166	-806
Restructuring - other expenses	-722	-3 436	-2 714
Losses on business disposals (CTA recycling)	-	-6 895	-6 895
Other expenses	-11 008	-7 047	3 961
Total	**-21 309**	**-25 436**	**-4 127**

Government grants mainly relate 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.

The gains and losses on business disposals relate to the disposal of the majority stake in the rubber reinforcement plant Sumaré (Brazil) (see note 7.2. 'Effect of business disposals'), as the CTA recycling is presented separately as a loss of € -6.9 million.

Reconciliation Underlying EBIT in thousands of €	2016	2017	variance
Operating result (EBIT)	**259 654**	**318 062**	**58 408**
Reversal impairment losses (restructuring and other)	-2 146	-8 216	-6 070
Restructuring - other revenues	-870	-532	338
Reversal write-down inventories/trade receivables	-4 182	-1 331	2 851
Gains on business disposals (portion sold)	-	-18 149	-18 149
Gains on business disposals (portion retained)	-	-14 552	-14 552
Other revenues	-4 697	-4 061	636
Impairment losses (restructuring and other)	17 886	4 814	-13 072
Restructuring - other expenses	27 487	11 693	-15 794
Losses on business disposals (CTA recycling)	-	6 895	6 895
Acquisition-related expenses	8 639	509	-8 130
Other expenses	3 181	5 963	2 782
EBIT - Underlying	**304 952**	**301 095**	**120 673**

In accordance with the ESMA guidelines on the use of non-GAAP terminology, as from 2016 the non-GAAP terms ‘recurring’ and ‘non-recurring’ are no longer used and recurring EBIT is no longer presented more prominently than EBIT in the income statement. The one-off items (previously reported separately under ‘non-recurring’) were initially reclassified to other operating expenses and revenues in the 2016 annual report. As from this year onwards, one-off items have been assigned to the applicable functional line items (cost of sales, administrative expenses, selling expenses, R&D, …) in the income statement and comparative figures for 2016 have been restated accordingly. EBIT, excluding the one-off items, is referred to as EBIT-underlying.

EBIT Reported and Underlying in thousands of €	**2016 as published**	**2016 reported**	**2016 one-offs**	**2016 underlying**	**2017 reported**	**2017 one-offs**	**2017 underlying**
Sales	3 715 217	3 715 217		3 715 217	4 098 247		4 098 247
Cost of sales	-3 025 225	-3 058 093	32 868	-3 025 225	-3 396 431	2 453	-3 393 978
Gross profit	**689 992**	**657 124**	**32 868**	**689 992**	**701 816**	**2 453**	**704 269**
Selling expenses	-175 340	-175 769	429	-175 340	-180 100	700	-179 400
Administrative expenses	-139 558	-151 727	12 169	-139 558	-164 411	2 506	-161 905
Research and development expenses	-63 590	-63 322	-268	-63 590	-62 670	30	-62 640
Other operating revenues	24 376	14 657	-2 176	12 481	48 863	-34 585	14 278
Other operating expenses	-76 226	-21 309	2 276	-19 033	-25 436	11 929	-13 507
Operating result (EBIT)	**259 654**	**259 654**	**45 298**	**304 952**	**318 062**	**-16 967**	**301 095**
EBIT - Underlying	**304 952**						

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 €	2016		2017	
Sales	3 715 217	100%	4 098 247	100%
Other operating revenues	22 230	-	48 863	-
Total operating revenues	**3 737 447**	**-**	**4 147 110**	**-**
Own construction of PP&E	53 859	1.4%	99 713	2.4%
Raw materials	-1 182 873	-31.8%	-1 497 872	-36.5%
Semi-finished products and goods for resale	-282 910	-7.6%	-309 173	-7.5%
Change in work-in-progress and finished goods	5 657	0.2%	58 254	1.4%
Staff costs	-772 547	-20.8%	-819 628	-20.0%
Depreciation and amortization	-203 917	-5.5%	-194 952	-4.8%
Impairment losses	-17 862	-0.5%	3 411	0.1%
Transport and handling of finished goods	-159 342	-4.3%	-184 078	-4.5%
Consumables and spare parts	-266 388	-7.2%	-297 126	-7.3%
Utilities	-255 285	-6.9%	-253 511	-6.2%
Maintenance and repairs	-60 975	-1.6%	-66 496	-1.6%
Expenses operating leases	-26 955	-0.7%	-29 793	-0.7%
Commissions in selling expenses	-6 170	-0.2%	-6 309	-0.2%
Export VAT and export customs duty	-30 271	-0.8%	-32 793	-0.8%
ICT costs	-32 728	-0.9%	-40 353	-1.0%
Advertising and sales promotion	-7 191	-0.2%	-11 107	-0.3%
Travel, restaurant & hotel	-28 150	-0.8%	-33 501	-0.8%
Consulting and other fees	-41 799	-1.1%	-40 446	-1.0%
Office supplies and equipment	-13 071	-0.4%	-10 700	-0.3%
Venture capital funds R&D	-2 180	-0.1%	-1 504	0.0%
Temporary or external labor	-27 031	-0.7%	-35 178	-0.9%
Insurance expenses	-6 989	-0.2%	-7 290	-0.2%
Miscellaneous	-112 675	-3.0%	-118 616	-2.9%
Total operating expenses	**-3 477 793**	**-93.6%**	**-3 829 048**	**-93.4%**
Operating result (EBIT)	**259 654**	**7.0%**	**318 062**	**7.8%**

5.3. Interest income and expense

in thousands of €	2016	2017
Interest income on financial assets not classified as at FVTPL	6 325	3 117
Interest income	**6 325**	**3 117**
Interest expense on interest-bearing debt not classified as at FVTPL	*-64 581*	*-75 050*
Other debt-related interest expense	*-7 673*	*-8 102*
Debt-related interest expense	-72 254	-83 152
Interest element of interest-bearing provisions	-7 239	-6 699
Interest expense	**-79 493**	**-89 852**
Total	**-73 168**	**-86 735**

The higher gross debt, due to the merger of Bridon-Bekaert Ropes Group as from the second half of 2016, and a higher average interest rate explain the increase in interest expense. 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, other than hedging instruments and interest-rate risk mitigating derivatives designated as economic hedges.

Of the interest element of interest-bearing provisions, € 4.4 million (2016: € 5.6 million) relates to the defined-benefit liabilities (see note 6.15. 'Employee benefit obligations') and € 2.3 million (2016: € 1.6 million) relates to other provisions (see note 6.16. 'Provisions').

5.4. Other financial income and expenses

in thousands of €	2016	2017
Value adjustments to derivatives	*-30 916*	*17 527*
Exchange results on hedged items	*-14 556*	*-14 180*
Net impact of derivatives and hedged items	-45 472	3 347
Other exchange results	-8 088	-7 435
Impairment losses on available-for-sale financial assets	-591	-
Inflation accounting effects	5 818	-16
Gains and losses on settlement of financial liabilities	-2 467	-
Dividends from non-consolidated equity investments	374	1 062
Bank charges and taxes on financial transactions	-2 540	-2 873
Impairments of loans and receivables	12	-67
Reversal of impairments of loans and receivables	16 326	-
Other	-831	-426
Total	**-37 458**	**-6 408**

Value adjustments include changes in the fair value of all derivatives, other than those designated as cash flow hedges. Exchange results on hedged items also relate to economic hedges only. The net impact of derivatives and hedged items 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 and hedged items, see note 7.3. 'Financial risk management and financial derivatives'.

Value adjustments to derivatives include a fair value gain of € 17.6 million in 2017 (2016: loss of € 37.4 million) on the conversion option relating to the convertible debt issued in June 2016 (see the 'Financial instruments by fair value measurement hierarchy' section in note 7.3. 'Financial risk management and financial derivatives'). In 2016 a loss on the settlement of financial liabilities of € 2.5 million was incurred on the repurchase of old convertible bonds not exchanged for new ones.

Inflation accounting effects relate to the Venezuelan operations. During 2016 an impairment loss of € 16.3 million relating to corporate guarantees for Vicson SA (Venezuela) has been reversed. In addition, exchange losses of € -1.5 million (2016: € -9.8 million) were incurred on intercompany receivables on Vicson SA., and reported in other exchange results.

5.5. Income taxes

in thousands of €	2016	2017
Current income taxes - current year	-91 970	-70 903
Current income taxes - prior periods	-1 034	1 617
Deferred taxes - due to changes in temporary differences	25 493	-21 885
Deferred taxes - due to changes in tax rates	-395	-16 229
Deferred taxes - adjustments to tax losses of prior periods	-12 281	-6 526
Deferred taxes - utilization of deferred tax assets not previously recognized	18 135	44 650
Total tax expense	**-62 052**	**-69 276**

Relationship between tax expense and accounting profit

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

in thousands of €	2016	2017
Result before taxes	149 028	224 919
Tax expense at the theoretical domestic rates applicable to results of taxable entities in the countries concerned	-37 302	-65 178
Tax expense related to distribution of retained earnings	-5 240	-4 811
Total theoretical tax expense	-42 542	-69 989
Theoretical tax rate [1]	-28.5%	-31.1%
Tax effect of:		
Non-deductible items	*-14 722*	*-13 697*
Other tax rates and special tax regimes [2]	*7 837*	*5 824*
Non-recognition of deferred tax assets [3]	*-11 913*	*-16 038*
Utilization of deferred tax assets not previously recognized [4]	*18 135*	*44 650*
Deferred tax due to change in tax rates [5]	*-395*	*-16 229*
Tax relating to prior periods	*-13 315*	*-4 909*
Exempted income [6]	*68*	*6 423*
Other [7]	*-5 205*	*-5 311*
Total tax expense	**-62 052**	**-69 276**
Effective tax rate	-41.6%	-30.8%

[1] *The theoretical tax rate is computed as a weighted average. The increase in 2017 vs 2016 is mainly generated by higher profit before tax in countries with higher tax rates.*

[2] *In 2017, the special tax regimes mainly relate to tax incentives in Belgium and the Netherlands whereas in 2016 also Slovakia and Peru contributed next to Belgium and the Netherlands.*

[3] *In 2017, the non-recognition of deferred tax assets mainly relates to losses carried forward in Brazil, Chile, China, Colombia, Costa Rica, Germany, Malaysia and the UK while in 2016, it mainly relates to impairment of assets in China, losses in the USA and a restructuring provision in Norway.*

[4] *In 2017, the increase is highly explained by a one-off asset transaction.*

[5] *Applicable in Belgium (€ -12.6 million) and the USA (€ -3.1 million). In Belgium the tax rate gradually shifts from 33.99% to 25% and in the USA from 40% to 24.25%.*

[6] *Relates in 2017 mainly to the disposal of the majority stake in the rubber reinforcement plant in Sumaré (Brazil).*

[7] *Relates in 2017 as well as in 2016 mainly to withholding taxes on royalties, interests, services and dividends.*

5.6. Share in the results of joint ventures and associates

Operating results in Brazil were negatively affected by the uncertain political and economic climate, weak demand in the construction market, a weaker US dollar and competitive price pressure. Additional information relating to the Brazilian joint ventures is provided under note 6.4. 'Investments in joint ventures and associates'.

in thousands of €		2016	2017
Joint ventures			
Belgo Bekaert Arames Ltda	Brazil	20 574	19 712
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda [1]	Brazil	4 871	5 424
ArcelorMittal Bekaert Sumaré Ltda [2]	Brazil	-	1 721
Total		**25 445**	**26 857**

[1] *Includes November-December contribution from ArcelorMittal Bekaert Sumaré Ltda, due to merger on 1 November 2017.*

[2] *Relates to July-October, due to the partial disposal to ArcelorMittal on 21 June 2017 and subsequent merger with BMB on 1 November 2017.*

5.7. Earnings per share

2017	Number
Weighted average number of ordinary shares (basic)	**56 741 126**
Dilution effect of subscription rights and options	560 669
Dilution effect of convertible bonds	9 125 704
Weighted average number of ordinary shares (diluted)	**66 427 499**

in thousands of €	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders	184 720	184 720
Effect on earnings of convertible bonds [1]	-	-7 249
Earnings	**184 720**	**177 471**
Earnings per share (in €)	**3.255**	**2.672**

[1] *Not to be reported if the effect of the convertible bond is anti-dilutive, i.e. if its effect is such that it would improve the EPS (see below).*

2016	Number
Weighted average number of ordinary shares (basic)	**56 263 172**
Dilution effect of subscription rights and options	623 410
Dilution effect of convertible bond	-
Weighted average number of ordinary shares (diluted)	**56 886 582**

in thousands of €	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders	105 166	105 166
Effect on earnings of convertible bond [1]	-	-
Earnings	**105 166**	**105 166**
Earnings per share (in €)	**1.869**	**1.849**

[1] *Not to be reported if the effect of the convertible bond is anti-dilutive, i.e. if its effect is such that it would improve the EPS (see below).*

Earnings per share ('EPS') is the amount of post-tax profit attributable to each share. Basic EPS is calculated as the result for the period attributable to the Group divided by the weighted average number of shares outstanding during the year. Diluted EPS reflects any commitments of the Group to issue shares in the future. These comprise subscription rights, options and the convertible bonds. Subscription rights and options are only dilutive to the extent that their exercise price is lower than the average closing price of the period. The dilution effect of subscription rights and options is limited to the weighted average number of shares to be used in the denominator of the EPS ratio; there is no effect on the earnings to be used in the numerator of the EPS ratio. The convertible bonds tend to affect both the denominator and the numerator of the EPS ratio. The dilution effect of the convertible bonds on the earnings (to be used in the numerator of the EPS ratio) consists of a reversal of all income and expenses directly related to the convertible bonds and having affected the 'basic' earnings for the period. Following income statement items were affected by the convertible bonds:

(a) the effective interest expense of € -10.4 million (2016: € -7.7 million),
(b) transaction costs: nil in 2017 (2016: € -3.0 million),
(c) fair value gains of € 17.7 million on the derivative liability representing the conversion option (2016: losses of € -37.4 million).

The convertible bonds were anti-dilutive in 2016, since their effect caused the diluted EPS ratio to improve. To calculate the impact, it is assumed that all dilutive subscription rights and options are exercised and that the conversion option of the convertible bonds is exercised in its entirety at the beginning of the period, or, if the instruments were issued during the period, at the issue date. Bekaert has the option to settle the notional amount of the bonds in ordinary shares or in cash, but any share price increase over and above the conversion price should be settled in shares. Bekaert has a call option on the conversion option when the share price exceeds the conversion price by 30.0%, which caps the amount of shares to be converted at 1 711 069. Management does not intend to settle the notional amount in shares and has already bought back enough shares to cover the call option. Nevertheless, in accordance with IAS 33 'Earnings per share', the number to be added to the denominator equates to the 7 414 634 potential shares corresponding with the notional amount of the bond divided by the conversion price, plus the 1 711 069 potential shares arising from an additional 30% upswing in share price. This results in a total dilution effect of € -0.58 per share, of which € -0.55 relates to the convertible bonds and € -0.03 to the subscription rights and options.

The average closing price during 2017 was € 42.05 per share (2016: € 37.07 per share). The following options were out of the money, and therefore antidilutive, for the period presented:

Antidilutive instruments	Date granted	Exercise price (in €)	Number granted	Number outstanding
SOP 2010-2014 - options	14.02.2011	77.000	360 925	295 725

For more information about subscription rights and options, please refer to 6.12. 'Ordinary shares, treasury shares and equity-settled share-based payments'.

6. Balance sheet items

6.1. Intangible assets

Cost in thousands of €	**Licenses, patents & similar rights**	**Computer software**	**Rights to use land**	**Commercial assets**	**Other**	**Total**
As at 1 January 2016	23 744	78 360	87 762	8 588	17 755	216 208
Expenditure	-	5 629	325	-	-	5 954
Disposals and retirements	-130	-439	-	-	-	-569
Transfers [1]	-	-28	-	-	29	1
Reclassification to (-) / from held for sale	-	-894	-10 218	-	-	-11 112
New consolidations	-	955	-	50 714	-	51 669
Exchange gains and losses (-)	21	532	-2 250	-1 446	-1 493	-4 636
As at 31 December 2016	**23 635**	**84 115**	**75 619**	**57 856**	**16 291**	**257 515**
As at 1 January 2017	23 635	84 115	75 619	57 856	16 291	257 515
Expenditure	75	3 761	17	-	-	3 853
Disposals and retirements	-4	-599	-	-	-	-603
Transfers [1]	38	266	-	-	-	304
Reclassification to (-) / from held for sale	-	1 005	-	-	-	1 005
Deconsolidations	-	-925	-	-	-	-925
Exchange gains and losses (-)	-42	-2 507	-5 057	-3 832	-612	-12 051
As at 31 December 2017	**23 702**	**85 115**	**70 579**	**54 024**	**15 679**	**249 098**

Accumulated amortization and impairment						
As at 1 January 2016	9 582	63 670	14 624	5 524	13 361	106 760
Charge for the year	1 585	4 698	1 665	4 090	1 137	13 175
Impairment losses	-	484	73	-	-	557
Reversal impairment losses and depreciations	-	5	-	-	-	5
Disposals and retirements	-130	-414	-	-	-	-544
Transfers [1]	68	-	-	-68	-	-
Reclassification to (-) / from held for sale	-	-1	-1 589	-	-	-1 590
Exchange gains (-) and losses	10	435	-375	208	-1 503	-1 225
As at 31 December 2016	**11 115**	**68 877**	**14 398**	**9 753**	**12 996**	**117 138**
As at 1 January 2017	11 115	68 877	14 398	9 753	12 996	117 138
Charge for the year	1 454	4 300	1 393	3 636	1 072	11 854
Impairment losses	-	-	33	-	-	33
Disposals and retirements	-4	-347	-	-	-	-351
Deconsolidations	-	-60	-	-	-	-60
Reclassification to (-) / from held for sale	-	1	-34	-	-	-33
Exchange gains (-) and losses	-104	-2 046	-1 011	-977	-562	-4 700
As at 31 December 2017	**12 461**	**70 725**	**14 778**	**12 412**	**13 505**	**123 881**
Carrying amount as at 31 December 2016	**12 520**	**15 238**	**61 221**	**48 103**	**3 295**	**140 377**
Carrying amount as at 31 December 2017	**11 241**	**14 390**	**55 800**	**41 611**	**2 174**	**125 217**

[1] *Total transfers equal zero when aggregating the balances of 'Intangible assets' and 'Property, plant and equipment' (see note 6.3.).*

The software expenditure mainly relates to the Satellite project (sales and outbound logistics), the MES project (Manufacturing Excellence System) and ERP software (SAP).

Deconsolidations and the reclassification from held for sale in 2017 predominantly relate to the disposal of the majority stake in the rubber reinforcement plant Sumaré (Brazil). Additional information regarding the reclassification from held for sale is provided under note 6.11. 'Assets classified as held for sale and liabilities associated with those assets'. For further information on the deconsolidations, please see note 7.2. 'Effect of business disposals'. No intangible assets have been identified as having an indefinite useful life at the balance sheet date.

6.2. Goodwill

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

Cost in thousands of €	**2016**	**2017**
As at 1 January	53 977	170 923
Increases	116 245	-
Exchange gains and losses (-)	701	-2 792
As at 31 December	**170 923**	**168 131**

Impairment losses in thousands of €	**2016**	**2017**
As at 1 January	18 278	18 578
Exchange gains (-) and losses	300	-342
As at 31 December	**18 578**	**18 236**
Carrying amount as at 31 December	**152 345**	**149 895**

The increase in the goodwill in 2016 relates to the BBRG business combination.

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 any related movements of the period have been allocated as follows:

Segment in thousands of €	**Group of cash-generating units**	**Carrying amount 1 Jan 2016**	**Increases**	**Impairments**	**Exchange differences**	**Carrying amount 31 Dec 2016**
Subsidiaries						
EMEA	Bekaert Bradford UK Ltd	3 050	-	-	-435	2 615
EMEA	Combustion - heating	3 027	-	-	-	3 027
EMEA	Building Products	71	-	-	-	71
EMEA	Rubber Reinforcement	4 255	-	-	-	4 255
North America	Orrville plant (USA)	10 774	-	-	354	11 128
Latin America	Inchalam group	820	-	-	79	899
Latin America	Bekaert Ideal SL companies	844	-	-	-	844
Asia Pacific	Bekaert (Qingdao) Wire Products Co Ltd	385	-	-	-	385
Asia Pacific	Bekaert Jiangyin Wire Products Co Ltd	47	-	-	-	47
BBRG	BBRG	12 426	116 245	-	403	129 074
Subtotal		**35 699**	**116 245**	**-**	**401**	**152 345**
Joint ventures and associates						
Latin America	Belgo Bekaert Arames Ltda	3 486	-	-	895	4 381
Subtotal		**3 486**	**-**	**-**	**895**	**4 381**
Total		**39 185**	**116 245**	**-**	**1 296**	**156 726**

Segment in thousands of €	Group of cash-generating units	Carrying amount 1 Jan 2017	Increases	Impairments	Exchange differences	Carrying amount 31 Dec 2017
Subsidiaries						
EMEA	Bekaert Bradford UK Ltd	2 615	-	-	-92	2 523
EMEA	Combustion - heating	3 027	-	-	-	3 027
EMEA	Building Products	71	-	-	-	71
EMEA	Rubber Reinforcement	4 255	-	-	-	4 255
North America	Orrville plant (USA)	11 128	-	-	-1 347	9 781
Latin America	Inchalam group	899	-	-	-38	861
Latin America	Bekaert Ideal SL companies	844	-	-	-	844
Asia Pacific	Bekaert (Qingdao) Wire Products Co Ltd	385	-	-	-	385
Asia Pacific	Bekaert Jiangyin Wire Products Co Ltd	47	-	-	-	47
BBRG	BBRG	129 074			-973	128 101
Subtotal		**152 345**	**-**	**-**	**-2 450**	**149 895**
Joint ventures and associates						
Latin America	Belgo Bekaert Arames Ltda	4 381	-	-	-598	3 783
Latin America	BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	-	2 679	-	-366	2 313
Subtotal		**4 381**	**2 679**	**-**	**-964**	**6 096**
Total		**156 726**	**2 679**	**-**	**-3 414**	**155 991**

In relation to the impairment testing of goodwill arising from the BBRG business combination, the following model characteristics have been used:

» a 6-year forecast timeframe of cash flows (in line with the latest business plan update), followed by a terminal value assumption based on a nominal perpetual growth rate of 2%, which mainly is based on a conservative industrial GDP evolution assumption;

» the cash flows reflect the evolution taking into account agreed action plans and are based on the assets in their current condition, without including the impacts of future restructuring not yet committed;

» only capital expenditure required to maintain the assets in good working order are included; future capital expenditures improving or enhancing the assets in excess of their originally assessed standard of performance are not considered;

» no cost structure improvements are taken into account unless they can be substantiated; and

» the cash outflows relating to working capital are calculated as a percentage of incremental sales based on the past performance of BBRG.

The discount factor for all tests 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 or businesses with a higher perceived risk, the WACC is raised with a country or business specific risk factor. In the case of BBRG, a specific equity risk premium of 1% has been considered as appropriately reflecting the specific business context compared to the general Group business context. The WACC is pre-tax based, since relevant cash flows are also pre-tax based. 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. For cash flow models stated in real terms (without inflation), the nominal WACC is adjusted for the expected inflation rate. For cash flow models in nominal terms, the nominal WACC is used. All parameters used for the calculation of the discount factors are reviewed at least annually.

Discount rates for impairment testing			EUR region	USD region	CNY region
Group target ratios					
Gearing: net debt/equity		50%			
% debt		33%			
% equity		67%			
% LT debt		75%			
% ST debt		25%			
Cost of Bekaert debt			**2.1%**	**3.6%**	**5.7%**
Long term interest rate			2.5%	4.2%	5.9%
Short term interest rate			1.0%	1.9%	5.3%
Cost of Bekaert equity (post tax)	**$= R_f + \beta \cdot E_m$**		**8.9%**	**10.7%**	**13.2%**
Risk free rate = R_f			0.6%	2.4%	4.9%
Beta = β		1.2			
Market equity risk premium = E_m		6.9%			
BBRG specific risk premium				1.0%	
Cost of BBRG equity (post tax)				**11.7%**	
Corporate tax rate		**27%**			
Cost of Bekaert equity before tax			**12.2%**	**14.6%**	**18.0%**
Cost of BBRG equity before tax				**16.0%**	
Bekaert WACC - nominal			**8.8%**	**10.9%**	**13.9%**
BBRG WACC - nominal				**11.9%**	
Expected inflation			1.6%	1.9%	2.4%
Bekaert WACC in real terms			**7.3%**	**9.0%**	**11.5%**
BBRG WACC in real terms				**10.0%**	

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 for which goodwill has been allocated.

Current headroom for impairment of the BBRG goodwill, i.e. the excess of the recoverable amount over the carrying amount of the BBRG CGU, is estimated at € 123.6 million (2016: € 335 million). Headroom decreased as a result of business recovering more slowly than initially planned. Sensitivity analyses performed for reasonable changes in the key assumptions pointed out that the headroom for impairment would be consumed if the combination of the following three events is realized (compared to management forecast):

» Sales would be 10% lower; and
» EBIT percentage on sales would be 5% lower; and
» WACC would be 0.85% higher.

6.3. Property, plant and equipment

Cost in thousands of €	**Land and buildings**	**Plant, machinery and equipment**	**Furniture and vehicles**	**Finance leases**	**Other PP&E**	**Assets under construction**	**Total**
As at 1 January 2016	1 125 834	2 614 529	97 160	11 701	7 209	85 354	3 941 788
Expenditure	18 176	80 984	8 728	47	1 994	50 226	160 155
Disposals and retirements	-853	-31 706	-3 806	-35	-56	-	-36 456
New consolidations	22 652	69 286	483	33	-	1 788	94 242
Transfers [1]	-	-	-	-	-	-1	-1
Reclassification to (-) / from held for sale	-44 775	-11 032	-412	-	-	-969	-57 188
Exchange gains and losses (-)	8 405	-13 398	-198	737	-98	3 376	-1 176
Inflation effects on opening balances	1 996	2 388	255	-	-	55	4 694
Other inflation effects	-	-	-	-	-	-6	-6
As at 31 December 2016	**1 131 435**	**2 711 051**	**102 210**	**12 483**	**9 049**	**139 823**	**4 106 052**
As at 1 January 2017	1 131 435	2 711 051	102 210	12 483	9 049	139 823	4 106 052
Expenditure	48 224	155 300	11 303	254	2 326	55 002	272 410
Disposals and retirements	-3 918	-32 140	-6 875	-92	-10	-8	-43 043
Deconsolidations	-26 174	-11 990	-421	-	-	-690	-39 275
Transfers [1]	-	990	-	-990	-	-304	-304
Reclassification to (-) / from held for sale	30 173	12 410	463	-	-	1 089	44 135
Exchange gains and losses (-)	-68 186	-155 871	-5 202	-732	-196	-10 574	-240 761
Inflation effects on opening balances	1 676	2 047	213	-	-	-	3 936
Other inflation effects	-	-	-	-	-	9	9
As at 31 December 2017	**1 113 229**	**2 681 797**	**101 692**	**10 922**	**11 170**	**184 349**	**4 103 159**

Accumulated depreciation and impairment							
As at 1 January 2016	492 640	1 862 060	80 713	2 003	3 645	-	2 441 061
Charge for the year	43 120	141 781	7 129	451	450	-	192 931
Impairment losses	11 906	7 412	133	-	-	-	19 451
Reversal impairment losses and depreciations	5	-2 067	59	-27	-	-	-2 030
Disposals and retirements	-448	-30 107	-3 659	-35	-10	-	-34 259
Reclassification to (-) / from held for sale	-20 808	-3 331	-169	-	-	-	-24 308
Exchange gains (-) and losses	-187	-13 381	-503	-37	-84	-	-14 192
Inflation effects on opening balances	626	1 452	221	-	-	-	2 299
As at 31 December 2016	**526 854**	**1 963 819**	**83 924**	**2 355**	**4 001**	**-**	**2 580 953**
As at 1 January 2017	526 854	1 963 819	83 924	2 355	4 001	-	2 580 953
Charge for the year	41 847	142 431	7 623	441	505	-	192 846
Impairment losses	171	4 595	6	-	-	-	4 772
Reversal impairment losses and depreciations	-4 395	-3 817	92	-132	-	-	-8 252
Disposals and retirements	-3 528	-29 801	-6 526	-72	-10	-	-39 936
Transfers[1]	-	846	-	-846	-	-	-
Deconsolidations	-2 251	-4 018	-224	-	-	-	-6 494
Reclassification to (-) / from held for sale	3 251	3 747	190	-	-	-	7 188
Exchange gains (-) and losses	-28 754	-106 117	-4 200	-125	-165	-	-139 360
Inflation effects on opening balances	588	1 370	198	-	-	-	2 156
As at 31 December 2017	**533 783**	**1 973 056**	**81 082**	**1 620**	**4 332**	**-**	**2 593 874**

[1] *Total transfers equal zero when aggregating the balances of 'Intangible assets' (see note 6.1.) and 'Property, plant and equipment'.*

in thousands of €	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Finance leases	Other PP&E	Assets under construc-tion	Total
Carrying amount as at 31 December 2016 before investment grants and reclassification of leases	**604 581**	**747 232**	**18 286**	**10 128**	**5 048**	**139 823**	**1 525 099**
Net investment grants	-7 050	-2 201	-	-	-	-1 134	-10 385
Finance leases by asset category	7 822	2 185	120	-10 128	-	-	-
Carrying amount as at 31 December 2016	**605 353**	**747 216**	**18 406**	**-**	**5 048**	**138 689**	**1 514 714**
Carrying amount as at 31 December 2017 before investment grants and reclassification of leases	**579 446**	**708 741**	**20 609**	**9 301**	**6 838**	**184 349**	**1 509 285**
Net investment grants	-6 179	-2 079	-	-	-	-	-8 257
Finance leases by asset category	7 260	1 841	200	-9 301	-	-	-
Carrying amount as at 31 December 2017	**580 528**	**708 504**	**20 809**	**-**	**6 838**	**184 349**	**1 501 028**

The majority of the steep increase in capital expenditure relates to the capacity expansion programs in EMEA and Asia Pacific. The net exchange loss for the year mainly relates to assets denominated in Chinese renminbi (€ -27.9 million), Chilean pesos (€ -4.3 million), Indian rupee (€ -4.5 million), US dollar (€ -45.8 million) and Brazilian real (€ -7.6 million).

The methodology for impairment testing is consistent with the one presented in note 6.2. ‘Goodwill’. Deconsolidations and the reclassification from held for sale in 2017 relate to the disposal of the majority stake in the rubber reinforcement plant Sumaré (Brazil). Additional information regarding the reclassification from held for sale is provided under note 6.11. ‘Assets classified as held for sale and liabilities associated with those assets’. For further information on the deconsolidations, please see 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 €	**2016**	**2017**
As at 1 January	110 633	142 201
Result for the year	25 445	26 857
Dividends	-22 732	-30 089
New equity method consolidations	-	42 390
Exchange gains and losses	28 814	-22 047
Other comprehensive income	41	16
As at 31 December	**142 201**	**159 328**

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 gains and losses relate mainly to the substantial swing in closing rates of the Brazilian real versus the euro (4.0 in 2017 vs 3.4 in 2016).

New equity method consolidations relate to ArcelorMittal Sumaré Ltda (Brazil), a former subsidiary of which Bekaert sold 55.5% to ArcelorMittal on 21 June 2017 (see note 7.2. 'Effect of business disposals'). The initial accounting for the new joint venture gave rise to a goodwill of € 2.7 million. ArcelorMittal Sumaré Ltda was subsequently merged into BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda as from 1 November 2017.

Related goodwill

Cost in thousands of €	**2016**	**2017**
As at 1 January	3 486	4 381
New equity method consolidations	-	2 679
Exchange gains and losses	895	-964
As at 31 December	**4 381**	**6 096**
Carrying amount of related goodwill as at 31 December	**4 381**	**6 096**
Total carrying amount of investments in joint ventures as at 31 December	**146 582**	**165 424**

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

in thousands of €		**2016**	**2017**
Joint ventures			
Belgo Bekaert Arames Ltda	Brazil	125 228	105 524
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	16 973	53 804
Total for joint ventures excluding related goodwill		**142 201**	**159 328**
Carrying amount of related goodwill		**4 381**	**6 096**
Total for joint ventures including related goodwill		**146 582**	**165 424**

No major contingent assets relating to joint ventures have been identified at the balance sheet date. The Brazilian joint ventures have been trying to compensate ICMS tax receivables with a total carrying amount of € 1.2 million (2016: € 4.7 million). They have also been facing claims relating to ICMS credits totaling € 12.4 million (2016: € 22.1 million); about € 13.2 million were waived in 2017 by paying € 4.5 million under a new amnesty program. Several other tax claims, most of which date back several years, were filed for a total nominal amount of € 20.1 million (2016: € 15.3 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%). Unrecognized commitments to acquire property, plant and equipment amounted to € 16.0 million (2016: € 6.8 million), including € 13.9 million (2016: € 3.3 million) from other Bekaert companies. Furthermore, the Brazilian joint ventures have unrecognized commitments to purchase electricity over the next five years for an aggregate amount of € 73.1 million (2016: € 73.1 million).
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 2016	2017
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 €	2016	2017
Sales	661 718	783 602
Operating result (EBIT)	74 541	77 740
Interest income	4 107	5 240
Interest expense	-3 560	-3 038
Other financial income and expenses	-961	-1 684
Income taxes	-10 449	-8 863
Result for the period	63 678	69 395
Other comprehensive income for the period	89	35
Total comprehensive income for the period	63 767	69 430
Depreciation and amortization	20 280	19 117
EBITDA	94 821	96 857
Dividends received from the entity	22 732	30 089

Brazilian joint ventures: balance sheet in thousands of €	2016	2017
Current assets	243 364	258 529
Non-current assets	209 986	256 691
Current liabilities	-104 001	-112 909
Non-current liabilities	-34 400	-48 713
Net assets	**314 949**	**353 598**

Brazilian joint ventures: net debt elements in thousands of €	2016	2017
Non-current interest-bearing debt	-	1 841
Current interest-bearing debt	11 726	10 472
Total financial debt	**11 726**	**12 313**
Non-current financial receivables and cash guarantees	-23 521	-23 585
Current loans	-2	-
Cash and cash equivalents	-14 809	-20 840
Net debt	**-26 606**	**-32 112**

Brazilian joint ventures: reconciliation with carrying amount
in thousands of €

	2016	2017
Net assets of Belgo Bekaert Arames Ltda	277 404	233 477
Proportion of the Group's ownership interest	45.0%	45.0%
Proportionate net assets	124 832	105 065
Consolidation adjustments	397	459
Carrying amount of the Group's interest in Belgo Bekaert Arames Ltda	**125 229**	**105 524**
Net assets of BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	37 544	120 121
Proportion of the Group's ownership interest	44.5%	44.5%
Proportionate net assets	16 707	53 454
Consolidation adjustments	265	350
Carrying amount of the Group's interest in BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	**16 972**	**53 804**
Carrying amount of the Group's interest in the Brazilian joint ventures	**142 201**	**159 328**

6.5. Other non-current assets

in thousands of €	2016	2017
Non-current financial receivables and cash guarantees	6 664	6 259
Reimbursement rights and other non-current amounts receivable	7 937	6 369
Overfunded employee benefit plans - non-current	42	12 915
Available-for-sale financial assets	17 499	16 400
Total other non-current assets	**32 142**	**41 944**

Available-for-sale financial assets - non-current

Carrying amount in thousands of €	2016	2017
As at 1 January	15 626	17 499
Expenditure	41	342
Disposals	-3	-
Fair value changes	2 349	-1 389
Impairment losses	-591	-
New consolidations	3	-
Exchange gains and losses	74	-52
As at 31 December	**17 499**	**16 400**

The increase in overfunded employee benefit plans is mainly related to the UK pension plans. For more information on this, please refer to note 6.15. 'Employee benefit obligations'.
The available-for-sale financial assets mainly consist of the investments in:

» Shougang Concord Century Holdings Ltd, a Hong Kong Stock Exchange listed company. On this investment, a decrease in fair value (€ -1.4 million) was recognized through equity during the year in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'. In 2016 an impairment loss of € 0.6 million was recognized through income statement and a subsequent fair value increase of € 2.3 million was recognized through equity.
» Bekaert Xinyu Metal Products Co Ltd.
» Transportes Puelche Ltda, an investment held by Acma SA and Prodalam SA (Chile).

6.6. Deferred tax assets and liabilities

Carrying amount	Assets		Liabilities	
in thousands of €	2016	2017	2016	2017
As at 1 January	132 494	150 368	53 213	52 556
Increase or decrease via income statement	18 436	-12 453	-12 516	-12 463
Increase or decrease via OCI	-737	1 025	-	2 277
New consolidations	9 480	-	22 861	-
Deconsolidations	-	-2 003	-	-6 926
Reclassification as held for sale	-449	505	-4 486	5 045
Exchange gains and losses	1 010	-8 039	3 350	-7 421
Change in set-off of assets and liabilities	-9 866	11 314	-9 866	11 314
As at 31 December	**150 368**	**140 717**	**52 556**	**44 382**

Recognized deferred tax assets and liabilities

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

	Assets		Liabilities		Net assets	
in thousands of €	2016	2017	2016	2017	2016	2017
Intangible assets	45 407	47 825	11 718	10 661	33 689	37 164
Property, plant and equipment	45 349	49 534	51 385	37 858	-6 036	11 676
Financial assets	11	84	16 484	17 386	-16 473	-17 302
Inventories	10 517	10 400	4 003	1 727	6 514	8 673
Receivables	10 470	8 862	264	1 339	10 206	7 523
Other current assets	267	309	3 623	3 787	-3 356	-3 478
Employee benefit obligations	29 582	21 570	144	28	29 438	21 542
Other provisions	7 160	2 951	677	862	6 483	2 089
Other liabilities	13 137	13 295	21 835	16 997	-8 698	-3 702
Tax deductible losses carried forward, tax credits and recoverable income taxes	46 045	32 150	-	-	46 045	32 150
Tax assets / liabilities	**207 945**	**186 980**	**110 133**	**90 645**	**97 812**	**96 335**
Set-off of assets and liabilities	-57 577	-46 263	-57 577	-46 263	-	-
Net tax assets / liabilities	**150 368**	**140 717**	**52 556**	**44 382**	**97 812**	**96 335**

The deferred taxes on property, plant and equipment mainly relate to differences in useful lives between IFRS and tax books, whereas the deferred taxes on intangible assets are mainly generated by intercompany gains which have been eliminated in the consolidated statements. 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:

2016 in thousands of €	**As at 1 January**	**Recognized via income statement**	**Recognized via OCI**	**Acquisitions and disposals [1]**	**Reclassifi-cations [2]**	**Exchange gains and losses**	**As at 31 December**
Temporary differences							
Intangible assets	705	41 579	-	-9 255	-	660	33 689
Property, plant and equipment	848	3 319	-	-10 793	4 393	-3 803	-6 036
Financial assets	-24 797	9 019	-	-523	87	-259	-16 473
Inventories	7 746	311	-	-1 347	-	-196	6 514
Receivables	5 527	4 756	-	41	-	-118	10 206
Other current assets	-2 451	-905	-	-20	-	20	-3 356
Employee benefit obligations	26 870	93	-601	2 534	-	542	29 438
Other provisions	-38	4 735	-	1 626	-	160	6 483
Other liabilities	5 785	-14 265	-136	390	-443	-29	-8 698
Tax deductible losses carried forward, tax credits and recoverable income taxes	59 086	-17 690	-	3 966	-	683	46 045
Total	**79 281**	**30 952**	**-737**	**-13 381**	**4 037**	**-2 340**	**97 812**

2017 in thousands of €	**As at 1 January**	**Recognized via income statement**	**Recognized via OCI**	**Acquisitions and disposals [1]**	**Reclassifi-cations [2]**	**Exchange gains and losses**	**As at 31 December**
Temporary differences							
Intangible assets	33 689	3 308	-	-	-	167	37 164
Property, plant and equipment	-6 036	14 794	-	4 616	-4 941	3 243	11 676
Financial assets	-16 473	-1 018	-2 263	2 305	-98	245	-17 302
Inventories	6 514	1 637	-	-	-	522	8 673
Receivables	10 206	-2 157	-	-	-	-526	7 523
Other current assets	-3 356	-747	-77	-	-	702	-3 478
Employee benefit obligations	29 438	-7 454	1 087	-	-	-1 529	21 542
Other provisions	6 483	-2 589	-	-1 353	-	-452	2 089
Other liabilities	-8 698	6 203	1	-645	499	-1 062	-3 702
Tax deductible losses carried forward, tax credits and recoverable income taxes	46 045	-11 967	-	-	-	-1 928	32 150
Total	**97 812**	**10**	**-1 252**	**4 923**	**-4 540**	**-618**	**96 335**

[1] *The acquisitions and disposals in 2017 relate to the disposal of the majority stake in the rubber reinforcement plant in Sumaré (Brazil). In 2016, it refers to the establishment of Bridon-Bekaert Ropes Group.*

[2] *See note 6.11. 'Assets classified as held for sale and liabilities associated with those assets'.*

Deferred taxes related to other comprehensive income (OCI)

2016 in thousands of €	Before tax	Tax impact	After tax
Exchange differences	36 837	-	36 837
Inflation adjustments	1 483	-	1 483
Cash flow hedges	742	-136	606
Available-for-sale investments	2 349	-	2 349
Remeasurement gains and losses on defined-benefit plans	-9 978	-601	-10 579
Share of OCI of joint ventures and associates	40	-	40
Total	**31 473**	**-737**	**30 736**

2017 in thousands of €	Before tax	Tax impact	After tax
Exchange differences	-130 828	-	-130 828
Inflation adjustments	2 032	-	2 032
Cash flow hedges	-247	-76	-323
Available-for-sale investments	-1 389	-	-1 389
Remeasurement gains and losses on defined-benefit plans	15 089	-1 176	13 913
Share of OCI of joint ventures and associates	16	-	16
Total	**-115 327**	**-1 252**	**-116 579**

Unrecognized deferred tax assets

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

in thousands of €	2016	2017	Variance
Deductible temporary differences	295 937	178 865	-117 072
Capital losses	23 534	24 278	744
Trade losses	714 552	664 650	-49 902
Tax credits	47 551	54 838	7 287
Total	**1 081 574**	**922 631**	**-158 943**

Capital losses, trade losses and tax credits by expiry date

The below table shows expiry date for all items (recognized and unrecognized).

2016 in thousands of €	Expiring within 1 year	Expiring between 1 and 5 years	Expiring after more than 5 years	Not expiring	Total
Capital losses	-	-	-	23 534	**23 534**
Trade losses	45 281	100 416	50 864	692 349	**888 910**
Tax credits	-	56 856	-	10 781	**67 637**
Total	**45 281**	**157 272**	**50 864**	**726 664**	**980 081**

2017 in thousands of €	Expiring within 1 year	Expiring between 1 and 5 years	Expiring after more than 5 years	Not expiring	Total
Capital losses	-	-	11 836	13 262	**25 098**
Trade losses	28 236	127 117	41 559	578 677	**775 589**
Tax credits	58 010	-	-	20 904	**78 914**
Total	**86 246**	**127 117**	**53 395**	**612 843**	**879 601**

6.7. Operating working capital

in thousands of €	2016	2017
Raw materials, consumables and spare parts	*229 894*	*253 508*
Work in progress and finished goods	*384 359*	*416 993*
Goods purchased for resale	*110 247*	*109 080*
Inventories	724 500	779 581
Trade receivables	739 145	836 809
Bills of exchange received	60 182	55 633
Advances paid	19 531	17 815
Trade payables	-556 361	-665 196
Advances received	-12 732	-10 746
Remuneration and social security payables	-123 559	-120 341
Employment-related taxes	-8 198	-5 970
Operating working capital	**842 508**	**887 586**

Carrying amount in thousands of €	2016	2017
As at 1 January	812 758	842 508
Organic increase or decrease	-16 336	109 544
Write-downs and write-down reversals	1 175	8 588
New consolidations	52 003	-
Deconsolidations	-	-26 472
Impact inflation accounting	2 361	1 856
Reclassification to (-) / from assets held for sale	-26 347	29 827
Exchange gains and losses (-)	16 894	-70 417
Other	-	-7 849
As at 31 December	**842 508**	**887 586**

Weighted average operating working capital represented 21.4% of sales (2016: 22.6%). The amount on other is reflecting a decrease in trade receivables which does not correspond to a cash movement because that amount was subject to a factoring arrangement with recourse under which the cash was already received in previous periods.

Additional information is as follows:

» Inventories
The cost of sales includes expenses related to transport and handling of finished goods amounting to € 184.1 million (2016: € 159.3 million), which have never been capitalized in inventories. Movements in inventories in 2017 include write-downs of € -18.0 million (2016: € -18.6 million) and reversals of write-downs of € 21.4 million (2016: € 23.9 million).
Similar as in 2016, in 2017 no inventories were pledged as security for liabilities.

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

Allowance for bad debt in thousands of €	2016	2017
As at 1 January	-45 076	-47 802
Losses recognized in current year	-8 287	-4 749
Losses recognized in prior years - amounts used	1 787	4 965
Losses recognized in prior years - reversal of amounts not used	2 391	4 992
Reclassification to / from (-) assets held for sale	849	-954
Exchange gains and losses (-)	534	2 669
As at 31 December	**-47 802**	**-40 880**

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

Trade receivables and bills of exchange received in thousands of €	**2016**	**2017**
Gross amount	847 129	933 322
Allowance for bad debts (impaired)	-47 802	-40 880
Net carrying amount	799 327	892 442
of which past due but not impaired		
amount	*95 844*	*122 560*
average number of days outstanding	*78*	*84*

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, see note 7.3. ‘Financial risk management and financial derivatives’.

6.8. Other receivables

Carrying amount in thousands of €	**2016**	**2017**
As at 1 January	99 286	108 484
Increase or decrease	14 072	20 173
Write-downs and write-down reversals	8	-19
New consolidations	4 261	-
Deconsolidations	-	-6 861
Reclassifications	-11 613	13 060
Exchange gains and losses	2 470	-7 960
As at 31 December	**108 484**	**126 876**

Other receivables mainly relate to income taxes (€ 50.1 million (2016: € 40.1 million)), VAT and other taxes (€ 61.4 million (2016: € 55.5 million)) and social loans to employees (€ 4.3 million (2016: € 2.2 million)).

6.9. Cash & cash equivalents and short-term deposits

Carrying amount in thousands of €	**2016**	**2017**
Cash & cash equivalents	365 546	418 779
Short-term deposits	5 342	50 406

For the changes in cash & cash equivalents, please refer to the consolidated cash flow statement and to note 7.1. ‘Notes to the cash flow statement’. 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 €	2016	2017
Current loans and receivables	13 991	8 447
Advances paid	19 531	17 815
Derivatives (cf. note 7.3.)	7 037	6 159
Deferred charges and accrued income	11 665	11 908
As at 31 December	**52 225**	**44 329**

The current loans and receivables mainly relate to receivables from the disposal of the majority stake in the rubber reinforcement plant Sumaré (Brazil) (€ 4.6 million) and various cash guarantees (€ 2.1 million (2016: € 3.0 million)). In 2016, the current loans and receivables largely consisted of loans to partners in China (€ 10.4 million).

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

Carrying amount in thousands of €	2016	2017
As at 1 January	-	112 361
Increases and decreases (-)	100 848	-103 732
Exchange gains and losses	11 513	-535
As at 31 December	**112 361**	**8 093**

in thousands of €	2016	2017
Intangible assets	9 939	8 093
Property, plant and equipment	36 674	-
Other non-current assets	5 651	-
Deferred tax assets	505	-
Inventories	10 140	-
Trade receivables	27 880	-
Other receivables	13 326	-
Cash and cash equivalents	8 241	-
Other current assets	5	-
Total assets classified as held for sale	**112 361**	**8 093**
Employee benefit obligations - non-current	33	-
Provisions non-current	6 444	-
Interest-bearing debt non-current	551	-
Deferred tax liabilities	5 045	-
Interest-bearing debt current	662	-
Trade payables	7 117	-
Employee benefit obligations - current	1 240	-
Income taxes payables	10 705	-
Other current liabilities	1 703	-
Total liabilities associated with assets classified as held for sale	**33 500**	**-**

The decrease in assets classified as held for sale and liabilities associated with those in 2017, as well as the increase in 2016, almost entirely relates to the disposal of the majority stake in the rubber reinforcement plant Sumaré (Brazil). In both 2016 and 2017 the remaining amount and other movements relate to rights to use land of Bekaert (Huizhou) Steel Cord Co Ltd.

6.12. Ordinary shares, treasury shares and equity-settled share-based payments

Issued capital in thousands of €		2016 Nominal value	2016 Number of shares	2017 Nominal value	2017 Number of shares
1	As at 1 January	176 957	60 125 525	177 612	60 347 525
	Movements in the year				
	Issue of new shares	*655*	*222 000*	*78*	*26 316*
	As at 31 December	177 612	60 347 525	177 690	60 373 841
2	Structure				
2.1	Classes of ordinary shares				
	Ordinary shares without par value	*177 612*	*60 347 525*	*177 690*	*60 373 841*
2.2	Registered shares		207 619		402 538
	Non-material shares		60 139 906		59 971 303
Authorized capital not issued		**176 000**		**176 000**	

A total of 26 316 subscription rights were exercised under the Company's SOP 2005-2009 stock option plan in 2017, requiring the issue of a total of 26 316 new shares of the Company.

From the 3 885 446 treasury shares held as of 31 December 2016, the Company disposed of 421 885 shares in connection with share-based payment and personal shareholding requirement plans. A total of 172 719 treasury shares have been purchased. No treasury shares were cancelled in 2017. As a result, the Company held an aggregate 3 636 280 treasury shares as of 31 December 2017.

Stock option plans

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

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	12 870	-	-	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	50 500	-	14 000	22.05 - 30.06.2012	15.11 - 15.12.2018
17.12.2009	15.02.2010	33.990	49 500	5 000	-	44 500	22.05 - 30.06.2013	15.11 - 15.12.2019
			195 000	**107 180**	**-**	**87 820**		

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	184 283	15	6 400	22.05 - 30.06.2009	15.11 - 15.12.2020
21.12.2006	19.02.2007	22.03.2007	30.175	153 810	144 240	600	8 970	22.05 - 30.06.2010	15.11 - 15.12.2021
20.12.2007	18.02.2008	22.04.2008	28.335	14 100	4 200	9 900	-	22.05 - 30.06.2011	15.11 - 15.12.2017
20.12.2007	18.02.2008	22.04.2008	28.335	215 100	147 550	12 700	54 850	22.05 - 30.06.2011	15.11 - 15.12.2022
18.12.2008	16.02.2009	20.10.2009	16.660	288 150	234 050	19 500	34 600	22.05 - 30.06.2012	15.11 - 15.12.2018
17.12.2009	15.02.2010	08.09.2010	33.990	225 450	69 600	52 500	103 350	22.05 - 30.06.2013	15.11 - 15.12.2019
				1 087 308	**783 923**	**95 215**	**208 170**		

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	-	65 200	295 725	28.02 - 13.04.2014	Mid Nov.- 15.12.2020
22.12.2011	20.02.2012	25.140	287 800	231 100	2 600	54 100	27.02 - 12.04.2015	Mid Nov. - 21.12.2021
20.12.2012	18.02.2013	19.200	267 200	213 642	2 700	50 858	End Feb. - 10.04.2016	Mid Nov. - 19.12.2022
29.03.2013	28.05.2013	21.450	260 000	121 000	-	139 000	End Feb. - 09.04.2017	End Feb. - 28.03.2023
19.12.2013	17.02.2014	25.380	373 450	179 750	2 400	191 300	End Feb. - 09.04.2017	Mid Nov. - 18.12.2023
18.12.2014	16.02.2015	26.055	349 810	-	4 800	345 010	End Feb. - 08.04.2018	Mid Nov. - 17.12.2024
			1 899 185	**745 492**	**77 700**	**1 075 993**		

Overview of SOP 2015-2017 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options: Granted	Exercised	Forfeited	Out-standing	First exercise period	Last exercise period
17.12.2015	15.02.2016	26.375	227 250	-	4 500	222 750	End Feb. - 07.04.2019	Mid Nov. - 16.12.2025
15.12.2016	13.02.2017	39.426	273 325	-	3 000	270 325	End Feb. - 12.04.2020	Mid Nov. - 14.12.2026
			500 575	**-**	**7 500**	**493 075**		

SOP2 Stock Option Plan	2016 Number of options	2016 Weighted average exercise price (in €)	2017 Number of options	2017 Weighted average exercise price (in €)
Outstanding as at 1 January	143 500	25.166	87 820	29.549
Exercised during the year	-55 680	18.254	-	-
Outstanding as at 31 December	**87 820**	**29.549**	**87 820**	**29.549**

SOP 2005-2009 Stock Option Plan	2016 Number of subscription rights	2016 Weighted average exercise price (in €)	2017 Number of subscription rights	2017 Weighted average exercise price (in €)
Outstanding as at 1 January	456 486	26.710	234 486	29.120
Exercised during the year	-222 000	24.164	-26 316	28.948
Outstanding as at 31 December	**234 486**	**29.120**	**208 170**	**29.142**

SOP 2010-2014 Stock Option Plan	2016 Number of options	2016 Weighted average exercise price (in €)	2017 Number of options	2017 Weighted average exercise price (in €)
Outstanding as at 1 January	1 821 585	32.942	1 481 843	34.760
Exercised during the year	-316 042	21.843	-403 150	23.577
Forfeited during the year	-23 700	67.259	-2 700	26.055
Outstanding as at 31 December	**1 481 843**	**34.760**	**1 075 993**	**38.972**

SOP 2015-2017 Stock Option Plan	2016 Number of options	2016 Weighted average exercise price (in €)	2017 Number of options	2017 Weighted average exercise price (in €)
Outstanding as at 1 January	-	-	227 250	26.375
Granted during the year	227 250	26.375	273 325	39.426
Forfeited during the year	-	-	-7 500	31.595
Outstanding as at 31 December	**227 250**	**26.375**	**493 075**	**33.530**

Weighted average remaining contractual life in years	**2016**	**2017**
SOP2	3.2	2.2
SOP 2005-2009	3.7	2.7
SOP 2010-2014	6.3	5.2
SOP 2015-2017	9.0	8.5

The weighted average share price at the date of exercise in 2017 was not applicable for the SOP2 subscription rights (2016: € 40.69), € 45.13 for the SOP 2005-2009 subscription rights (2016: € 39.45) and € 46.24 for the SOP 2010-2014 options (2016: € 35.42). 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 SOP 2005-2009 plan, equity is increased by the amount of the proceeds received. Under the terms of the SOP2 plan 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 have been offered to the members of the Bekaert Group Executive, the Senior Vice Presidents and senior executive personnel during the period 2010-2014. The grant dates of each offering were scheduled in the period 2011-2015. The exercise price of the SOP 2010-2014 options was 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, SOP 2010-2014 and SOP 2015-2017 and the subscription rights granted under SOP 2005-2009 are recognized at 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 pricing model are detailed below:

Pricing model details ***Stock option plan***	**Granted in February 2016**	**Granted in February 2017**	**Granted in February 2018** [1]
Inputs to the model			
Share price at grant date (in €)	27.25	39.39	37.40
Exercise price (in €)	26.38	39.43	34.60
Expected volatility	39%	39%	39%
Expected dividend yield	3%	3%	3%
Vesting period (years)	3.00	3.00	3.00
Contractual life (years)	10	10	10
Employee exit rate	3%	3%	3%
Risk-free interest rate	0.05%	-0.18%	0.08%
Exercise factor	1.40	1.40	1.40
Outcome of the model			
Fair value (in €)	7.44	10.32	10.61
Granted options	227 250	273 325	225 475

[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 2017, 273 325 options (2016: 227 250) were granted under SOP 2015-2017 at a fair value per unit of € 10.32 (2016: € 7.44). The Group has recorded an expense against equity of € 2.6 million (2016: € 3.3 million) for the options granted, based on their fair value and vesting period.

Performance Share Plan

The members of the Bekaert Group Executive, the senior management and a limited number of management staff members of the Company and a number of its subsidiaries received during 2015, 2016 and 2017 Performance Share Units entitling the beneficiary to acquire Performance Shares subject to the conditions of the Performance Share Plan 2015-2017. These Performance Share Units will vest following a vesting period of three years, conditional to the achievement of a pre-set performance target. The performance target was set by the Board of Directors, in line with the Company strategy.

The Performance Share Units granted under the Performance Shares Plan 2015-2017 are recognized at 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 Performance Share Units is determined using a binomial pricing model. Inputs and outcome of this pricing model are detailed below:

	Granted in					
Pricing model details ***Performance Share Plan***	**February 2016**	**July 2016**	**December 2016**	**March 2017**	**September 2017**	**December 2017 [1]**
Inputs to the model						
Share price at grant date (in €)	32.00	38.38	39.49	46.90	40.58	34.60
Expected volatility	39%	39%	39%	39%	39%	39%
Expected dividend yield	3%	3%	3%	3%	3%	3%
Vesting period (years)	2.83	2.50	3.00	2.83	2.25	3.00
Employee exit rate	3%	3%	3%	0%	3%	3%
Risk-free interest rate	-0.41%	-0.56%	-0.53%	-0.53%	-0.55%	-0.46%
Outcome of the model						
Fair value (in €)	46.89	50.30	52.15	46.90	54.34	40.19
Granted Performance Share Units	10 000	2 500	52 450	10 000	5 000	55 250

[1] *Expense recorded as from 1 January 2018.*

In 2017 an offer of 55 250 Performance Share Units (2016: 52 450) was made under the terms of the Performance Share Plan 2015-2017. The granted units represent a fair value of € 2.2 million (2016: € 2.7 million). In addition, an exceptional grant of 10 000 Performance Share Units for the Chief Executive Officer was made on 6 March 2017 and an exceptional grant of 5 000 Performance Share Units for the newly hired Chief Human Resources Officer was made on 1 September 2017. The Group has recorded an expense against equity of € 2.0 million (2016: € 0.8 million) for the Performance Share Units granted, based on their fair value and vesting period.

Personal Shareholding Requirement Plan

In March 2016, the Company introduced a Personal Shareholding Requirement Plan for the Chief Executive Officer and the other members of the Bekaert Group Executive ('BGE'), pursuant to which they are required to build and maintain a personal shareholding in Company shares and whereby the acquisition of the required number of Company shares is supported by a so-called Company matching mechanism. The Company matching mechanism originally provided that the Company would match the BGE member's investment in Company shares in year x, with a premium (to be paid out at the end of year x + 2) which should then be used by the BGE member to invest in Company shares. On the motion of the Board of Directors and approved by the Extraordinary General Meeting of Shareholders of 29 March 2017, this Company matching mechanism was amended (with retroactive effect as of the start of the Personal Shareholding Requirement Plan) in such a way that the Company will match the BGE member's investment in Company shares in year x, with a direct grant of a similar number of Company shares as acquired by the BGE member (such grant to be made at the end of year x + 2).

The matching shares to be granted under the Personal Shareholding Requirement Plan 2016 are recognized at fair value at start date in accordance with IFRS 2 (see note 6.13. 'Retained earnings and other Group reserves'). The fair value of the matching shares is determined using a binomial pricing model. Inputs and outcome of this pricing model are detailed below:

Pricing model details *Matching shares*	**To be granted in December 2018**		**To be granted in December 2019**	
	Start date March 2016	**Start date June 2016** [1]	**Start date March 2017**	**Start date Sep 2017** [2]
Inputs to the model				
Share price at start date (in €)	35.71	38.97	45.87	40.04
Expected volatility	39%	39%	39%	39%
Expected dividend yield	3%	3%	3%	3%
Vesting period (years)	2.75	2.50	2.75	2.33
Employee exit rate	4%	4%	4%	4%
Risk-free interest rate	-0.40%	-0.01%	-0.51%	-0.54%
Outcome of the model				
Fair value (in €)	29.27	32.16	37.60	33.20
Matching shares to be granted	14 737	2 003	13 202	2 523

[1] *Newly hired Chief Financial Officer*

[2] *Newly hired Chief Human Resources Officer*

A grant of 16 740 matching shares will be made in 2018 under the terms of the Personal Shareholding Requirement Plan 2015 and a grant of 15 725 matching shares will be made in 2019 under the terms of the Personal Shareholding Requirement Plan 2016. The matching shares to be granted represent a fair value of € 1.1 million (2016: € 0.6 million). The Group has recorded an expense against equity of € 0.2 million (2016: € 0.2 million) for the matching shares to be granted, based on their fair value and vesting period.

6.13. Retained earnings and other Group reserves

Carrying amount in thousands of €	**2016**	**2017**
Hedging reserve	*-148*	*-296*
Revaluation reserve for available-for-sale investments	*2 446*	*1 057*
Remeasurements on defined-benefit plans	*-80 743*	*-70 683*
Other revaluation reserves	*-8 206*	*-8 206*
Deferred taxes booked in OCI	*30 831*	*30 307*
Other reserves	-55 820	-47 821
Cumulative translation adjustments	4 286	-105 723
Total other Group reserves	**-51 534**	**-153 544**
Treasury shares	**-127 974**	**-103 037**
Retained earnings	**1 432 394**	**1 529 268**

In the following sections of this disclosure, the movements in the Group reserves and in retained earnings are presented and commented.

Hedging reserve in thousands of €	**2016**	**2017**
As at 1 January	-	-148
Recycled to income statement	-325	-209
Fair value changes to hedging instruments	177	61
As at 31 December	**-148**	**-296**
Of which		
FX contracts	*-148*	*-296*

Changes in the fair value of hedging instruments designated as effective cash flow hedges are recognized directly in equity. In accordance with IFRSs hedge accounting policies for cash flow hedges, exchange gains or losses arising from translating the hedged items at the closing rate are offset by recycling the equivalent amounts to the income statement.

Revaluation reserve for available-for-sale investments in thousands of €	**2016**	**2017**
As at 1 January	97	2 446
Recycled to income statement	591	-
Fair value changes	1 758	-1 389
As at 31 December	**2 446**	**1 057**
Of which		
Investment in Shougang Concord Century Holdings Ltd	*2 446*	*1 057*

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. No amounts were recycled to income statement in the current year as a result of an impairment loss (2016: € 0.6 million).

Remeasurements on defined-benefit plans in thousands of €	**2016**	**2017**
As at 1 January	-70 771	-80 743
Remeasurements of the period	-9 615	10 629
Inflation effects	-538	-534
Changes in Group structure	181	-35
As at 31 December	**-80 743**	**-70 683**

The remeasurements originate from using different actuarial assumptions in calculating the defined-benefit obligation, from differences with actual returns on plan assets at the balance sheet date and any changes in unrecognized assets due to the asset ceiling principle (see note 6.15. 'Employee benefit obligations').

As for the 'other revaluation reserve', no substantial movements were recognized. These reserves primarily consist of a liability of € 8.2 million that has initially been set up at fair value versus equity, which represents the put option granted to Maccaferri on its remaining non-controlling interests in Bekaert Maccaferri Underground Solutions BVBA. Any subsequent changes in fair value of this financial liability are recognized through income statement in accordance with IFRS.

Deferred taxes booked in equity in thousands of €	**2016**	**2017**
As at 1 January	30 689	30 832
Deferred taxes relating to other comprehensive income	-433	-705
Inflation effects	183	181
Changes in Group structure	393	-1
As at 31 December	**30 832**	**30 307**

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

Treasury shares in thousands of €	**2016**	**2017**
As at 1 January	-144 747	-127 974
Shares purchased	-1 114	-6 301
Shares sold	17 887	31 238
As at 31 December	**-127 974**	**-103 037**

172 719 shares were bought back in 2017 (2016: 28 785), both to anticipate any dilution and to hedge the cash flow risk on share-based payment plans, while 421 885 treasury shares were sold to the beneficiaries of the share-based payment plans of the Group (2016: 392 049). Treasury shares are accounted for using the FIFO principle (first-in, first-out). Gains and losses on disposals of treasury shares are directly recognized through retained earnings (see movements in retained earnings below).

Cumulative translation adjustments in thousands of €	**2016**	**2017**
As at 1 January	-30 808	4 286
Exchange differences on dividends declared	-352	-4 043
Recycled to income statement - relating to disposed entities or step acquisitions	-	6 895
Changes in Group structure	-37	-2 372
Movements arising from exchange rate fluctuations	35 483	-110 489
As at 31 December	**4 286**	**-105 723**
Of which relating to entities with following functional currencies		
Chinese renminbi	*138 100*	*102 425*
US dollar	*43 121*	*18 140*
Brazilian real	*-118 483*	*-146 811*
Chilean peso	*-1 128*	*-5 377*
Venezuelan bolivar	*-54 682*	*-57 338*
Indian rupee	*-2 720*	*-5 076*
Czech koruna	*7 511*	*9 605*
British pound	*-8 201*	*-15 210*
Russian ruble	*-1 728*	*-2 850*
Other currencies	*2 496*	*-3 231*

The swings in CTA reflect both the exchange rate evolution and the relative importance of the net assets denominated in the presented currencies.

Retained earnings in thousands of €	**2016**	**2017**
As at 1 January	1 397 110	1 432 394
Equity instruments granted	4 387	5 003
Result for the period attributable to the Group	105 166	184 720
Dividends	-50 472	-62 441
Inflation adjustments	2 000	2 363
Treasury shares transactions	-9 235	-20 959
Changes in Group structure	-16 562	-11 812
As at 31 December	**1 432 394**	**1 529 268**

Inflation adjustments reflect the use of inflation accounting in Venezuela, as required under IFRS in a hyperinflationary economy. Treasury shares transactions (€ -21.0 million vs € -9.2 million in 2016) represent the difference between the proceeds and the FIFO book value of the shares that were sold. Changes in ownership in 2017 (€ -11.8 million) mainly related to purchases of non-controlling interests (€ -18.2 million), disposal of non-controlling interests (€ +4.2 million) and business disposals (€ +2.4 million), while in 2016 these predominantly related to the BBRG business combination (€ -16.4 million).

6.14. Non-controlling interests

Carrying amount in thousands of €	**2016**	**2017**
As at 1 January	129 440	130 801
Changes in Group structure	10 620	-2 800
Share of the result for the period	7 255	-2 220
Share of other comprehensive income excluding CTA	29	4 359
Dividend pay-out	-17 037	-27 949
Capital increases	-	9 870
Exchange gains and losses (-)	494	-16 680
As at 31 December	**130 801**	**95 381**

The changes in ownership in 2017 mainly relate to movements in non-controlling interests held by Chinese partners: Bekaert purchased the remaining 50% interests held by Ansteel in Bekaert (Chongqing) Steel Cord Co Ltd and sold 20% of its 80% stake in Bekaert (Jining) Steel Cord Co Ltd to Hixih. In 2016 the changes mainly related to the merger with Bridon.

The share of the result for the period mainly declined due to the negative contribution from BBRG and the lower contribution from the wire entities in Chile and Peru.

In accordance with IFRS 12, 'Disclosures of Interests in Other Entities', following information is provided on subsidiaries that have non-controlling interests ('NCI') 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. Bekaert has many partnerships across the world, most entities of which would not individually meet any reasonable materiality criterion. Therefore, the Group has identified three non-wholly owned groups of entities which are interconnected through their line of business and shareholder structure: (1) the BBRG entities, a global business in which Bekaert has expanded its worldwide footprint since mid 2016; (2) the Wire entities in Chile and Peru, where the non-controlling interests are mainly held by the Chilean partners, and (3) the Wire entities in the Andina region, where the non-controlling interests are mainly held by the Ecuadorian Kohn family and ArcelorMittal. In presenting aggregated information for these entity groups, only intercompany effects within each entity group have been eliminated, while all other entities of the Group have been treated as third parties.

Entities included in material NCI disclosure	Country	Proportion of NCI at year-end 2016	2017
BBRG entities			
Acma Inversiones SA	Chile	40.0%	40.0%
BBRG (Purchaser) Ltd	United Kingdom	40.0%	40.0%
BBRG (Subsidiary) Ltd	United Kingdom	40.0%	40.0%
BBRG Finance (UK) Ltd	United Kingdom	40.0%	40.0%
BBRG Holding (UK) Ltd	United Kingdom	40.0%	40.0%
BBRG Operations (UK) Ltd	United Kingdom	40.0%	40.0%
BBRG Production (UK) Ltd	United Kingdom	40.0%	40.0%
BBRG - Macaé Cabos Ltda	Brazil	40.1%	40.1%
BBRG - Osasco Cabos Ltda	Brazil	40.0%	40.0%
Bekaert (Shenyang) Advanced Cords Co Ltd	China	40.0%	40.0%
Bekaert Advanced Cords Aalter NV	Belgium	40.0%	40.0%
Bekaert Wire Rope Industry NV	Belgium	40.0%	40.0%
Bekaert Wire Ropes Pty Ltd	Australia	40.0%	40.0%
Bridge Finco LLC	United States	40.0%	0.0%
Bridon (Hangzhou) Ropes Co Ltd	China	40.1%	40.1%
Bridon (South East Asia) Ltd	China	40.1%	40.1%
Bridon Australia Pty Ltd	Australia	40.1%	0.0%
Bridon Coatbridge Ltd	United Kingdom	40.0%	40.0%
Bridon Holdings Ltd	United Kingdom	40.1%	40.1%
Bridon Hong Kong Ltd	China	40.1%	40.1%
Bridon International GmbH	Germany	40.0%	40.0%
Bridon International Ltd	United Kingdom	40.0%	40.0%
Bridon Ltd	United Kingdom	40.0%	40.0%
Bridon New Zealand Ltd	New Zealand	40.1%	40.1%
Bridon Ropes NV/SA	Belgium	40.1%	40.1%
Bridon Pension Trust (No Two) Ltd	United Kingdom	40.0%	40.0%
Bridon Scheme Trustees Ltd	United Kingdom	40.0%	40.0%
Bridon Singapore Pte Ltd	Singapore	40.1%	40.1%
Bridon-American Corporation	United States	40.0%	40.0%
Bridon-Bekaert Ropes Group (UK) Ltd	United Kingdom	40.0%	40.0%
Bridon-Bekaert Ropes Group Ltd	United Kingdom	40.0%	40.0%
Bridon-Bekaert Scanrope AS	Norway	40.1%	40.1%
British Ropes Ltd	United Kingdom	40.0%	40.0%
Gloucester Rope & Tackle Company Ltd	United Kingdom	40.0%	40.0%
Inversiones BBRG Lima SA	Peru	0.0%	42.4%
Procables SA	Peru	42.3%	42.3%
Procables Wire Ropes SA	Chile	40.0%	40.0%
Prodinsa SA	Chile	40.0%	40.0%
PT Bridon	Indonesia	40.1%	40.1%
Wire Rope Industries Ltd/Industries de Câbles d'Acier Ltée	Canada	40.0%	40.0%
Wire Rope Industries USA, Inc	United States	40.0%	0.0%
Wire entities Chile and Peru			
Acma SA	Chile	48.0%	48.0%
Acmanet SA	Chile	48.0%	48.0%
Industrias Acmanet Ltda	Chile	48.0%	48.0%
Industrias Chilenas de Alambre - Inchalam SA	Chile	48.0%	48.0%
Inversiones Impala Perú SA Cerrada	Peru	48.0%	48.0%
Procercos SA	Chile	48.0%	48.0%
Prodalam SA	Chile	48.0%	48.0%
Prodac Contrata SAC	Peru	62.5%	62.5%
Prodac Selva SAC	Peru	62.5%	62.5%
Productos de Acero Cassadó SA	Peru	62.5%	62.5%
Wire entities Andina region			
Bekaert Ideal SL	Spain	20.0%	20.0%
Bekaert Costa Rica SA	Costa Rica	41.6%	41.6%
Bekaert Trade Latin America NV	Netherlands Antilles	0.0%	41.6%
BIA Alambres Costa Rica SA	Costa Rica	41.6%	41.6%
Ideal Alambrec SA	Ecuador	41.6%	41.6%
InverVicson SA	Venezuela	20.0%	20.0%
Productora de Alambres Colombianos Proalco SAS	Colombia	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, Procables Wire Ropes SA, Bekaert Wire Rope Industry NV, BBRG (Purchaser) Ltd, BBRG (Subsidiary) Ltd, BBRG Finance (UK) Ltd, BBRG Holding (UK) Ltd, BBRG Operations (UK) Ltd, BBRG Production (UK) Ltd, Bridon Holdings Ltd, Bridon-Bekaert Ropes Group (UK) Ltd, Bridon-Bekaert Ropes Group Ltd, Industrias Acmanet Ltda, Procercos SA, Inversiones Impala Perú SA Cerrada and Bekaert Ideal SL. The following table shows the relative importance of the entity groups with material NCI in terms of results and equity attributable to NCI.

Material and other NCI	**Result attributable to NCI**		**Equity attributable to NCI**	
in thousands of €	**2016**	**2017**	**2016**	**2017**
BBRG entities	-14 492	-21 482	-9 506	-18 275
Wire entities Chile and Peru	10 622	7 692	86 918	71 877
Wire entities Andina region	2 677	4 388	17 731	16 878
Consolidation adjustments on material NCI	3 014	-15	-24 327	-37 854
Contribution of material NCI to consolidated NCI	1 821	-9 417	70 816	32 626
Other NCI	5 434	7 197	59 985	62 755
Total consolidated NCI	7 255	-2 220	130 801	95 381

The substantial consolidation adjustments to the equity attributable to material NCI are largely due to the wire entities in Chile and Peru and to the BBRG entities.

The following tables show concise basic statements of the non-wholly owned groups of entities.

BBRG entities in thousands of €	**2016**	**2017**
Current assets	271 084	254 193
Non-current assets	356 840	360 631
Current liabilities	152 743	161 658
Non-current liabilities	499 908	498 561
Equity attributable to the Group	**-15 221**	**-27 120**
Equity attributable to NCI	**-9 506**	**-18 275**

The Bridon-Bekaert Ropes Group entered into a Senior Facilities Agreement in order to refinance the newly created company. As part of this Senior Facilities Agreement the following significant restrictions on the borrower's ability to access or use its assets or settle its liabilities exist:

» The borrower cannot re-borrow any prepaid part of the Term Facilities (USD 348.3 million vs USD 324.9 million in 2016) or any Additional Term Facility (nil in 2017 and 2016).

» In relation to each financial year an amount equal to the relevant percentage of excess cash flow for that financial year, is to be applied in prepayment of the facilities, depending on actual leverage (i.e. net debt divided by adjusted EBITDA) as set out below:
- Leverage greater than or equal to 2.75: 50%,
- Leverage less than 2.75 but greater than or equal to 2.00: 25%,
- Leverage less than 2.00: relevant percentage is 0%,

whereby a threshold amount equal to USD 5.0 million can be retained from the amount to be paid.

» Acquisition and insurance proceeds (the net proceeds of acquisition related and insurance claims after deduction of related costs and taxes) in excess of USD 2.5 million have to be repaid to the lenders.

» Except as permitted, the Parent (i.e. BBRG Production (UK) Ltd) or any of its subsidiaries shall not:
- declare, make or pay any dividend, charge, fee or other distribution (or related interests),
- redeem, repurchase, retire or repay any of its share capital or share premium reserve.

» There are strict limitations to the repayment, prepayment or exchange of the shareholder loans (USD 107.9 million vs USD 94.4 million in 2016) or interests on the shareholder loans. Shareholder loans are subordinate to the Senior Facilities Agreement in all material aspects.

BBRG entities in thousands of €	**2016**	**2017**
Sales	303 158	457 531
Expenses	-339 795	-511 327
Result for the period	-36 637	-53 796
Result for the period attributable to the Group	-22 145	-32 314
Result for the period attributable to NCI	-14 492	-21 482
Other comprehensive income for the period	3 748	-2 456
OCI attributable to the Group	2 246	-1 460
OCI attributable to NCI	1 502	-996
Total comprehensive income for the period	-32 889	-56 252
Total comprehensive income attributable to the Group	-19 899	-33 774
Total comprehensive income attributable to NCI	-12 990	-22 478
Net cash inflow (outflow) from operating activities	-44 254	24 767
Net cash inflow (outflow) from investing activities	-89 958	-10 176
Net cash inflow (outflow) from financing activities	179 691	-29 410
Net cash inflow (outflow)	45 479	-14 819

The result for the period of the BBRG entities, both in 2016 and 2017, was adversely affected by the slump of the oil and gas sector. The investing and financing cash flows in 2016 essentially reflected one-time impacts from the Bridon merger. Financing cash outflows in 2017 mainly relate to net interests paid (€ -18.1 million) and debt repayments (€- 10.5 million).

Wire entities Chile and Peru in thousands of €	**2016**	**2017**
Current assets	201 110	202 072
Non-current assets	146 329	142 277
Current liabilities	136 513	152 059
Non-current liabilities	46 651	55 447
Equity attributable to the Group	**77 357**	**64 966**
Equity attributable to NCI	**86 918**	**71 877**

Wire entities Chile and Peru in thousands of €	**2016**	**2017**
Sales	422 946	451 644
Expenses	-402 663	-436 429
Result for the period	20 283	15 215
Result for the period attributable to the Group	9 662	7 524
Result for the period attributable to NCI	10 622	7 692
Other comprehensive income for the period	11 059	-11 380
OCI attributable to the Group	5 636	-5 068
OCI attributable to NCI	5 423	-6 312
Total comprehensive income for the period	31 342	3 835
Total comprehensive income attributable to the Group	15 298	2 456
Total comprehensive income attributable to NCI	16 045	1 380
Dividends paid to NCI	-12 264	-15 676
Net cash inflow (outflow) from operating activities	45 281	12 290
Net cash inflow (outflow) from investing activities	-8 321	-18 763
Net cash inflow (outflow) from financing activities	-35 103	-5 143
Net cash inflow (outflow)	1 857	-11 616

The increase in liabilities mainly reflects rising debt in Peru to finance cash-outs from operating and investing activities.
Sales increased in Chile, but remained rather constant in Peru while operating results suffered from steep increases in rod prices that could not be fully recovered from sales pricing. Other comprehensive income mainly includes losses from exchange differences due to the weakened Chilean peso and US dollar (the functional currency of the entities in Peru).
Operating cash flows decreased due to a drop in profitability and to increases in working capital, while more cash was absorbed by investing activities, mainly in Peru.

Wire entities Andina region in thousands of €	**2016**	**2017**
Current assets	102 623	88 692
Non-current assets	72 892	57 456
Current liabilities	103 960	84 790
Non-current liabilities	28 753	19 639
Equity attributable to the Group	**25 071**	**24 841**
Equity attributable to NCI	**17 731**	**16 878**

Wire entities Andina region in thousands of €	**2016**	**2017**
Sales	184 668	187 585
Expenses	-179 714	-178 590
Result for the period	4 953	8 996
Result for the period attributable to the Group	2 276	4 608
Result for the period attributable to NCI	2 677	4 388
Other comprehensive income for the period	-11 185	-7 774
OCI attributable to the Group	-9 293	-4 880
OCI attributable to NCI	-1 892	-2 894
Total comprehensive income for the period	-6 232	1 222
Total comprehensive income attributable to the Group	-7 017	-272
Total comprehensive income attributable to NCI	785	1 494
Dividends paid to NCI	-1 651	-2 258
Net cash inflow (outflow) from operating activities	31 230	6 446
Net cash inflow (outflow) from investing activities	-4 626	-3 020
Net cash inflow (outflow) from financing activities	-6 980	-5 022
Net cash inflow (outflow)	19 624	-1 596

The major balance sheet subtotals dropped substantially, mainly as a result of exchange differences and without a material net effect on equity.

Vicson SA (Venezuela) remains exposed to restrictions on the repatriation of cash due to foreign exchange regulations in Venezuela.

6.15. Employee benefit obligations

The total net liabilities for employee benefit obligations, which amounted to € 268.1 million as at 31 December 2017 (€ 316.8 million as at year-end 2016), are as follows:

in thousands of €	2016	2017
Liabilities for		
Post-employment defined-benefit plans	*172 213*	*144 312*
Other long-term employee benefits	*6 333*	*5 966*
Cash-settled share-based payment employee benefits	*3 594*	*2 702*
Short-term employee benefits	*124 799*	*120 341*
Termination benefits	*9 888*	*7 693*
Total liabilities in the balance sheet	**316 827**	**281 015**
of which		
Non-current liabilities	*182 641*	*150 810*
Current liabilities	*132 913*	*130 204*
Liabilities associated with assets held for sale	*1 273*	*-*
Assets for		
Defined-benefit pension plans	-42	-12 915
Total assets in the balance sheet	**-42**	**-12 915**
Total net liabilities	**316 785**	**268 100**

Post-employment benefit plans

In accordance with IAS 19, 'Employee benefits', 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.

The Belgian defined-contribution pension plans are by law subject to minimum guaranteed rates of return. Pension legislation was amended at the end of 2015 and defines the minimum guaranteed rate of return as a variable percentage linked to government bond yields observed in the market as from 1 January 2016 onwards. As of 2016 the minimum guaranteed rate of return becomes 1.75% on both employer contributions and employee contributions. The old rates (3.25% on employer contributions and 3.75% on employee contributions) continue to apply to the accumulated past contributions in the group insurance as at 31 December 2015. As a consequence, the defined-contribution plans are reported as defined-benefit obligations at year-end, whereby an actuarial valuation was performed.

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 € 1.0 million (2016: € 0.9 million).

Defined-contribution plans in thousands of €	2016	2017
Expenses recognized	14 169	13 894

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 2017 for all significant post-employment defined-benefit plans by independent actuaries. The Group's largest defined-benefit obligations are in Belgium, the United States and the United Kingdom. They account for 86.4% (2016: 87.1%) of the Group's defined-benefit obligations and 99.7% (2016: 99.8%) of the Group's plan assets.

Plans in Belgium

The funded plans in Belgium mainly relate to retirement plans representing a defined-benefit obligation of € 185.1 million (2016: € 189.4 million) and € 172.1 million assets (2016: € 168.5 million). This is including the defined-contribution plans funded through a group insurance.

The traditional defined-benefit plans foresee in a lump sum payment upon retirement and in 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 the technical provision (this is a prudent estimate of the pension liabilities).

Other plans mainly relate to pre-retirement pensions (defined-benefit obligation € 19.8 million (2016: € 20.7 million)) which are not externally funded. An amount of € 9.6 million (2016: € 8.9 million) relates to employees in active service who have not yet entered into any pre-retirement agreement.

Plans in the United States

The funded plans in the United States mainly relate to pension plans representing a defined-benefit obligation of € 122.2 million (2016: € 146.3 million) and assets of € 85.9 million (2016: € 99.7 million). The plans provide for benefits for the life of the plan members but have been closed for new entrants. 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. During 2017 a retiree annuity purchase program occurred whereby assets and liabilities were transferred to an external provider.

Unfunded plans mainly relate to medical care (defined-benefit obligation € 4.7 million (2016: € 5.0 million)) and are not externally funded.

Plans in the United Kingdom

The funded plan in the United Kingdom relates to a pension scheme representing a defined-benefit obligation of € 86.1 million (2016: € 98.3 million) and assets of € 99.0 million (2016: € 96.1 million). The scheme is administrated by a separate board of Trustees which is legally separate from the company. The Trustees are composed of representatives of both employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day to day administration of the benefits.
The defined-benefit obligation includes benefits for deferred pensioners and current pensioners. Broadly, about 80% of the liabilities are attributable to non-pensioners and 20% to current pensioners.

Following a change in wording of the Trust Deed an economic benefit is available to the Company in the form of possible refunds of the plan. As a consequence the asset ceiling no longer applies.

UK legislation requires that pension schemes are funded prudently. The funding valuation of the scheme carried out as at 31 December 2016 by a qualified actuary showed a deficit of € 6.5 million (using exchange rate December 2017). The company entered into a funding agreement in order to make good this shortfall. As part of the funding agreement the company contributed € 2.2 million to the scheme in the period ended 31 December 2017 (2016: € 2.2 million). It is expected that contributions of nil will be made over the year to 31 December 2018, followed by payments of € 0.8 million p.a. over the period 1 January 2019 to 31 August 2021. The above contributions are including administration costs which are reported separately from IAS 19.

The amounts recognized in the balance sheet are as follows:

in thousands of €	2016	2017
Belgium		
Present value of funded obligations	189 422	185 156
Fair value of plan assets	-168 520	-172 087
Deficit / surplus (-) of funded obligations	**20 902**	**13 069**
Present value of unfunded obligations	23 286	19 819
Total deficit / surplus (-) of obligations	**44 188**	**32 888**
United States		
Present value of funded obligations	146 289	122 177
Fair value of plan assets	-99 704	-85 953
Deficit / surplus (-) of funded obligations	**46 585**	**36 224**
Present value of unfunded obligations	10 762	9 706
Total deficit / surplus (-) of obligations	**57 347**	**45 930**
United Kingdom		
Present value of funded obligations	98 336	86 125
Fair value of plan assets	-96 087	-99 027
Deficit / surplus (-) of funded obligations	**2 249**	**-12 902**
Present value of unfunded obligations	-	-
Total deficit / surplus (-) of obligations	**2 249**	**-12 902**
Other		
Present value of funded obligations	874	1 227
Fair value of plan assets	-782	-947
Deficit / surplus (-) of funded obligations	**92**	**280**
Present value of unfunded obligations	68 294	65 200
Total deficit / surplus (-) of obligations	**68 386**	**65 480**
Total		
Present value of funded obligations	434 921	394 685
Fair value of plan assets	-365 093	-358 014
Deficit / surplus (-) of funded obligations	**69 828**	**36 671**
Present value of unfunded obligations	102 342	94 725
Total deficit / surplus (-) of obligations	**172 170**	**131 396**

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	Amount not recognized as an asset	Net liability / asset (-)
As at 1 January 2016	**405 653**	**-240 168**		**165 485**
Current service cost	17 990	-		17 990
Past service cost	-6 070	-		-6 070
Gains (-) / losses from settlements	-1 905	3 075		1 170
Interest expense / income (-)	13 533	-8 093	87	5 527
Net benefit expense / income (-) recognized in profit and loss	**23 549**	**-5 018**	**87**	**18 618**
Components recognized in EBIT				*13 090*
Components recognized in financial result				*5 527*
Remeasurements				
Return on plan assets, excluding amounts included in interest expense / income (-)	-	*-17 476*		*-17 476*
Gain (-) / loss from change in demographic assumptions	*-2 286*	-		*-2 286*
Gain (-) / loss from change in financial assumptions	*26 716*	-		*26 716*
Experience gains (-) / losses	*9 340*	-		*9 340*
Change in asset ceiling, excluding amounts included in interest expense	-	-		-
Change in irrecoverable surplus other than interest	-	-	-6 318	-6 318
Changes recognized in equity	**33 769**	**-17 476**	**-6 318**	**9 975**
Contributions				
Employer contributions / direct benefit payments	-	-32 268		-32 268
Employee contributions	145	-145		-
Payments from plans				
Benefit payments	-25 149	25 149		-
Acquisitions	**96 222**	**-95 202**	**6 477**	**7 497**
Foreign-currency translation effect	**3 074**	**36**	**-246**	**2 863**
As at 31 December 2016	**537 263**	**-365 093**	**-**	**172 170**
As at 1 January 2017	**537 263**	**-365 093**		**172 170**
Current service cost	18 648	-		18 648
Past service cost	-6 151	-		-6 151
Gains (-) / losses from settlements	-12 526	12 434		-92
Interest expense / income (-)	13 187	-8 802	-	4 385
Net benefit expense / income (-) recognized in profit and loss	**13 158**	**3 632**	**-**	**16 789**
Components recognized in EBIT				*12 405*
Components recognized in financial result				*4 385*
Remeasurements				
Return on plan assets, excluding amounts included in interest expense / income (-)	-	*-12 633*		*-12 633*
Gain (-) / loss from change in demographic assumptions	*-3 750*	-		*-3 750*
Gain (-) / loss from change in financial assumptions	*1 684*	-		*1 684*
Experience gains (-) / losses	*-424*	-		*-424*
Changes recognized in equity	**-2 490**	**-12 633**	**-**	**-15 123**
Contributions				
Employer contributions / direct benefit payments	-	-31 633		-31 633
Employee contributions	173	-173		-
Payments from plans				
Benefit payments	-32 418	32 418		-
Reclassifications	**143**	**-**		**143**
Foreign-currency translation effect	**-26 420**	**15 469**	**-**	**-10 951**
As at 31 December 2017	**489 409**	**-358 013**	**-**	**131 396**

The past service cost in 2017 mainly relates to changes in Belgian pension plans triggered by pension legislation; in 2016 this was mainly about pension plans in the USA, Malaysia and Peru. Settlement costs in 2017 mainly relate to the retiree purchase program in the USA and settlement payments made in Italy; in 2016 this was mainly about a restructuring in Turkey. 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 € 0.2 million (2016: € 0.3 million).

Estimated contributions and direct benefit payments for 2018 are as follows:

Estimated contributions and direct benefit payments in thousands of €	**2018**
Pension plans	24 971
Total	**24 971**

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

in thousands of €	**2016**	**2017**
Belgium		
Bonds	**34 120**	**42 706**
Equity	**62 290**	**64 313**
Cash	**9 404**	**6 038**
Insurance contracts	**62 706**	**59 031**
Total Belgium	**168 520**	**172 088**
United States		
Bonds		
USD Long Duration Bonds	53 532	46 035
USD Fixed Income	9 956	12 447
USD Guaranteed Deposit	5 522	-
Equity		
USD Equity	22 251	19 307
Non-USD Equity	8 443	8 164
Total United States	**99 704**	**85 953**
United Kingdom		
Bonds	**9 911**	**20 363**
Derivatives	**45 738**	**44 925**
Equity	**39 695**	**33 145**
Cash	**743**	**594**
Total United Kingdom	**96 087**	**99 027**
Other		
Bonds	**782**	**946**
Total Other	**782**	**946**
Total	**365 093**	**358 014**

In the USA, investments are primarily made through mutual fund investments and insurance company separate accounts, in quoted equity and debt instruments. In Belgium, the 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	2016	2017
Discount rate	2.7%	2.5%
Future salary increases	3.1%	3.0%
Underlying inflation rate	2.6%	1.5%
Health care cost increases (initial)	6.6%	7.0%
Health care cost increases (ultimate)	4.8%	4.7%
Health care (years to ultimate rate)	7	9

The discount rate for the USA, UK 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	2016	2017
Belgium	1.5%	1.6%
United States	4.0%	3.5%
United Kingdom	2.6%	2.7%
Other	3.4%	3.2%

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

	2016	2017
Life expectancy of a man aged 65 (years) at balance sheet date	20.7	20.4
Life expectancy of a woman aged 65 (years) at balance sheet date	23.3	23.0
Life expectancy of a man aged 65 (years) ten years after balance sheet date	21.7	21.2
Life expectancy of a woman aged 65 (years) ten years after balance sheet date	24.4	23.9

Sensitivity analyses show the following effects:

Sensitivity analysis in thousands of €	Change in assumption	Impact on defined-benefit obligation		
Discount rate	-0.50%	Increase by	21 415	4.4%
Salary growth rate	0.50%	Increase by	11 135	2.3%
Health care cost	0.50%	Increase by	200	0.04%
Life expectancy	Increase by 1 year	Increase by	6 754	1.4%

The above analyses were done on a mutually exclusive basis, while 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 plans' 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 US and UK provide for benefits for the life of the plan members, so increases in life expectancy will result in an increase in the plans' liabilities.

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

Weighted average durations of the DBO in years	**2016**	**2017**
Belgium	12.5	13.6
United States	12.6	12.4
United Kingdom	23.5	22.9
Other	10.8	10.8
Total	**14.4**	**14.5**

Other long-term employee benefits

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

Cash-settled share-based payment employee benefits

Stock appreciation rights

The Group issues stock appreciation rights (SARs) for 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 and equity-settled share-based payments'). 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: € 36.45 (2016: € 38.49), expected volatility of 39% (2016: 39%), expected dividend yield of 3.0% (2016: 3.0%), vesting period of 3 years, contractual life of 10 years, employee exit rate of 4% in Asia (2016: 4%) and 3% in other countries (2016: 3%), and an exercise factor of 1.40 (2016: 1.40). Inputs for risk-free interest rates vary by grant and are based on the return of Belgian OLO's (Obligation Linéaire / Lineaire Obligatie) 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 2016**	**Fair value as at 31 Dec 2017**
Grant 2010	37.05	5.62	-
Grant 2011	83.43	2.15	1.22
Grant 2012	27.63	12.23	10.66
Grant 2013	22.09	16.52	14.55
Exceptional grant 2013	22.51	16.13	14.26
Grant 2014	25.66	13.59	11.90
Grant 2015	25.45	14.54	12.11
Grant 2016	28.38	13.40	11.74
Grant 2017	38.86	10.36	9.01
Grant 2018 [1]	37.06	-	9.77

Other SAR Plans details by grant in €	**Exercise price**	**Fair value as at 31 Dec 2016**	**Fair value as at 31 Dec 2017**
Grant 2008	28.33	10.47	-
Grant 2009	16.66	20.71	18.73
Grant 2010	33.99	8.89	7.03
Grant 2011	77.00	2.48	1.49
Grant 2012	25.14	13.85	12.15
Grant 2013	19.20	19.29	17.27
Exceptional grant 2013	21.45	17.11	15.14
Grant 2014	25.38	13.68	12.12
Grant 2015	26.06	14.05	11.77
Grant 2016	26.38	13.93	12.45
Grant 2017	39.43	9.84	8.64
Grant 2018 [1]	34.60	-	9.99

[1] *The fair value of this grant has been determined at grant date. See note 7.6. 'Events after the balance sheet date'.*

At 31 December 2017, the total liability for the USA SAR plan amounted to € 0.7 million (2016: € 1.3 million), while the total liability for the other SAR plans amounted to € 1.5 million (2016: € 2.0 million).

The Group recorded a total income of € 1.1 million (2016: expense of € 1.4 million) during the year in respect of SARs.

Performance Share Units

Certain management employees received cash-settled Performance Share Units (PSUs) during 2015, 2016 and 2017 entitling the beneficiary to receive the value of Performance Share Units subject to the conditions of the Performance Share Plan 2015-2017. These Performance Share Units will vest following a vesting period of three years, conditional to the achievement of a pre-set performance target. The performance target was set by the Board of Directors, in line with the Company strategy.

Under the terms of the cash-settled Performance Share Plan, a regular offer of 10 900 Performance Share Units was made on 21 December 2017. The granted units represent a fair value of € 0.5 million.

These Performance Share Units 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 and equity-settled share-based payments’).

Following inputs to the model are used for all grants: share price at balance sheet date: € 36.45 (2016: € 38.49), expected volatility of 39% (2016: 39%), expected dividend yield of 3.0% (2016: 3.0%), vesting period of 3 years and an employee exit rate of 4% (2016: 4%). Inputs for risk-free interest rates vary by grant and are based on the return of Belgian OLO’s with a term equal to the maturity of the PSU grant under consideration.

The fair value of outstanding Performance Share Units by grant is shown below:

Performance Share Units details by grant in €	**Fair value as at 31 Dec 2016**	**Fair value as at 31 Dec 2017**
Grant 2015	73.63	71.18
Grant 2016	47.93	39.40
Grant 2017 [1]	-	44.45

[1] *The fair value of this grant has been determined at grant date. See note 7.6. ‘Events after the balance sheet date’.*

At 31 December 2017, the total liability for the USA PSUs amounted to € 0.3 million (2016: € 0.1 million), while the total liability for the other PSUs amounted to € 0.5 million (2016: € 0.2 million).

The Group recorded a total expense of € 0.5 million (2016: € 0.3 million) during the year in respect of PSUs.

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.

6.16. Provisions

in thousands of €	Restructuring	Claims	Environment	Other	Total
As at 1 January 2017	**8 853**	**12 107**	**30 248**	**29 619**	**80 827**
Additional provisions	531	2 802	2 327	2 078	7 738
Unutilized amounts released	-215	-4 611	-2 309	-11 343	-18 478
Increase in present value	-	88	-	2 228	2 316
Charged to the income statement	**316**	**-1 721**	**18**	**-7 037**	**-8 424**
Deconsolidations	-	-2 972	-	-3 125	-6 097
Reclassification to (-) / from held for sale	-	3 098	-	3 345	6 443
Amounts utilized during the year	-6 553	-2 451	-496	-5 070	-14 570
Exchange gains (-) and losses	-221	-682	-179	-1 842	-2 924
As at 31 December 2017	**2 395**	**7 379**	**29 591**	**15 890**	**55 255**
Of which					
current	*1 878*	*2 858*	*3 353*	*1 092*	*9 181*
non-current - between 1 and 5 years	*517*	*4 521*	*9 318*	*9 119*	*23 475*
non-current - more than 5 years	*-*	*-*	*16 920*	*5 679*	*22 599*

The continued implementation of previously announced restructuring programs gives rise to the reversed amounts of these provisions.

Provisions for claims mainly relate to product warranty programs and various product quality claims in several entities.

The environmental provisions mainly relate to sites in EMEA. The expected soil sanitation costs are reviewed at each balance sheet date, based on external expert assessments. Timing of settlement is uncertain as it is often triggered by decisions on the destination of the premises.

The decrease of other provisions mainly relates to the cancellation of the obligations under an onerous supply contract for which a provision was recorded as part of the purchase price allocation at the time of acquisition.

Reclassification from held for sale and deconsolidations relate to ArcelorMittal Sumaré Ltda (Brazil), a former subsidiary in which Bekaert sold 55.5% to ArcelorMittal on 21 June 2017.

6.17. Interest-bearing debt

An analysis of the carrying amount of the Group's interest-bearing debt by contractual maturity is presented below:

2017 in thousands of €	**Due within 1 year**	**Due between 1 and 5 years**	**Due after 5 years**	**Total**
Interest-bearing debt				
Finance leases	*582*	*2 564*	*-*	*3 146*
Credit institutions	*353 819*	*423 699*	*172 106*	*949 624*
Bonds	*100 000*	*240 614*	*-*	*340 614*
Convertible bonds	*-*	*341 364*	*-*	*341 364*
Total financial debt	**454 401**	**1 008 241**	**172 106**	**1 634 748**

2016 in thousands of €	**Due within 1 year**	**Due between 1 and 5 years**	**Due after 5 years**	**Total**
Interest-bearing debt				
Finance leases	*635*	*3 220*	*-*	*3 855*
Credit institutions	*295 390*	*257 184*	*229 341*	*781 915*
Bonds	*1 890*	*340 614*	*-*	*342 504*
Convertible bonds	*-*	*330 951*	*-*	*330 951*
Total financial debt	**297 915**	**931 969**	**229 341**	**1 459 225**

An analysis of the undiscounted outflows relating to the Group's financial liabilities by contractual maturity is presented in note 7.3. 'Financial risk management and financial derivatives'. Total financial debt increase is mainly due to three new long-term bilateral bank loans for € 125 million in the second half of 2017. As a result, the Group has not actively used its short-term credit facilities (commercial paper program, committed and uncommitted credit facilities) at the end of 2017.

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). Bonds, commercial paper and debt towards credit institutions are unsecured, except for the factoring program that has been set up with KBC and BNP Paribas Fortis.

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

Net debt calculation

The derivative representing the conversion option (€ 17.6 million vs € 35.2 million in 2016) embedded in the convertible bond is not included in the net debt (see note 6.18. 'Other non-current liabilities'). The table below summarizes the calculation of the net debt.

in thousands of €	**2016**	**2017**
Non-current interest-bearing debt	1 161 310	1 180 347
Current interest-bearing debt	297 915	454 401
Total financial debt	**1 459 225**	**1 634 748**
Non-current financial receivables and cash guarantees	-6 664	-6 259
Current loans	-13 991	-8 447
Short-term deposits	-5 342	-50 406
Cash and cash equivalents	-365 546	-418 779
Net debt	**1 067 683**	**1 150 857**

Changes in liabilities arising from financing activities

In accordance with the disclosure requirements of the amended IAS 7 'Statement of Cash Flows', this section presents an overview of the changes in liabilities arising from financing activities. The qualification as long-term vs short-term debt is based on the initial maturity of the debt. In the consolidated cash flow statement, the cash flows from long-term interest-bearing debt are analyzed between proceeds and repayments. Acquisitions and disposals in 2016 relate to the BBRG business combination and to the liabilities associated with assets classified as held for sale of Bekaert Sumaré Ltda (Brazil); the minor amounts in 2017 relate to the disposal of the majority stake in Bekaert Sumaré Ltda (meanwhile renamed as ArcelorMittal Sumaré Ltda), see note 7.2. 'Effect of business disposals'. Other changes in financial debt mainly relate to interest accruals, including amortizations on liabilities using the effective interest method, and reclassifications. Derivatives held to hedge financial debt include swaps and options that provide (economic) hedges for interest-rate risk, see note 7.3. 'Financial risk management and financial derivatives'. The other change in the conversion derivative in 2016 relates to the exchange of the existing convertible bonds.

			Non-cash changes				
in thousands of €	As at 1 January 2016	Cash flows	Acquisitions & disposals	Cumulative translation adjust-ments	Fair value changes	Other changes	As at 31 December 2016
Financial debt							
Long-term interest-bearing debt	1 080 522	-203 182	238 765	41 893	-	21 665	1 179 663 [1]
Finance leases	*3 764*	*-193*	*-*	*210*	*-*	*74*	*3 855*
Credit institutions	*245 718*	*-39 124*	*238 765*	*41 683*	*-*	*15 311*	*502 353*
Bonds	*546 820*	*-205 000*	*-*	*-*	*-*	*684*	*342 504*
Convertible bonds	*284 220*	*41 135*	*-*	*-*	*-*	*5 596*	*330 951*
Short-term interest bearing debt	212 818	-5 567	35 857	52 616	-	-16 162	279 562
Total financial debt	**1 293 340**	**-208 749**	**274 622**	**94 509**	**-**	**5 503**	**1 459 225**
Derivatives held to hedge financial debt							
Interest-rate swaps	-	-	-	-	436	-	436
Cross-currency interest-rate swaps	5 967	-	-	195	-460	-	5 702
Interest-rate options	-	-	-	-	19	-	19
Other liabilities from financing activities							
Put options of NCI	8 559	-	-	-	287	-	8 846
Conversion derivative	5 825	-	-	-	37 442	-8 060	35 207
Total liabilities from financing activities	**1 313 691**	**-208 749**	**274 622**	**94 704**	**37 724**	**-2 557**	**1 509 435**

[1] *including the current portion of non-current interest-bearing debt of € 288.4 million as at 1 January and € 18.4 million as at 31 December.*

in thousands of €	As at 1 January 2017	Cash flows	Non-cash changes: Acquisitions & disposals	Non-cash changes: Cumulative translation adjust-ments	Non-cash changes: Fair value changes	Non-cash changes: Other changes	As at 31 December 2017
Financial debt							
Long-term interest-bearing debt	1 179 663	149 445	406	-19 926	-	23 039	1 332 628 [1]
Finance leases	*3 855*	*-629*	*-*	*-334*	*-*	*254*	*3 146*
Credit institutions	*502 353*	*150 075*	*406*	*-19 592*	*-*	*14 262*	*647 503*
Bonds	*342 504*	*-*	*-*	*-*	*-*	*-1 890*	*340 614*
Convertible bonds	*330 951*	*-*	*-*	*-*	*-*	*10 413*	*341 364*
Short-term interest bearing debt	279 562	69 629	2	-29 874	-	-17 199	302 121
Total financial debt	**1 459 225**	**219 074**	**408**	**-49 800**	**-**	**5 840**	**1 634 748**
Derivatives held to hedge financial debt							
Interest-rate swaps	436	-	-	-	4	-	440
Cross-currency interest-rate swaps	5 702	15	-	-20	-10 602	-	-4 905
Interest-rate options	19	-	-	-	5	-	24
Other liabilities from financing activities							
Put options of NCI	8 846	-	-	-	287	-	9 133
Conversion derivative	35 207	-	-	-	-17 662	-	17 545
Total liabilities from financing activities	**1 509 435**	**219 090**	**408**	**-49 820**	**-27 967**	**5 840**	**1 656 986**

[1] *including the current portion of non-current interest-bearing debt of € 18.4 million as at 1 January and € 152.3 million as at 31 December.*

6.18. Other non-current liabilities

Carrying amount in thousands of €	2016	2017
Other non-current amounts payable	518	153
Derivatives (cf. note 7.3.)	44 355	26 968
Total	**44 873**	**27 121**

The derivatives relate to the embedded financial instrument (€ 17.6 million (2016: € 35.2 million)) of the convertible bond (see notes 6.17. 'Interest-bearing debt' and 7.3. 'Financial risk management and financial derivatives') and the put option (€ 9.1 million (2016: € 8.8 million)) for a non-controlling interest in an investment.

6.19. Other current liabilities

Carrying amount in thousands of €	2016	2017
Other amounts payable	7 322	10 394
Derivatives (cf. note 7.3.)	7 767	6 525
Advances received	12 733	10 746
Other taxes	26 862	26 312
Accruals and deferred income	7 156	8 406
Total	**61 840**	**62 382**

The derivatives include forward-exchange contracts (€ 6.5 million (2016: € 1.5 million)) and CCIRSs (in 2016 only: € 6.3 million). Other taxes predominantly relate to VAT payable, employment-related taxes withheld and other non-income taxes payable.

7. Miscellaneous items

7.1. Notes to the cash flow statement

Summary in thousands of €	**2016**	**2017**
EBIT	*259 654*	*318 062*
Non-cash items added back to EBIT	*221 779*	*191 541*
EBITDA	*481 433*	*509 603*
Other gross cash flows from operating activities	*-105 770*	*-153 304*
Gross cash flows from operating activities	*375 663*	*356 299*
Changes in operating working capital	*16 336*	*-109 544*
Other operating cash flows	*7 553*	*-2 609*
Cash from operating activities	399 552	244 146
Cash from investing activities	-99 986	-226 266
Cash from financing activities	-302 055	47 191
Net increase or decrease in cash and cash equivalents	**-2 489**	**65 071**

The cash flow from operating activities is presented using the indirect method, whereas the direct method is used for the cash flows from other activities. The direct method focuses on classifying gross cash receipts and gross cash payments by category.

Cash from operating activities

Details of selected operating items in thousands of €	**2016**	**2017**
Non-cash items included in operating result		
Depreciation and amortization [1]	*203 917*	*194 952*
Impairment losses on assets	*17 862*	*-3 411*
Non-cash items added back to EBIT	221 779	191 541
Gains (-) and losses on business disposals (portion retained)	*-*	*-14 552*
Employee benefits: set-up / reversal (-) of amounts not used	*15 606*	*13 318*
Provisions: set-up / reversal (-) of amounts not used	*14 393*	*-10 740*
CTA recycled on business disposals	*-*	*6 895*
Equity-settled share-based payments	*4 449*	*5 126*
Other non-cash items included in operating result	34 448	47
Total	**256 227**	**191 588**
Investing items included in operating result		
Gains (-) and losses on business disposals (portion sold)	-	-18 149
Gains (-) and losses on disposals of intangible assets + PP&E	1 034	1 955
Total	**1 034**	**-16 194**
Amounts used on provisions and employee benefit obligations		
Employee benefits: amounts used	-37 242	-35 528
Provisions: amounts used	-7 622	-14 570
Total	**-44 864**	**-50 098**
Income taxes paid		
Current income tax expense	-93 004	-69 286
Increase or decrease (-) in net income taxes payable	-3 384	-17 773
Total	**-96 388**	**-87 059**
Other operating cash flows		
Movements in other current assets and liabilities	6 321	-2 101
Other	1 232	-508
Total	**7 553**	**-2 609**

[1] *Including € -8.6 million (2016: € -1.2 million) write-downs / (reversals of write-downs) on inventories and trade receivables (see note 6.7. 'Operating working capital').*

Gross cash flows from operating activities decreased by € 19.4 million as a result of better operating performance (€ +28.2 million EBITDA) and lower cash-outs on income taxes (€ +9.3 million), more than offset by lower add-backs for other non-cash items (€ -34.4 million, mainly provisions and effects of the Sumaré disposal) and investing items (€ -17.2 million) and higher usage of provisions (€ -5.2 million). The gain on retained interests in business disposals in 2017 relates to the loss of control in ArcelorMittal Sumaré Ltda (see note 7.2. 'Effects of business disposals').

Investing items in 2017 mainly consist of the cash gain on the business disposal of Sumaré.

Increases in working capital fueled by higher sales generated cash-outs amounting to € 109.5 million in 2017, contrary to 2016 when decreases resulted in cash-ins of € 16.3 million (see organic increase in note 6.7. 'Operating working capital'). Other operating cash flows mainly relate to swings in other receivables and payables not included in working capital and not arising from investing or financing activities.

Income taxes paid were € 9.3 million lower than in 2016. Less taxes were paid primarily in Belgium (€ 11.8 million), Chile (€ 3.5 million) and Italy (€ 1.0 million), while more taxes were paid in China (€ 5.2 million) and Spain (€ 4.1 million).

Cash from investing activities

The amount shown as 'New business combinations' in 2016 relates to the cash acquired in the establishment of the Bridon-Bekaert Ropes Group. In 2017, 'Other portfolio investments' mainly consists of the net consideration paid (€ 17.0 million) for the purchase of the 50% non-controlling interest in Bekaert (Chongqing) Steelcord Co Ltd, while the net consideration received for the disposal of ArcelorMittal Sumaré Ltda is presented in 'Proceeds from disposals of investments' (see note 7.2. 'Effect of business disposals'). Capital expenditure for property, plant and equipment was stepped up from € 158.5 million in 2016 to € 272.7 million in 2017.

The following table presents more details on selected investing cash flows:

Details of selected investing items in thousands of €	**2016**	**2017**
Other portfolio investments		
Purchase of non-controlling interests from Ansteel (China)	-	-17 020
Other investments	-41	-342
Total	**-41**	**-17 362**
Other investing cash flows		
Proceeds from disposal of intangible assets	14	148
Proceeds from disposal of property, plant and equipment	1 172	1 256
Total	**1 186**	**1 404**

Other investing cash flows, such as proceeds from sales of property, plant and equipment were rather immaterial in both 2016 and 2017.

Cash from financing activities

New long-term debt issued (€ 179.3 million) mainly related to financing transactions in Belgium, China and Chile (2016: € 172.1 million, mainly in Belgium, China and Australia). In 2016 the net proceeds from the 380 million convertible bond amounted to € 114.6 million, while the remainder related to the exchange of the previous convertible bond. Repayments of long-term debt (€ -29.8 million) mainly related to BBRG financing (€ -12.3 million), loans in China (€ -8.4 million) and Turkey (€ -6.0 million). Last year's repayments (€ -375.3 million) mainly related to a maturing € 205.0 million Eurobond and an amount of € 84.3 million for the settlement of the existing convertible bond by NV Bekaert SA, and other repayments in China (€ -66.8 million) and Latin America (€ -12.9 million). Cash-ins from short-term debt amounted to € 69.6 million in 2017, while there was a slight decrease (€ -5.6 million) in short-term debt in 2016. For an overview of the movements in liabilities arising from financing activities, see note 6.17. 'Interest-bearing debt'.
Treasury shares transactions in 2017 (€ 4.0 million vs € 7.5 million in 2016) consisted of share buy-backs (€ -6.3 million vs € -1.1 million in 2016) and proceeds from options being exercised (€ 10.3 million vs € 8.6 million in 2016).

The following table presents more details about selected financing items:

Details of selected financing items in thousands of €	**2016**	**2017**
Other financing cash flows		
New shares issued following exercise of subscription rights	5 365	762
Capital paid in by minority interests	-	9 870
Increase (-) or decrease in current and non-current loans and receivables	17 138	9 097
Increase (-) or decrease in current financial assets	4 148	-45 218
Other financial income and expenses	-3 458	-3 427
Total	**23 193**	**-28 916**

As for other financing cash flows, cash-ins resulted from capital increases in the parent company (€ 0.8 million vs € 5.4 million in 2016), capital contributions by the Chinese partner in Bekaert (Jining) Steelcord Co Ltd and net receipts from loans and receivables (€ 9.1 million vs € 17.1 million in 2016). The latter amounts mainly relate to repayments by the Xinyu entities, in which Bekaert no longer has a significant influence since 2015. Net investments in short-term deposits amounted to € 45.2 million (2016: net disposals of € -4.1 million), of which € 50 million by Bekaert Coördinatiecentrum. Other financial income and expenses mainly relates to taxes and bank charges on financial transactions (€ -2.9 million vs € -2.5 million in 2016).

7.2. Effect of business disposals

Integration of Bekaert's formerly wholly-owned subsidiary in Sumaré (Brazil) into the BMB partnership

On 21 June 2017 Bekaert and ArcelorMittal closed the transaction to integrate Bekaert's formerly wholly-owned subsidiary in Sumaré (Brazil) into the BMB (Belgo Mineira Bekaert Artefatos de Arame Ltda) partnership. In line with the shareholding structure of the BMB joint venture, ArcelorMittal has become the majority shareholder (55.5%) of the steel cord entity in Sumaré and Bekaert retains the remaining shares (44.5%). With this transaction, Bekaert and ArcelorMittal extend their partnership in Brazil with the purpose to leverage the operational scale and technological competences of the steel cord business in the country, for the benefit of the customers.
The Sumaré plant accounted for € 41 million in consolidated revenue over the first half of 2017, representing € 6 million in net result. As of 1 July 2017, the entity - renamed ArcelorMittal Bekaert Sumaré Ltda – is accounted for by Bekaert under the equity method: 44.5% of the net result of the entity is represented as 'share in the results of joint ventures and associates'. Under IFRS, the transaction is accounted for in two stages: (1) the disposal of Bekaert's full interests (100% of the shares) in Bekaert Sumaré Ltda; and (2) the acquisition of 44.5% of the shares in the disposed company at their fair value. The second stage requires a fair valuation of the net assets acquired in order to determine any goodwill arising on the transaction. The transaction resulted in the recognition of a goodwill amounting to € 2.7 million (see note 6.2. 'Goodwill'). This amount is presented as part of investments in joint ventures and associates. Technically, the net assets and liabilities of Sumaré had been reclassified to assets held for sale at year-end 2016 and were still classified as such at the moment of their disposal. However, for analytical purposes, they were reclassified from held for sale to their original balance sheet caption in the opening balance of 2017 and, adjusted for all subsequent movements until the disposal date, presented as 'deconsolidations' translated at average exchange rates in the applicable notes under 6. 'Balance sheet items'.

in thousands of €	**Total disposals**
Intangible assets	870
Property, plant and equipment	32 751
Other non-current assets	5 393
Deferred tax assets	2 003
Inventories	9 544
Trade receivables	28 501
Advances paid	278
Other receivables	6 861
Cash and cash equivalents	14 014
Other current assets	150
Non-current employee benefit obligations	-85
Non-current provisions	-6 097
Non-current interest-bearing debt	-503
Deferred tax liabilities	-6 926
Current interest-bearing debt	-306
Trade payables	-9 750
Current employee benefit obligations	-2 057
Income taxes payable	-4 373
Other current liabilities	-1 689
Total net assets disposed	**68 579**
Gain on business disposals (portion sold)	18 148
Gain on business disposals (portion retained)	14 552
Fair value of remaining interest retained	-45 069
Cash disposed	-14 014
Deferred proceeds	-4 600
Proceeds from disposals of investments	**37 596**

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 translational currency 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, Chilean peso, Russian ruble, Indian rupee and pound sterling. 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, and sometimes also from dividends receivable from foreign investments. If material, these risks are hedged by means of forward exchange contracts.

Foreign currency risk in the financing area results from financial liabilities in foreign currencies. In line with its policy, Group Treasury hedges these risks using cross-currency interest-rate swaps and forward exchange contracts 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 intercompany loans 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 limit the currency risk on 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
The reasonably possible changes used in this calculation were based on annualized volatility relating to the daily movement of the exchange rate of the reported year, with a 95% confidence interval.

Currency sensitivity relating to the operating, investing and financing activities
The following table summarizes the Group's net foreign currency positions of operating, investing and financing receivables and 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.

Currency pair - 2017
in thousands of €

	Total exposure	Total derivatives	Open position
AUD/USD	9 200	-3 579	5 621
CZK/EUR	5 220	-666	4 554
EUR/BRL	-13 726	-	-13 726
EUR/CAD	-6 907	13	-6 894
EUR/CNY	-69 459	33 310	-36 149
EUR/GBP	-12 990	-2 870	-15 860
EUR/MYR	-18 544	-	-18 544
EUR/RON	-25 120	19 320	-5 801
EUR/USD	-5 952	-	-5 952
HKD/EUR	-6 720	-	-6 720
IDR/USD	8 609	-	8 609
JPY/CNY	4 514	-741	3 774
JPY/EUR	-84	-1 668	-1 752
NOK/GBP	3 670	-	3 670
NZD/USD	-10 110	-839	-10 949
RUB/EUR	27 902	-24 499	3 403
TRY/EUR	15 992	-	15 992
USD/BRL	-10 416	-	-10 416
USD/CAD	230	-	230
USD/CLP	7 738	-	7 738
USD/CNY	-70 962	93 473	22 512
USD/COP	-11 634	15 739	4 105
USD/EUR	248 150	-219 010	29 140
USD/GBP	87 698	-3 550	84 148
USD/INR	-84 082	52 265	-31 817
USD/PEN	4 269	-	4 269
USD/SGD	-21 807	-	-21 807

Currency pair - 2016
in thousands of €

	Total exposure	Total derivatives	Open position
AUD/USD	3 716	-3 634	81
EUR/BRL	-13 670	-	-13 670
EUR/CAD	-14 223	-	-14 223
EUR/CNY	-103 187	34 138	-69 049
EUR/GBP	25 170	-2 150	23 020
EUR/USD	-7 488	-	-7 488
IDR/USD	8 616	-	8 616
JPY/CNY	5 076	-4 449	627
NZD/GBP	-9 605	-	-9 605
RUB/EUR	21 649	-21 650	-1
TRY/EUR	14 256	-	14 256
USD/CAD	14 923	-	14 923
USD/CLP	8 510	-	8 510
USD/CNY	-163 998	149 531	-14 467
USD/COP	-9 854	14 153	4 299
USD/EUR	236 431	-314 559	-78 128
USD/GBP	94 265	-11 861	82 404
USD/INR	-46 915	33 522	-13 393
USD/SGD	-25 675	-	-25 675

If rates had weakened/strengthened by reasonably possible changes with all other variables constant, the result for the period before taxes would have been € 3.8 million lower/higher (2016: € 2.7 million).

Currency sensitivity in relation to hedge accounting
At 31 December 2017 the Group applies hedge accounting only in a very limited number of cases, notably in Bridon International Ltd (UK), which hedges its currency risk on operating cash flows through foreign-exchange contracts designated as cash flow hedges. The major currency risk exposures being hedged are EUR/GBP and USD/GBP. If the GBP had weakened/strengthened by reasonably possible changes, with all other variables constant, the hedging reserve would have been € 0.9 million higher/lower at year-end 2017 (2016: € 2.5 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 following table summarizes the weighted average interest rates at the balance sheet date.

The convertible bond and the loans linked to the Bridon merger (mainly loan A and B; refer to the Total debt BBRG table under ‘Liquidity risk’) are carried at amortized cost using the effective interest method so as to spread the separate recognition of the conversion option and any transaction fees over time via interest charges. This results in effective interest charges exceeding the nominal interest charges.

	Long-term				
2017	**Fixed rate**	**Floating rate**	**Total**	**Short-term**	**Total**
US dollar	9.26%	4.72%	5.64%	3.00%	3.72%
Chinese renminbi	6.00%	4.71%	5.34%	4.57%	4.82%
Euro	2.60%	6.23%	3.20%	2.44%	3.19%
Other	8.54%	-	8.54%	4.10%	5.59%
Total	**3.12%**	**5.63%**	**3.71%**	**2.99%**	**3.57%**

	Long-term				
2016	**Fixed rate**	**Floating rate**	**Total**	**Short-term**	**Total**
US dollar	10.60%	4.45%	5.54%	1.81%	2.65%
Chinese renminbi	6.00%	-	6.00%	3.38%	5.38%
Euro	2.78%	6.20%	3.42%	0.43%	3.27%
Other	7.74%	-	7.74%	5.14%	5.82%
Total	**3.21%**	**5.61%**	**3.79%**	**2.28%**	**3.30%**

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 2017 amounted to € 1 634.8 million (2016: € 1 459.2 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).

Currency and interest rate profile	**Long-term**		**Short-term**	
2017	**Fixed rate**	**Floating rate**	**Floating rate**	**Total**
US dollar	1.30%	5.40%	18.20%	24.90%
Chinese renminbi	0.60%	0.70%	2.90%	4.20%
Euro	52.60%	10.30%	0.50%	63.40%
Other	2.60%	-	4.90%	7.50%
Total	**57.10%**	**16.40%**	**26.50%**	**100.00%**

Currency and interest rate profile	**Long-term**		**Short-term**	
2016	**Fixed rate**	**Floating rate**	**Floating rate**	**Total**
US dollar	1.20%	5.50%	23.20%	29.90%
Chinese renminbi	0.70%	-	0.20%	0.90%
Euro	47.40%	10.90%	3.10%	61.40%
Other	2.00%	-	5.80%	7.80%
Total	**51.30%**	**16.40%**	**32.30%**	**100.00%**

On the basis of the annualized daily volatility of the 3-month Interbank Offered Rate in 2017 and 2016, the reasonable estimates of possible interest rate changes, with a 95% confidence interval, are set out for the main currencies in the table below.

Currency	**Interest rate at 31 December 2017**	**Reasonably possible changes (+/-)**
Chinese renminbi [1]	4.25%	0.70%
Euro	0.00%	0.00%
US dollar	1.69%	0.17%

Currency	**Interest rate at 31 December 2016**	**Reasonably possible changes (+/-)**
Chinese renminbi [1]	3.09%	0.51%
Euro	0.00%	0.00%
US dollar	1.00%	0.18%

[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 rated debt, with all other variables constant, the result for the period before tax would have been € 2.3 million higher/lower (2016: € 1.8 million higher/lower).

Interest-rate sensitivity in relation to hedge accounting

At 31 December 2017, the Group does not apply hedge accounting (2016: none) and no sensitivity analysis was done.

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, appropriate action is taken 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 2017, 64.5% (2016: 57.8%) 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 € 100 million (2016: € 50 million) at floating interest rates with fixed margins. At year-end, nothing was outstanding under these facilities (2016: nil). In addition, the Group has a commercial paper and medium-term note program available for a maximum of € 123.9 million (2016: € 123.9 million). At the end of 2017, no commercial paper notes were outstanding (2016: € 50 million). At year-end, the external bank debt related to Bridon-Bekaert Ropes Group for € 291 million was subject to debt covenants (2016: € 316 million). The Group (except for BBRG) has a joint factoring agreement with BNP Paribas Fortis and KBC and has the possibility to borrow up to € 76 million (2016: € 77 million) for two months withdrawals, but no withdrawals were done before year-end (2016: none). Since the factoring agreement grants the banks a right of recourse, factored receivables cannot be derecognized and any withdrawals will give rise to an increase in financial debt.

BBRG is financed by a banking syndicate of 11 lenders. The loan structure consists of senior debt (A and B tranche), a pre-merger existing debt in Belgium and Australia (BNP debt) and a revolving credit facility (RCF) in addition to some debt with existing facilities (Other debt). The financing arrangement was put in place on 29 June 2016. For financing purposes, BBRG is ring-fenced, which implies (i) other Bekaert entities outside its consolidation perimeter are not allowed to provide any support (such as intercompany loans, corporate guarantees, asset-pledges, any form of collateral) to finance its activities, (ii) its banking syndicate will not have any recourse to the Bekaert Group. Consequently, BBRG acts as an independent group for financing purposes. BBRG has entered into separate non-recourse factoring agreements with BNP Paribas Fortis in the UK and Germany. Since the banks do not retain a right of recourse, factored receivables are immediately derecognized.

The total debt at the end of December 2017 is as follows (nominal amounts):

Total debt BBRG in millions of USD	**31 December 2016**	**31 December 2017**
Loan A	73.0	65.7
Loan B	193.3	220.0
BNP debt	33.9	31.6
RCF	24.6	31.0
Other debt	6.3	-
Total debt	**331.1**	**348.3**

As part of the Senior Facilities Agreement, BBRG has several obligations toward the lending syndicate, including reporting obligations and financial covenants monitored quarterly on a last twelve months basis.

The first covenant is the leverage covenant which measures the relation between the adjusted EBITDA and Net Debt. The second covenant is the interest covenant which measures the relation between the adjusted EBITDA and the interest cost of BBRG.

2017 in millions of USD					**31 December 2017**	**Covenant**	**Breach**
Leverage covenant:	Net Debt / Adj EBITDA	=	290.8 / 59.5	=	4.88	5.40	NO
Interest covenant:	Adj EBITDA / Interest cost	=	59.5 / 21.4	=	2.78	2.75	NO

The following table shows the Group's contractually agreed (undiscounted) outflows in relation to financial liabilities (including financial liabilities reclassified as liabilities associated with assets held for sale). Only net interest payments and principal repayments are included.

2017 in thousands of €	**2018**	**2019**	**2020-2022**	**2023 and thereafter**
Financial liabilities - principal				
Trade payables	*-665 196*	*-*	*-*	*-*
Other payables	*-21 139*	*-153*	*-*	*-*
Interest-bearing debt	*-454 401*	*-303 959*	*-756 982*	*-180 652*
Derivatives - gross settled	*-239 568*	*-4 753*	*-14 245*	
Financial liabilities - interests				
Trade and other payables	*-*	*-*	*-*	*-*
Interest-bearing debt	*-50 135*	*-38 513*	*-64 071*	*-29 398*
Derivatives - net settled	*228*	*114*	*-*	*-*
Derivatives - gross settled	*-5 748*	*-2 093*	*-1 576*	*-*
Total undiscounted cash flow	**-1 435 959**	**-349 357**	**-836 874**	**-210 050**

2016 in thousands of €	**2017**	**2018**	**2019-2021**	**2022 and thereafter**
Financial liabilities - principal				
Trade payables	*-563 479*	*-*	*-*	*-*
Other payables	*-20 060*	*-518*	*-*	*-*
Interest-bearing debt	*-312 202*	*-144 201*	*-830 018*	*-247 111*
Derivatives - gross settled	*-325 736*	*-11 943*	*-5 086*	*-*
Financial liabilities - interests				
Trade and other payables	*-*	*-*	*-*	*-*
Interest-bearing debt	*-47 148*	*-42 023*	*-83 147*	*-37 679*
Derivatives - net settled	*-346*	*-346*	*-173*	*-*
Derivatives - gross settled	*-5 858*	*-1 717*	*-557*	*-*
Total undiscounted cash flow	**-1 274 829**	**-200 748**	**-918 981**	**-284 790**

All instruments held at the reporting date and for which payments had been contractually agreed are included. Forecasted data relating to future, new liabilities have not been 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

In 2017 and 2016, the Group has applied hedge accounting only in a very limited number of cases, notably in Bridon International Ltd, which hedges its currency risk on operating cash flows through foreign-exchange contracts designated as cash flow hedges.

Fair value hedges

There were no fair value hedges in 2017 and 2016.

Cash flow hedges

2017 in thousands of €	**Hedged item**	**Hedging instrument**	**Recognized in income statement**	**Recognized in equity (OCI)**
Cash flow hedges	Reclassified amounts	Fair value changes		
Currency risk on operating cash flows	*-348*	*101*	-	*-247*
Total	**-348**	**101**	**-**	**-247**

2016 in thousands of €	**Hedged item**	**Hedging instrument**	**Recognized in income statement**	**Recognized in equity (OCI)**
Cash flow hedges	Reclassified amounts	Fair value changes		
Currency risk on operating cash flows	*-542*	*1 284*	-	*742*
Total	**-542**	**1 284**	**-**	**742**

Cash flow hedges relate to Bridon International Ltd., which hedges its foreign currency risk on operating cash flows through foreign-exchange contracts. Reclassified amounts relate to amounts transferred from the hedging reserve to offset income statement effects on the hedged items.

Economic hedging and other free-standing derivatives

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, 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 major currencies involved are US dollars, euros and Russian rubles.
» To manage its interest-rate exposure, the Group uses interest-rate swaps to convert its floating-rate debt to a fixed rate debt for USD 73.0 million (2016: USD 73.0 million).
» The Group uses forward exchange contracts to limit currency risks on its various operating and financing activities. The Group applies hedge accounting only in a very limited number of cases, notably in Bridon International Ltd which designates its foreign-exchange contracts relating to hedge currency risk on operating cash flows as cash flow hedges. For all other forward exchange contracts, the fair value change is recorded immediately under other financial income and expenses.
» In June 2016, a new € 380 million convertible bond maturing in 2021 was issued with a zero coupon interest, the proceeds of which were mainly used to early settle an existing € 300 million convertible bond with a 0.75% coupon interest. Of the new bonds, 75.9% were subscribed by existing bondholders and accounted for as an exchange of financial liabilities under IAS 39 §40, while 24.1% were accounted for as a settlement of financial liabilities. The characteristics of both the new and the

old convertible bond are such that the conversion option constitutes a non-closely related embedded derivative which, in accordance with IAS 39, is separated from the host contract. The fair value of the conversion derivative on the bond amounted to € 17.6 million at 31 December 2017 (2016: € 35.2 million), as a result of which a gain of € 17.6 million was recognized in other financial income (2016: a gain of € 5.3 million on the new conversion option and a loss of € 42.7 million on the old conversion option). The host contract (the plain vanilla debt without the conversion option) is recognized at amortized cost using the effective interest method; its effective interest expense amounts to € 10.4 million (2016: € 5.6 million on the new bond in addition to € 3.8 million on the old bond).

» The put option relating to the 2014 business combination with Maccaferri qualifies as a financial liability at fair value through profit or loss and is reported as a non-current derivative liability. The change in fair value recorded in other financial income and expenses amounted to a loss of € 0.3 million (2016: loss of € 0.3 million).

Derivatives

The following table analyzes the notional amounts of the derivatives according to their maturity date. For derivatives designated for hedge accounting as set out in IAS 39, a distinction is made depending on whether these are part of a fair value hedge (FVH) or cash flow hedge (CFH):

2017 in thousands of €	**Due within one year**	**Due between one and 5 years**	**Due after more than 5 years**
Hedge accounting			
Forward exchange contracts (CFH)	12 386	-	-
Held for trading			
Forward exchange contracts	226 441	-	-
Interest-rate swaps	-	60 869	-
Cross-currency interest-rate swaps	273 805	18 998	-
Conversion derivative	-	380 000	-
Total	**512 632**	**459 867**	**-**

2016 in thousands of €	**Due within one year**	**Due between one and 5 years**	**Due after more than 5 years**
Hedge accounting			
Forward exchange contracts (CFH)	18 487	-	-
Held for trading			
Forward exchange contracts	278 239	-	-
Interest-rate swaps	-	69 253	-
Cross-currency interest-rate swaps	355 810	5 086	-
Conversion derivative	-	380 000	-
Total	**652 536**	**454 339**	**-**

The following table summarizes the fair values of the various derivatives carried. For derivatives designated for hedge accounting as set out in IAS 39, a distinction is made depending on whether these are part of a fair value hedge (FVH) or cash flow hedge (CFH):

Fair value of current and non-current derivatives in thousands of €	**Assets**		**Liabilities**	
	2016	**2017**	**2016**	**2017**
Financial instruments				
Hedge accounting				
Forward exchange contracts (CFH)	-	-	595	468
Held for trading				
Forward exchange contracts	5 712	518	865	6 019
Interest-rate swaps	436	432	-	-
Interest-rate caps	-	-	19	24
Cross-currency interest-rate swaps	889	5 208	6 591	303
Put options relating to non-controlling interests [1]	-	-	8 845	9 133
Conversion derivative	-	-	35 207	17 545
Total	**7 037**	**6 159**	**52 122**	**33 492**
Non-current	-	-	44 355	26 968
Current	7 037	6 159	7 767	6 525
Total	**7 037**	**6 159**	**52 122**	**33 492**

[1] *Liability relating to the commercial partnership with Maccaferri for underground solutions announced in June 2014.*

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 (International Swaps and Derivatives Association) 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**	
	2016	**2017**	**2016**	**2017**
Total derivatives recognized in balance sheet	7 037	6 159	52 122	33 492
Enforceable netting	-889	-14	-889	-14
Net amounts	**6 148**	**6 145**	**51 233**	**33 478**

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 and their respective fair values, analyzed by their measurement category in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'.

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. Trade and other payables also generally have short terms to maturity and, hence, their carrying amounts also approximate their fair values. The Group has no exposure to collateralized debt obligations (CDOs).

The following abbreviations are used for IAS 39 categories:

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

2017 in thousands of €	**Category in accordance with IAS 39**	**Carrying amount 2017**	**Fair value 2017**
Assets			
Cash and cash equivalents	L&R	418 779	418 779
Short-term deposits	L&R	50 406	50 406
Trade receivables	L&R	836 809	836 809
Bills of exchange received	L&R	55 633	55 633
Other receivables	L&R	34 765	34 765
Loans and receivables	L&R	38 009	38 009
Available-for-sale financial assets	AfS	16 400	16 400
Derivative financial assets			
- without a hedging relationship	FAFVTPL	6 159	6 159
- with a hedging relationship	Hedge accounting	-	-
Liabilities			
Interest-bearing debt			
- finance leases	n.a.	3 146	3 146
- credit institutions	FLMaAC	949 623	949 623
- bonds	FLMaAC	681 978	724 195
Trade payables	FLMaAC	665 196	665 196
Other payables	FLMaAC	21 292	21 292
Derivative financial liabilities			
- without a hedging relationship	FLFVTPL	33 025	33 025
- with a hedging relationship	Hedge accounting	468	468
Aggregated by category in accordance with IAS 39			
Loans and receivables	L&R	1 434 402	1 434 402
Available-for-sale financial assets	AfS	16 400	16 400
Financial assets at fair value through profit or loss	FAFVTPL	6 159	6 159
Financial liabilities measured at amortized cost	FLMaAC	2 318 089	2 360 306
Financial liabilities - hedge accounting	Hedge accounting	468	468
Financial liabilities at fair value through profit or loss	FLFVTPL	33 025	33 025

2016 in thousands of €	**Category in accordance with IAS 39**	**Carrying amount 2016**	**Fair value 2016**
Assets			
Cash and cash equivalents	L&R	365 546	365 546
Short-term deposits	L&R	5 342	5 342
Trade receivables	L&R	739 145	739 145
Bills of exchange received	L&R	60 182	60 182
Other receivables	L&R	38 239	38 239
Loans and receivables	L&R	28 020	28 020
Available-for-sale financial assets	AfS	17 499	17 499
Derivative financial assets			
- without a hedging relationship	FAFVTPL	7 037	7 037
- with a hedging relationship	Hedge accounting	-	-
Liabilities			
Interest-bearing debt			
- finance leases	n.a.	3 855	3 855
- credit institutions	FLMaAC	781 915	781 915
- bonds	FLMaAC	673 455	715 186
Trade payables	FLMaAC	556 361	556 361
Other payables	FLMaAC	20 572	20 572
Derivative financial liabilities			
- without a hedging relationship	FLFVTPL	51 528	51 528
- with a hedging relationship	Hedge accounting	595	595
Aggregated by category in accordance with IAS 39			
Loans and receivables	L&R	1 236 474	1 236 474
Available-for-sale financial assets	AfS	17 499	17 499
Financial assets at fair value through profit or loss	FAFVTPL	7 037	7 037
Financial liabilities measured at amortized cost	FLMaAC	2 032 303	2 074 034
Financial liabilities - hedge accounting	Hedge accounting	595	595
Financial liabilities at fair value through profit or loss	FLFVTPL	51 528	51 528

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 these 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 with matching maturities. Interest-rate swaps 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 value of the remaining financial assets and financial liabilities is derived from valuation techniques which include inputs that are not based on observable market data. The share conversion option in the convertible bond issued in June 2016 is a non-closely related embedded derivative that has to be separated from the host debt instrument and measured at fair value through profit or loss. The fair value of the conversion option is determined as the difference between the fair value of the convertible bond as a whole (mid – source: Bloomberg) and the fair value of the host debt contract using a valuation model based on the prevailing market interest rate for similar plain vanilla debt instruments. The main factors determining the fair value of the conversion option are the Bekaert share price (level 1), the reference swap rate (level 2), the volatility of the Bekaert share (level 3) and the credit spread (level 3). Consequently, the conversion option is classified as a level-3 financial instrument. Similarly, the fair value of the put option relating to non-controlling interests has not been based on observable market data but on the business plan that was agreed between the partners in the business combination with Maccaferri. The fair value was established using discounted cash flows.

Convertible bond issued in 2016	At issue date	At 31 Dec 2016	At 31 Dec 2017
Level 1 inputs			
Share price	€ 37.97	€ 38.49	€ 36.45
Level 2 inputs			
Reference swap rate	0.03%	0.02%	0.08%
Level 3 inputs			
Volatility	29.00%	29.15%	26.75%
Credit spread	225 bps	175 bps	80 bps

Outcome of the model
in thousands of €

Fair value of the convertible debt	380 000	386 734	386 202
Fair value of the plain vanilla debt	339 509	351 527	368 656
Fair value of the conversion option	40 491	35 207	17 545

The carrying amount (i.e. the fair value) of the level-3 liabilities has evolved as follows:

Level-3 Financial liabilities in thousands of €	2016	2017
At 1 January	14 384	44 052
At issue of the convertible debt (14 June 2016)	40 491	-
(Gain) /loss in fair value	-10 823	-17 375
At 31 December	44 052	26 678

Gains and losses in fair value are reported in other financial income and expenses. None of the level-3 financial liabilities were derecognized during the period.

The following table shows the sensitivity of the fair value calculation to the most significant level-3 inputs for the conversion option.

Sensitivity analysis in thousands of €	Change	Impact on derivative liability	
Volatility	3.5%	increase by	5 335
	-3.5%	decrease by	-5 138
Credit spread	25 bps	increase by	3 133
	-25 bps	decrease by	-3 166

The fair value of all financial instruments measured at amortized cost in the balance sheet 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:

2017 in thousands of €	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Derivative financial assets	-	*6 159*	-	*6 159*
Available-for-sale financial assets				
Equity investments	*6 562*	*8 647*		*15 209*
Total assets	**6 562**	**14 805**	**-**	**21 367**
Financial liabilities - hedge accounting				
Derivative financial liabilities	-	*468*	-	*468*
Financial liabilities at fair value through profit or loss				
Put option relating to non-controlling interests	-	-	*9 133*	*9 133*
Derivative financial liabilities	-	*6 347*	*17 545*	*23 892*
Total liabilities	**-**	**6 815**	**26 678**	**33 493**

2016 in thousands of €	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Derivative financial assets	-	*7 037*	-	*7 037*
Available-for-sale financial assets				
Equity investments	*7 951*	*8 514*	-	*16 465*
Total assets	**7 951**	**15 551**	**-**	**23 502**
Financial liabilities - hedge accounting				
Derivative financial liabilities	-	*595*	-	*595*
Financial liabilities at fair value through profit or loss				
Put option relating to non-controlling interests	-	-	*8 845*	*8 845*
Derivative financial liabilities	-	*7 476*	*35 207*	*42 683*
Total liabilities	**-**	**8 071**	**44 052**	**52 123**

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 2016.

The capital structure of the Group consists of net debt, as defined 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 assesses 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 €	**2016**	**2017**
Net debt	1 067 683	1 150 857
Equity	1 597 893	1 583 036
Net debt to equity ratio	**66.8%**	**72.7%**

7.4. Contingencies and commitments

As at 31 December, the important contingencies and commitments were:

in thousands of €	2016	2017
Contingent liabilities	27 659	27 073
Commitments to purchase fixed assets	30 177	47 080
Commitments to invest in venture capital funds	2 051	6 256

The contingent liabilities mainly relate to environmental obligations. Most of them are covered by corporate guarantees.

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), and as such there is no contingent liability relating to tax.

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 for buildings contain a renewal clause. The assets are not subleased to a third party.

All future committed lease liabilities related to rent of the industrial building previously occupied by Bridon-Bekaert ScanRope AS have been booked as a part of the restructuring provision and are therefore no longer included in the off balance sheet lease payment commitments (2016: € 10.6 million).

Future payments in thousands of €	2016	2017
Within one year	22 498	22 657
Between one and five years	42 796	38 267
More than five years	35 161	29 378
Total	**100 455**	**90 302**

Expenses in thousands of €	2016	2017
Vehicles	10 103	9 624
Industrial buildings	8 463	9 878
Equipment	5 114	5 684
Offices	4 722	3 825
Land	132	-
Other	1 562	617
Total	**30 096**	**29 628**

Weighted average lease term in years	2016	2017
Vehicles	4	4
Industrial buildings	16	7
Equipment	3	3
Offices	3	3
Land	1	-
Other	1	1

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 €	**2016**	**2017**
Sales of goods	5 527	14 735
Purchases of goods	19 885	18 886
Services rendered	263	161
Royalties and management fees received	8 957	7 779
Dividends received	22 491	60 020

Outstanding balances with joint ventures in thousands of €	**2016**	**2017**
Trade receivables	3 795	5 507
Other current receivables	1 861	3 347
Trade payables	4 633	3 588
Other current payables	51	51

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 (BGE) and the Senior Vice Presidents (see last page of the Financial Review).

Key Management remuneration in thousands of €	**2016**	**2017**
Number of persons	35	37
Short-term employee benefits		
Basic remuneration	*7 156*	*6 912*
Variable remuneration	*4 422*	*4 990*
Remuneration as directors of subsidiaries	*624*	*581*
Post-employment benefits		
Defined-benefit pension plans	*533*	*479*
Defined-contribution pension plans	*687*	*707*
Share-based payment benefits	3 783	3 989
Total gross remuneration	**17 205**	**17 658**
Average gross remuneration per person	492	477
Number of options and stock appreciation rights granted	163 750	210 500
Number of performance share units granted (cash-settled and equity-settled)	55 250	57 750
Number of matching shares to be granted	20 327	15 725

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

» An offer of 227 875 options was made on 21 December 2017 under the terms of the SOP 2015-2017 stock option plan. 225 475 of those options were accepted, and were granted on 20 February 2018. Their exercise price is € 34.60. The granted options represent a fair value of € 2.4 million.

» Under the terms of the USA SAR plans, a regular offer of 16 875 Stock Appreciation Rights was made on 21 December 2017. All of those rights were accepted, and were granted on 24 March 2018. Their exercise price is € 37.06. The granted rights represent a fair value of € 0.2 million.

» Under the terms of the other SAR plans, a regular offer of 37 500 Stock Appreciation Rights was made on 21 December 2017. All of those rights were accepted, and were granted on 20 February 2018. Their exercise price is € 34.60. The granted rights represent a fair value of € 0.4 million.

» Since 1 January 2018, a total of 352 000 own shares have been purchased and total of 28 900 treasury shares have been disposed of as a result of stock options under the terms of the SOP 2010-2014 stock option plan being exercised.

» In light of its ongoing operational and trading challenges, and the resulting pressure on its financial position, BBRG is closely monitoring its compliance with the financial covenants (see note 7.3. 'Financial risk management and financial derivatives', see section Liquidity risk). BBRG met its financial covenants as at December 2017, and the next testing date (with respect to the financial position as at end of Q1 2018) is in May 2018.

7.7. Services provided by the statutory auditor and related persons

During 2017, the statutory auditor and persons professionally related to him performed additional services for fees amounting to € 1 242 055.

These fees essentially relate to further assurance services (€ 248 148), tax advisory services (€ 948 325) and other non-audit services (€ 45 582). The additional services were approved by the Audit and Finance Committee.

The audit fees for NV Bekaert SA and its subsidiaries amounted to € 2 259 425.

7.8. Subsidiaries, joint ventures and associates

Companies forming part of the Group as at 31 December 2017

Subsidiaries

Industrial companies	*Address*	*FC*[1]	*%*[2]
EMEA			
Bekaert Advanced Cords Aalter NV	Aalter, Belgium	EUR	60
Bekaert Bohumín sro	Bohumín, Czech Republic	CZK	100
Bekaert Bradford UK Ltd	Bradford, United Kingdom	GBP	100
Bekaert Combustion Technology BV	Assen, Netherlands	EUR	100
Bekaert Figline SpA	Milano, Italy	EUR	100
Bekaert Hlohovec as	Hlohovec, Slovakia	EUR	100
Bekaert Izmit Çelik Kord Sanayi ve Ticaret AS	Izmit, Turkey	EUR	100
Bekaert Kartepe Çelik Kord Sanayi ve Ticaret AS	Kartepe, Turkey	EUR	100
Bekaert Petrovice sro	Petrovice, Czech Republic	CZK	100
Bekaert Sardegna SpA	Assemini, Italy	EUR	100
Bekaert Slatina SRL	Slatina, Romania	RON	80
Bekaert Slovakia sro	Sládkovičovo, Slovakia	EUR	100
Bekintex NV	Wetteren, Belgium	EUR	100
Bridon International GmbH	Gelsenkirchen, Germany	EUR	60
Bridon International Ltd	Doncaster, United Kingdom	GBP	60
Bridon-Bekaert ScanRope AS	Tonsberg, Norway	NOK	60
Industrias del Ubierna SA	Burgos, Spain	EUR	100
OOO Bekaert Lipetsk	Gryazi, Russian Federation	RUB	100
Solaronics SA	Armentières, France	EUR	100
North America			
Bekaert Corporation	Wilmington (Delaware), United States	USD	100
Bridon-American Corporation	New York, United States	USD	60
Wire Rope Industries Ltd/Industries de Câbles d'Acier Ltée	Pointe-Claire, Canada	CAD	60
Latin America			
Acma SA	Santiago, Chile	CLP	52
Acmanet SA	Talcahuano, Chile	CLP	52
BBRG - Osasco Cabos Ltda	São Paulo, Brazil	BRL	60
Bekaert Costa Rica SA	San José-Santa Ana, Costa Rica	USD	58
BIA Alambres Costa Rica SA	San José-Santa Ana, Costa Rica	USD	58
Ideal Alambrec SA	Quito, Ecuador	USD	58
Industrias Chilenas de Alambre - Inchalam SA	Talcahuano, Chile	CLP	52
Procables SA	Callao, Peru	PEN	58
Prodinsa SA	Maipú, Chile	CLP	60
Productora de Alambres Colombianos Proalco SAS	Bogotá, Colombia	COP	80
Productos de Acero Cassadó SA	Callao, Peru	USD	38
Vicson SA	Valencia, Venezuela	VEF	80
Asia Pacific			
Bekaert Applied Material Technology (Shanghai) Co Ltd	Shanghai, China	CNY	100
Bekaert Binjiang Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	CNY	90
Bekaert (China) Technology Research and Development Co Ltd	Jiangyin (Jiangsu province), China	CNY	100
Bekaert (Chongqing) Steel Cord Co Ltd	Chongqing, China	CNY	100
Bekaert (Huizhou) Steel Cord Co Ltd	Huizhou (Guangdong province), China	CNY	100
Bekaert Industries Pvt Ltd	Taluka Shirur, District Pune, India	INR	100
Bekaert Ipoh Sdn Bhd	Kuala Lumpur, Malaysia	MYR	100
Bekaert (Jining) Steel Cord Co Ltd	Jining City, Yanzhou district (Shandong Province), China	CNY	60
Bekaert Jiangyin Wire Products Co Ltd	Jiangyin (Jiangsu province), China	CNY	100
Bekaert Mukand Wire Industries Pvt Ltd	Pune, India	INR	100
Bekaert New Materials (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	CNY	100
Bekaert (Qingdao) Wire Products Co Ltd	Qingdao (Shandong province), China	CNY	100
Bekaert Shah Alam Sdn Bhd	Kuala Lumpur, Malaysia	MYR	100
Bekaert (Shandong) Tire Cord Co Ltd	Weihai (Shandong province), China	CNY	100
Bekaert (Shenyang) Advanced Cords Co Ltd	Shenyang (Liaoning province), China	CNY	60
Bekaert Shenyang Advanced Products Co Ltd	Shenyang (Liaoning province), China	CNY	100
Bekaert Toko Metal Fiber Co Ltd	Tokyo, Japan	JPY	70
Bekaert Wire Ropes Pty Ltd	Mayfield East, Australia	AUD	60
Bridon (Hangzhou) Ropes Co Ltd	Hangzhou (Zhejiang province), China	CNY	60
China Bekaert Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	CNY	90
PT Bekaert Indonesia	Karawang, Indonesia	USD	100
PT Bekaert Wire Indonesia	Karawang, Indonesia	USD	100
PT Bridon	Bekasi, West Java, Indonesia	USD	60

[1] *Functional currency*

[2] *Financial interest percentage*

Sales offices, warehouses and others	*Address*	*FC*[1]	*%*[2]
EMEA			
Bekaert AS	Hellerup, Denmark	DKK	100
Bekaert Emirates LLC	Dubai, United Arab Emirates	AED	49
Bekaert France SAS	Armentières, France	EUR	100
Bekaert Ges mbH	Vienna, Austria	EUR	100
Bekaert GmbH	Neu-Anspach, Germany	EUR	100
Bekaert Ltd	Bradford, United Kingdom	GBP	100
Bekaert Maccaferri Underground Solutions BVBA	Aalst (Erembodegem), Belgium	EUR	50
Bekaert Maccaferri Underground Solutions Srl	Zola Predosa, Bologna, Italy	EUR	50
Bekaert Middle East LLC	Dubai, United Arab Emirates	AED	49
Bekaert Norge AS	Oslo, Norway	NOK	100
Bekaert Poland Sp z oo	Warsaw, Poland	PLN	100
Bekaert (Schweiz) AG	Baden, Switzerland	CHF	100
Bekaert Svenska AB	Gothenburg, Sweden	SEK	100
Bridon Coatbridge Ltd	Doncaster, United Kingdom	GBP	60
Bridon Pension Trust (No Two) Ltd	Doncaster, United Kingdom	GBP	60
Bridon Ropes NV/SA	Brussels, Belgium	EUR	60
Bridon Scheme Trustees Ltd	Doncaster, United Kingdom	GBP	60
British Ropes Ltd	Doncaster, United Kingdom	GBP	60
Gloucester Rope & Tackle Company Ltd	Doncaster, United Kingdom	GBP	60
Leon Bekaert SpA	Milano, Italy	EUR	100
OOO Bekaert Wire	Moscow, Russian Federation	RUB	100
Rylands-Whitecross Ltd	Bradford, United Kingdom	GBP	100
Scheldestroom NV	Zwevegem, Belgium	EUR	100
Twil Company	Bradford, United Kingdom	GBP	100
North America			
Bekaert Carding Solutions Inc / Bekaert Solutions de Cardage Inc	Saint John, Canada	CAD	100
Latin America			
BBRG - Macaé Cabos Ltda	Rio de Janeiro, Brazil	BRL	60
Bekaert Guatemala SA	Ciudad de Guatemala, Guatemala	GTQ	100
Bekaert Specialty Films de Mexico SA de CV	Monterrey, Mexico	MXN	100
Bekaert Trade Latin America NV	Curaçao, Netherlands Antilles	USD	58
Bekaert Trade Mexico S de RL de CV	Mexico City, Mexico	MXN	100
Inversiones BBRG Lima SA	Lima, Peru	PEN	58
Prodac Contrata SAC	Callao, Peru	USD	38
Prodac Selva SAC	Ucayali, Peru	USD	38
Prodalam SA	Santiago, Chile	CLP	52
Prodinsa Ingeniería y Proyectos SA	Santiago, Chile	CLP	60
Specialty Films de Services Company SA de CV	Monterrey, Mexico	MXN	100
Asia Pacific			
Bekaert Advanced Products (Shanghai) Co Ltd	Shanghai, China	CNY	100
Bekaert Japan Co Ltd	Tokyo, Japan	JPY	100
Bekaert Korea Ltd	Seoul, Korea	KRW	100
Bekaert Management (Shanghai) Co Ltd	Shanghai, China	CNY	100
Bekaert Singapore Pte Ltd	Singapore	SGD	100
Bekaert Taiwan Co Ltd	Taipei, Taiwan	TWD	100
BOSFA Pty Ltd	Port Melbourne, Australia	AUD	100
Bridon Hong Kong Ltd	Hong Kong, China	HKD	60
Bridon New Zealand Ltd	Aukland, New Zealand	NZD	60
Bridon Singapore (Pte) Ltd	Singapore	SGD	60
PT Bekaert Trade Indonesia	Karawang, Indonesia	USD	100

[1] *Functional currency*

[2] *Financial interest percentage*

Financial companies	***Address***	***FC[1]***	***%[2]***
Acma Inversiones SA	Maipú, Chile	CLP	60
BBRG Finance (UK) Ltd	Doncaster, United Kingdom	EUR	60
BBRG Holding (UK) Ltd	Doncaster, United Kingdom	EUR	60
BBRG Operations (UK) Ltd	Doncaster, United Kingdom	EUR	60
BBRG Production (UK) Ltd	Doncaster, United Kingdom	EUR	60
BBRG (Purchaser) Ltd	Doncaster, United Kingdom	EUR	60
BBRG (Subsidiary) Ltd	Doncaster, United Kingdom	EUR	60
Becare DAC	Dublin, Ireland	EUR	100
Bekaert Building Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Carding Solutions Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Coördinatiecentrum NV	Zwevegem, Belgium	EUR	100
Bekaert do Brasil Ltda	Contagem, Brazil	BRL	100
Bekaert Holding Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Ibérica Holding SL	Burgos, Spain	EUR	100
Bekaert Ideal SL	Burgos, Spain	EUR	80
Bekaert Investments NV	Zwevegem, Belgium	EUR	100
Bekaert Investments Italia SpA	Milano, Italy	EUR	100
Bekaert North America Management Corporation	Wilmington (Delaware), United States	USD	100
Bekaert Services Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Singapore Holding Pte Ltd	Singapore	SGD	100
Bekaert Specialty Wire Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Stainless Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Steel Cord Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Strategic Partnerships Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Wire Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Wire Rope Industry NV	Aalst (Erembodegem), Belgium	EUR	60
Bekaert Xinyu Hong Kong Ltd	Hong Kong, China	EUR	100
Bridon-Bekaert Ropes Group Ltd	Doncaster, United Kingdom	EUR	60
Bridon-Bekaert Ropes Group (UK) Ltd	Doncaster, United Kingdom	EUR	60
Bridon Holdings Ltd	Doncaster, United Kingdom	GBP	60
Bridon Ltd	Doncaster, United Kingdom	GBP	60
Bridon (South East Asia) Ltd	Hong Kong, China	HKD	60
Industrias Acmanet Ltda	Talcahuano, Chile	CLP	52
Inversiones Bekaert Andean Ropes SA	Santiago, Chile	CLP	100
Inversiones Impala Perú SA Cerrada	Lima, Peru	USD	52
InverVicson SA	Valencia, Venezuela	VEF	80
Procables Wire Ropes SA	Maipú, Chile	CLP	60
Procercos SA	Talcahuano, Chile	CLP	52

Joint ventures

Industrial companies	***Address***	***FC[1]***	***%[2]***
Latin America			
Belgo Bekaert Arames Ltda	Contagem, Brazil	BRL	45
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Vespasiano, Brazil	BRL	45

Sales offices, warehouses and others	***Address***	***FC[1]***	***%[2]***
EMEA			
Netlon Sentinel Ltd	Blackburn, United Kingdom	GBP	50
Asia Pacific			
Bekaert Engineering (India) Pvt Ltd	New Delhi, India	INR	40

[1] *Functional currency*

[2] *Financial interest percentage*

Changes in 2017

1. New investments

Subsidiaries	*Address*	*%*
Inversiones BBRG Lima SA	Lima, Peru	58

2. Changes in ownership without change in control

Subsidiaries	*Address*	
Bekaert (Chongqing) Steel Cord Co Ltd	Chongqing, China	From 50% to 100%
Bekaert (Jining) Steel Cord Co Ltd	Jining City, Yanzhou district (Shandong Province), China	From 80% to 60%
Bekaert Trade Latin America NV	Curaçao, Netherlands Antilles	From 100% to 58%

3. Changes in ownership with change in control

Subsidiaries	*Address*	
Bekaert Sumaré Ltda	Sumaré, Brazil	From 100% to 45%

4. Mergers / conversions

Subsidiaries	*Merged into*
Wire Rope Industries USA Inc	Bridon-American Corporation

Joint ventures	*Merged into*
ArcellorMittal Bekaert Sumaré Ltda	BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda

5. Name changes

New name	*Former name*
ArcellorMittal Bekaert Sumaré Ltda	Bekaert Sumaré Ltda
BBRG - Macaé Cabos Ltda	Bridon do Brasil Representações Comércio e Indústria de Cabos Ltda
BBRG - Osasco Ltda	Bekaert Cimaf Cabos Ltda
Bekaert Bradford UK Ltd	Cold Drawn Products Ltd
Bekaert (Chongqing) Steel Cord Co Ltd	Bekaert Ansteel Tire Cord (Chongqing) Co Ltd
Bridon-Bekaert ScanRope AS	Bridon Scanrope AS
Inversiones Impala Perú SA Cerrada	Impala SA
PT Bekaert Wire Indonesia	PT Bekaert Southern Wire

6. Closed down

Companies	*Address*
Bridge Finco LLC	Wilmington (Delaware), United States
Bridon Australia Pty Ltd	Sydney, Australia

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

Companies	*Company number*
Bekaert Advanced Cords Aalter NV	BTW BE 0645 654 071 RPR Gent
Bekaert Coördinatiecentrum NV	BTW BE 0426.824.150 RPR Kortrijk
Bekaert Investments NV	BTW BE 0406.207.096 RPR Kortrijk
Bekaert Maccaferri Underground Solutions BVBA	BTW BE 0561.750.457 RPR Dendermonde
Bekaert Wire Rope Industry NV	BTW BE 0550 983 358 RPR Dendermonde
Bekintex NV	BTW BE 0452.746.609 RPR Dendermonde
Bridon Ropes NV/SA	BTW BE 0401 637 507 RPR Brussels
NV Bekaert SA	BTW BE 0405.388.536 RPR Kortrijk
Scheldestroom NV	BTW BE 0403.676.188 RPR Kortrijk

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
Bekaertstraat 2
BE-8550 Zwevegem
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	**2016**	**2017**
Sales	358 292	409 874
Operating result before non-recurring items	-8 131	22 854
Non-recurring operational items	-3 898	49 587
Operating result after non-recurring items	-12 029	72 440
Financial result before non-recurring items	33 121	19 334
Non-recurring financial items	-49 098	-4 027
Financial result after non-recurring items	-15 977	15 307
Profit before income taxes	-28 006	87 748
Income taxes	3 691	3 657
Result for the period	**-24 315**	**91 405**

Condensed balance sheet after profit appropriation

in thousands of € - 31 December	2016	2017
Fixed assets	**1 964 152**	**1 926 329**
Formation expenses, intangible fixed assets	91 490	84 083
Tangible fixed assets	41 916	45 775
Financial fixed assets	1 830 746	1 796 471
Current assets	**382 388**	**381 320**
Total assets	**2 346 540**	**2 307 649**
Shareholders' equity	**753 719**	**783 732**
Share capital	177 612	177 690
Share premium	36 594	37 278
Revaluation surplus	1 995	1 995
Statutory reserve	17 696	17 769
Unavailable reserve	127 947	103 027
Reserves available for distribution, retained earnings	391 875	445 974
Provisions and deferred taxes	**64 881**	**53 710**
Creditors	**1 527 940**	**1 470 207**
Amounts payable after one year	795 764	820 764
Amounts payable within one year	732 176	649 443
Total equity and liabilities	**2 346 540**	**2 307 649**

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 € 409.9 million, an increase of 14% compared to 2016.

The operating profit before non-recurring items was € 22.9 million, compared with a loss of € -8.1 million last year. The strong increase of the operating result was mainly driven by higher sales and improved margins.

Non-recurring items included in the operating result amounted to € 49.6 million in 2017, compared to € -3.9 million last year. This was mainly driven by a gain on the disposal of intangible assets (intellectual property w.r.t. sawing wire) of € 51.6 million.

The financial result before non-recurring items was € 19.3 million compared to € 33.1 million last year. Amongst others lower dividend income (€ -21.2 million) and higher interest income (€ 16.9 million) are the main elements explaining this evolution.

The non-recurring financial items amounted to € -4.0 million in 2017, against € -49.1 million in the previous year which was mainly driven by a net non-recurring gain of the BBRG set-up.

The income taxes of € 3.7 million are stable compared to last year and positive due to tax credit on investments.

This led to a result for the period of € 91.4 million compared with € -24.3 million in 2016.

Environmental programs

The provisions for environmental programs decreased to € 19.9 million (2016: € 22.2 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 relevant notifications is presented hereafter. On 31 December 2017, the total number of securities conferring voting rights was 60 373 841.

Notification of	Holders of voting rights	Denominator	Number of voting rights	Percentage of voting rights
13 March 2017	Norges Bank	60 347 525	1 812 832	3.00%
17 March 2017	Norges Bank	60 347 525	1 769 896	2.93%
17 March 2017	Norges Bank	60 347 525	1 868 788	3.10%
17 March 2017	Norges Bank	60 347 525	1 795 943	2.98%
28 March 2017	Norges Bank	60 347 525	1 816 451	3.01%
4 April 2017	Norges Bank	60 347 525	1 745 054	2.89%
10 April 2017	Norges Bank	60 347 525	1 844 509	3.06%
13 April 2017	Norges Bank	60 347 525	1 749 389	2.90%
25 April 2017	Norges Bank	60 347 525	1 822 693	3.02%
26 April 2017	Norges Bank	60 347 525	1 843 543	3.05%
28 April 2017	Norges Bank	60 347 525	1 785 252	2.96%
1 May 2017	Norges Bank	60 347 525	1 928 886	3.20%
9 May 2017	Norges Bank	60 347 525	1 610 605	2.67%
22 May 2017	Norges Bank	60 347 525	1 822 074	3.02%
24 May 2017	Norges Bank	60 347 525	1 756 611	2.91%

Detailed information can be found on: http://www.bekaert.com/other-regulated-information.

Proposed appropriation of NV Bekaert SA 2017 result

The after-tax result for the year was € 91 404 574, compared with € -24 314 992 for the previous year.

The Board of Directors has proposed that the Annual General Meeting to be held on 9 May 2018 appropriate the above result as follows:

	in €
Result of the year 2017 to be appropriated	91 404 574
Transfer to statutory reserves	-73 300
Transfer to other reserves	-29 177 832
Profit for distribution	**62 153 442**

The Board of Directors has proposed that the Annual General Meeting approve the distribution of a gross dividend of € 1.10 per share (2016: € 1.10 per share).

The dividend will be payable in euros on 15 May 2018 by the following banks:
» BNP Paribas Fortis (Principal Paying Agent), ING Belgium, Bank Degroof, KBC Bank, 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 independent Directors Mr Alan Begg and Ms Mei Ye and the Director Mr Matthew Taylor will expire at the close of the Annual General Meeting of 9 May 2018.
The Board of Directors has proposed that the General Meeting:
» appoint Mr Colin Smith as independent Director for a term of four years, up to and including the Annual General Meeting to be held in 2022;
» reappoint Mr Matthew Taylor as Director for a term of four years, up to and including the Annual General Meeting to be held in 2022; and
» reappoint Ms Mei Ye as independent Director for a term of four years, up to and including the Annual General Meeting to be held in 2022.

AUDITOR'S REPORT

NV Bekaert SA | 31 December 2017

Statutory auditor's report to the shareholders' meeting of NV Bekaert SA for the year ended 31 December 2017

(Consolidated financial statements)

In the context of the statutory audit of the consolidated financial statements of NV Bekaert SA ("the company") and its subsidiaries (jointly "the Group"), we hereby submit our statutory audit report to you. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These reports are one and indivisible.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 11 May 2016, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders' meeting approving the consolidated financial statements for the year ending 31 December 2018. Due to a lack of online archives dating back prior to 1997, we have not been able to determine exactly the first year of our appointment. We have performed the statutory audit of the consolidated financial statements of NV Bekaert SA for at least 21 consecutive periods.

Report on the audit of the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group, which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 4 445 million EUR and the consolidated income statement shows a consolidated net profit for the year then ended of 183 million EUR.

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 2017, its consolidated results and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

NV Bekaert SA | 31 December 2017

Key audit matters	How our audit addressed the key audit matters
Valuation of goodwill - BBRG Cash Generating Unit At 31 December 2017 the total recorded amount of goodwill was 150 million EUR. The majority of this goodwill (128 million EUR) relates to the Bridon Bekaert Ropes Group ('BBRG') cash-generating unit. The Group defines annually the carrying amounts of non-current assets allocated to the BBRG cash-generating unit. Bekaert assesses the recoverable amount by calculating the value in use of the assets within the cash-generating unit, using a discounted cash flow method ("DCF"). This method is complex and requires significant judgment in making estimates of cash flow projections, sales growth, margin evolution and discount rates. Due to the inherent uncertainty involved in forecasting and discounting cash flows, we consider this assessment as a key audit matter. The Group disclosed the nature and the value of the assumptions used in the impairment analyses in note 6.2 and 3.2 to the consolidated financial statements.	In our audit we assessed and tested, with the assistance of our valuation experts, management's critical assumptions used in the discounted cash flow model. We challenged the key drivers of projected future cash flows, including estimated sales growth, estimated gross margin and the applied discount rate. Our procedures furthermore include the evaluation of the design and implementation of controls over the preparation and approval of BBRG's budget, which serves as the basis in the DCF model. We critically assessed the budgets by taking into account the historical accuracy of the budgeting process. Moreover, we performed sensitivity analyses with respect to the available headroom of BBRG's CGU considering changes in discount rates, growth rates and gross margin. We assessed the adequacy of the Company's disclosure note to the consolidated financial statements.
Control Assumption Venezuelan operations The Group equity shows translation adjustments amounting to 57 million EUR (debit) relating to the Venezuelan subsidiaries Vicson and Invervicson. The Group periodically evaluates the assumption of control over the Venezuelan subsidiaries taking into account the political and monetary instability in the country. A loss of control over the Venezuelan subsidiaries would lead to a disposal of controlling interest and the necessary adjustments in this respect in accordance with IFRS 10 including, amongst others, the reclassification to profit and loss of any amounts relating to the assets and liabilities of the subsidiaries previously recognized in other comprehensive income. The cumulative translation adjustment reserve would in this case be recorded in profit and loss ("recycling").	As part of our audit we assessed and challenged the Group's assessment of control over the Venezuelan subsidiaries and evaluated the design and implementation of internal controls over the related process. We assessed and challenged the Group's position and arguments supporting the assumption of control over the Venezuelan subsidiaries taking into consideration the restrictions to transfer funds to the parent company. More specifically, we assessed the ability of the Venezuelan subsidiaries to source raw materials, steer the local production and operations and generate cash flows.

NV Bekaert SA | 31 December 2017

Given the uncertainty of the Venezuelan business environment and the potential material impact on the Group result, we consider the company's assumption of control over the Venezuelan subsidiaries to be a key audit matter. The Group disclosed the outcome of this evaluation in note 3.1 and 6.13 to the consolidated financial statements.	
Income taxes payable – Uncertain tax positions Uncertain tax positions recognized as income taxes payable amount to 65 million EUR as at 31 December 2017 in the accompanying consolidated financial statements. The Group operates across a number of different tax jurisdictions and is subject to periodic challenges by local tax authorities in the normal course of business, including transaction-related taxes and transfer pricing arrangements. In those cases where the amount of tax payable is uncertain, the Group accrues based on its judgment of the probable amount of the liability. Management exercises judgment in assessing the level of accruals for uncertain tax positions. The Group disclosed the outcome of its assessment in note 3.1 to the consolidated financial statements.	We challenged the appropriateness of management's assumptions and estimates in relation to uncertain tax positions and considered advice received by management from external parties to support their position. We evaluated the process and internal controls framework around uncertain tax positions, including how judgment and estimates are derived, approved and accounted for. We have involved our tax specialists, where necessary, to assist in evaluating management's assessment of uncertain tax positions, the underlying assumptions and related tax accruals.
Income taxes – recoverability of deferred tax assets The Group has recognized deferred tax assets for an amount of 141 million EUR. Bekaert is required to estimate the recoverability of its deferred tax asset position. The assessment of the recoverability of deferred tax assets depends on key assumptions applied by the Group, such as budgeted and forecasted profitability on an entity-by-entity basis, including assumptions about the applicable tax rates. The recoverability of deferred tax assets is considered a key audit matter as the amount is material to the financial statements and the assessment process is judgmental and requires careful consideration in relation to expected future market and economic conditions. The Group disclosed deferred tax assets in note 6.6, note 3.2 and 5.5 of the consolidated financial statements.	As part of our audit procedures, we assessed and challenged management's assumptions to determine the probability that the recognized deferred tax assets are expected to be recovered through future taxable income. During these procedures, we evaluated management's budgets and forecasts and considered relevant tax laws. Where applicable, we critically assessed the consistency of the Group's budgets and forecasts as well as the assessment of tax rates.

NV Bekaert SA | 31 December 2017

Employee benefit plan measurement The Group has defined benefit plans in various countries, but primarily in Belgium, US, UK and Ecuador, which give rise to defined benefit obligations of 131 million EUR as detailed in note 6.15 to the consolidated financial statements. The valuation of defined benefit obligations is sensitive to changes in key assumptions such as salary increase, discount rate, inflation and mortality estimates. We considered the measurement of defined benefit plans to be a key audit matter given the magnitude of the amounts, management's judgment applied in setting assumptions for salary increase, inflation, discount rates and mortality rates and given the technical expertise required to determine these amounts.	We evaluated and challenged the key actuarial and demographic assumptions and valuation methodologies used by management to assess pension obligations. With support of our own actuarial expert we considered the process applied by the Group's internal and external actuaries, the scope of the valuation performed and the key assumptions applied. We benchmarked key variables used by the Group and tested payroll data as well as reconciled the membership census data used in the actuarial models to the payroll data. We also assessed the adequacy of the Company's disclosure note 3.2 and 6.15 to the consolidated financial statements.

Responsibilities of the board of directors for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes any public disclosure about the matter.

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Report on other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (Revised in 2018) to the International Standards on Auditing (ISA), our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report, as well as to report on these matters.

NV Bekaert SA | 31 December 2017

Aspects regarding the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for the period ended 31 December 2017 and it has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the annual report, i.e. chapter 1 to 4 of this annual report is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement. We do not express and will not express any kind of assurance on the annual report.

The non-financial information as required by article 119, § 2 of the Companies Code, has been disclosed in a separate report, attached to the directors' report on the consolidated financial statements. This statement on non-financial information includes all the information required by article 119, § 2 of the Companies Code and is in accordance with the consolidated financial statements for the financial year then ended. The non-financial information has been established by the company in accordance with the GRI Standards. We do however not express any opinion on the question whether this non-financial information has been established, in all material respects, in accordance with these GRI Standards. Furthermore, we do not express any assurance on individual elements that have been disclosed in this non-financial information.

Statements regarding independence

- Our audit firm and our network have not performed any prohibitied services and our audit firm has remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit of the consolidated financial statements, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Gent, 28 March 2018

The statutory auditor

Vanrobaeys

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

Deloitte.

Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
Société civile sous forme d'une société coopérative à responsabilité limitée
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Member of Deloitte Touche Tohmatsu Limited

As of end of March:

Bekaert Group Executive

Rajita D'Souza	Chief Human Resources Officer
Beatríz García-Cos Muntañola	Chief Financial Officer
Lieven Larmuseau	Executive Vice President Rubber Reinforcement Business Platforms
Jun Liao	Executive Vice President North Asia
Matthew Taylor	Chief Executive Officer
Geert Van Haver	Chief Technology & Engineering Officer
Piet Van Riet	Executive Vice President Industrial and Specialty Products Business Platforms
Curd Vandekerckhove	Executive Vice President Global Operations & Fit for Growth
Stijn Vanneste	Executive Vice President Europe, South Asia and South East Asia
Frank Vromant	Executive Vice President Americas

Senior Vice Presidents

Jan Boelens	Senior Vice President Industrial Products & Specialty Steel Wire Europe
Bruno Cluydts	Senior Vice President Strategical Projects BBRG
Philip Eyskens	Senior Vice President Legal, IT and Mergers & Acquisitions
Oliver Forberich	Chief Marketing Officer & Senior Vice President Stainless Technologies
Ton Geurts	Chief Purchasing Officer & Senior Vice President Supply Chain Excellence
Bruno Humblet	Chief Executive Officer BBRG
Yvan Lippens	Senior Vice President Rubber Reinforcement Europe
Patrick Louwagie	Senior Vice President Global Engineering
Dirk Moyson	Senior Vice President Manufacturing Excellence
Steven Parewyck	Senior Vice President Latin America
Raf Rentmeesters	Senior Vice President Brazil
Luc Vankemmelbeke	Chief Operating Officer BBRG
Geert Voet	Chief Strategy Officer BBRG & EVP Latam, ANZO & SEA BBRG
Zhigao Yu	Senior Vice President Technology & Engineering China

Company Secretary

Isabelle Vander Vekens

Auditors

Deloitte Bedrijfsrevisoren

Communications & Investor relations

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Documentation

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The annual report for the 2017 financial year is available in English and Dutch on annualreport.bekaert.com

Editor & Coordination: Katelijn Bohez, Chief Communications & Investor Relations Officer

Financial definitions

Added value

Operating result (EBIT) + remuneration, social security and pension charges + depreciation, amortization, impairment of assets and negative goodwill.

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 weighted by the number of periods that an entity has contributed to the consolidated result.

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).

Dividend yield

Gross dividend as a percentage of the share price on 31 December.

EBIT

Operating result (earnings before interest and taxation).

EBIT Underlying

EBIT before 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-off effect.

EBIT interest coverage

Operating result divided by net interest expense.

EBITDA

Operating result (EBIT) + depreciation, amortization, impairment of assets and negative goodwill.

EBITDA – Underlying

EBITDA before 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-off effect.

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.

Return on capital employed (ROCE)

Operating result (EBIT) relative to the weighted average capital employed.

Return on equity (ROE)

Result for the period relative to average equity.

Return on invested capital (ROIC)

NOPLAT on invested capital. NOPLAT is EBIT after tax (using a target tax rate of 27%), and includes the Group's share in the NOPLAT of its joint ventures and associates. Invested capital is the aggregate of total equity, net debt, non-current employee benefit obligations and non-current other provisions, and includes the Group's share in the net debt of its joint ventures and associates.

Subsidiaries

Companies in which Bekaert exercises control and generally has an interest of more than 50%.

Weighted average cost of capital (WACC)

Cost of debt and cost of equity weighted with a target gearing of 50% (net debt/equity structure) after tax (using a target tax rate of 27%). Bekaert calculates a WACC for its three main currency environments: EUR, USD and CNY, the average of which (7.6%) has been rounded to 8% to set a long-term target.

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 2017 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:

Matthew Taylor
Chief Executive Officer

Bert De Graeve
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

Visit: http://www.bekaert.com/financialcalendar

What would you like to know about Bekaert?

www.bekaert.com

Shareholders' Guide 2017: investor's data center on bekaert.com

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