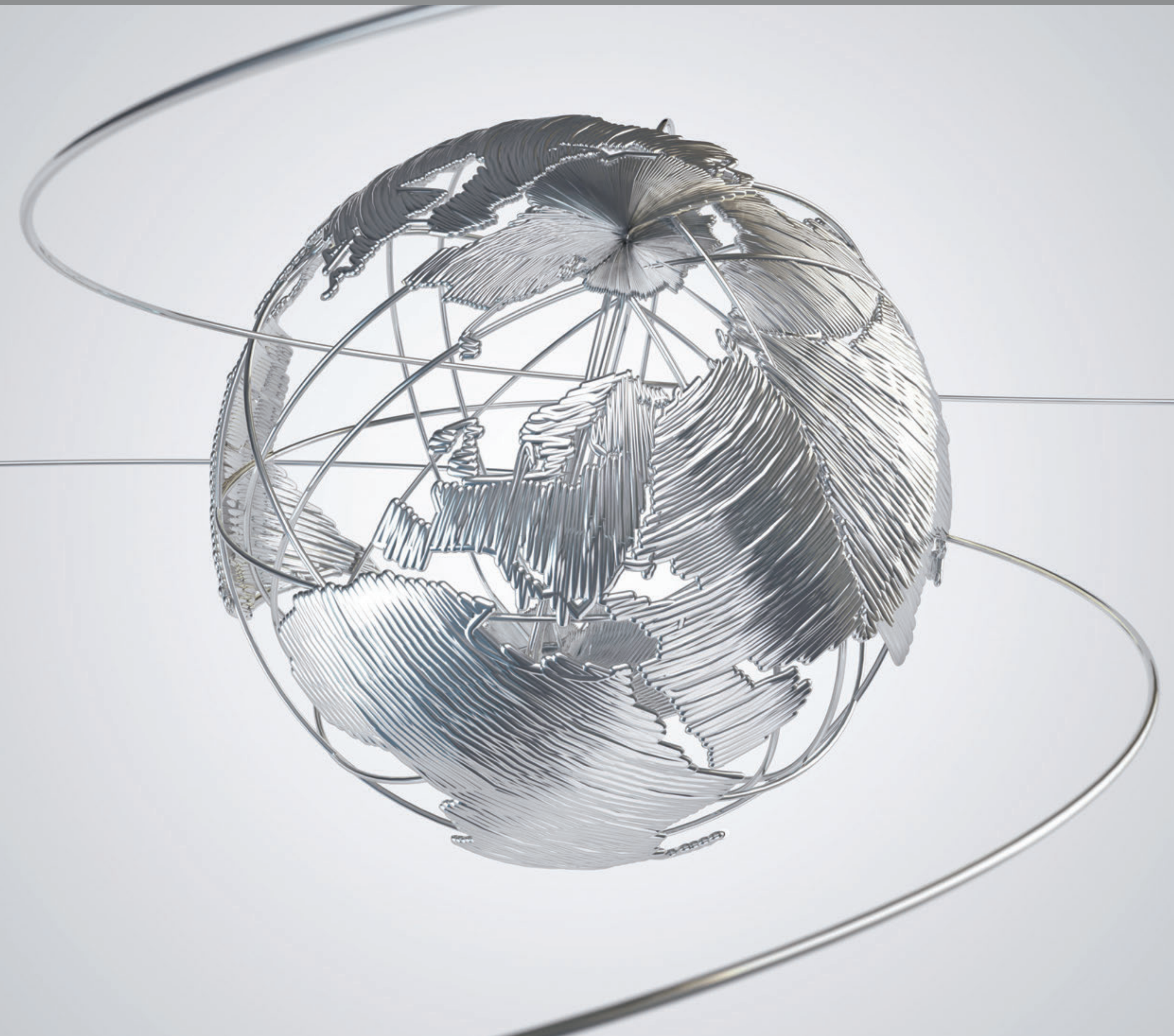
BEKAERT

better together

Annual report 2014



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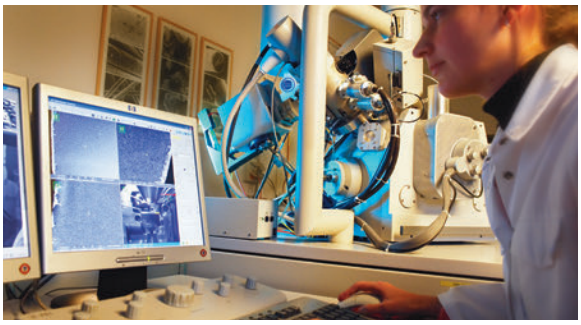


Financial review

Strategy & leadership

Message from the CEO and the Chairman

2014 was a year of solid organic growth for Bekaert. We have been defending our strategic positions in highly competitive markets and in spite of a weakening final quarter, our volumes increased by 3%, on the wave of increased demand in automotive markets.

Our revenues were about stable in comparison with 2013, reflecting the price erosion we have been dealing with in China, the adverse effects from currency movements, and the decline in raw material prices, which we pass on to our customers.
The operating result was € 171 million, up 25% from last year and the operational cash flow increased to almost 11% on sales. However, these figures reflected positive non-recurring effects in comparison with last year.

Overall, we achieved better results than in 2013, but so far, we have not been able to reach our long-term profitability goals. When looking ahead, neither the global market demand nor the price competition in China will be enablers in turning the tide.

We need to do better and we know we can do better. Therefore, we have started a plan that will ensure we do better.

Our goal is to consistently create value for our shareholders, and we firmly believe that starts with creating value for our customers.

That is why we have raised the bar and set ambitious goals for 2015 and for the years to come.
We are determined to leverage our market and technology leadership, because we know through our history and experience that this will lead to sustainable profitable growth.

As we enter 2015, we are growing our leading position in tire markets, thanks to the integration of Pirelli's steel cord activities – Bekaert's largest acquisition in history. This will allow us to drive further economies of scale in our steel cord activities and improve our technology and service position in this sector. We also obtained a global leading position in mining ropes after the acquisition of a ropes plant in Australia.

Acquisitive growth is, of course, not our only strategy. Over the last year we have been refining the strategies which we will use to drive sales growth, margin growth and better return on invested capital. These are the core of how we will become a stronger business.

We have determined 5 key strategies that will make our company stronger and help us deliver our goals. They represent our direction and priorities for the company to deliver upon, as from now:

- We will bring the customer into the heart of our business;
- drive growth by providing superior customer value;
- accelerate Bekaert's technology leadership and speed-to-market in target products and processes;
- leverage our scale to greater effect, and reduce our complexity to facilitate this;
- deliver the value proposition we want to offer the customer, at the lowest total cost.

These five strategies will be transformational for us, as a company, and we are organizing ourselves to put them into reality, for the benefit of our customers and all our stakeholders.

We believe the strategy is clear, the goals are clear, and the entire Board of Directors and the management team are determined to succeed.

Based upon the financial performance of 2014 and the confidence in the set direction, the Board has decided to propose, to the General meeting of Shareholders in May of 2015, a gross dividend of € 0.85 per share. This way, we want to show our commitment in returning value to our shareholders, who provide us the capital to run and grow our business.

We want to thank our customers, partners and shareholders for their continued trust. And we want to thank our employees for their commitment and drive to take on the challenges to realize our goals.

Matthew Taylor, CEO - Bert De Graeve, Chairman

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 the articles of association. The Board of Directors has fourteen members.

From left to right: François de Visscher - Bernard van de Walle de Gelcke - Baudouin Velge - Lady Barbara Thomas Judge - Alan Begg - Matthew Taylor, CEO - Bert De Graeve, Chairman - Ms Mei Ye - Roger Dalle - Maxime Jadot - Manfred Wennemer - Charles de Liedekerke - Hubert Jacobs van Merlen - Leon Bekaert

On 14 May 2014 Bert De Graeve became Chairman of the Board of Directors in succession of Paul Buysse who retired in line with the retirement age applied by Bekaert.

Matthew Taylor was appointed Chief Executive Officer and member of the Board of Directors, in succession of Bert De Graeve.

Matthew Taylor was appointed CEO in succession of Bert De Graeve who became Chairman of the Board.

Also on 14 May 2014, Ms Mei Ye became independent member of the Board of Directors while Anthony Galsworthy stepped down from the Board, in line with the retirement age applied by Bekaert.

The leadership changes in the Board of Directors also led to various changes in the composition of the Committees of the Board.

In light of the retirement age applied by Bekaert, Count Buysse and Sir Anthony Galsworthy withdrew from the Board in May 2014.

Count Buysse retired after 14 years in the chair of the company's Board and was appointed Honorary Chairman by the General Meeting of Shareholders of 14 May 2014.
Sir Anthony Galsworthy retired on the same day, after having served 10 years on the Board of Directors.

Bekaert Group Executive

Composition as at 31 December 2014: Standing, left to right: Dominique Neerinck - Bart Wille - Lieven Larmuseau - Curd Vandekerckhove - Piet Van Riet. Seated, left to right: Geert Van Haver - Matthew Taylor - Bruno Humblet - Frank Vromant

The Bekaert Group Executive assumes the operational responsibility for the company's activities. The executive management – chaired by the Chief Executive Officer – consisted of nine members as at 31 December 2014. The Bekaert Group Executive acts under the supervision of the Board of Directors.

On 14 May 2014, Matthew Taylor became CEO of Bekaert in succession of Bert De Graeve, who became Chairman of the Board of Directors.

Note: The composition of the BGE will change in 2015. Information is available in the Chapter on Corporate Governance at page 38.

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 30 000 employees worldwide, headquarters in Belgium and € 4 billion in annual revenue.

Steel wire … We transform it, apply cutting-edge coating technologies, and specialize in continuously improving any properties of steel wire products. Explore the World of Bekaert…

What we do

Bekaert employs unique metal treatment technologies to deliver a quality portfolio of drawn steel wire products and coating solutions on a global scale. We purchase approximately 3 million tons of wire rod per year as our basic material. Depending on our customers' requirements, we draw wire from it in different diameters and strengths, even as thin as ultrafine fibers of one micron. We group the wires into cords, ropes and strands, weave or knit them into fabric or process them into an end product. Our products reduce friction, improve corrosion resistance, or enhance adhesion with other materials.

How we work

better together sums up the unique cooperation 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 in 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 resilience, trust and integrity that bring our 30 000 employees worldwide together as one team, form the fundamentals of sustainable and successful partnerships, wherever we do business.

Our strategy

Our strategy is aimed at consistently driving value creation for our shareholders by cost effectively creating superior value for customers.

Our newly defined vision and core strategies form the foundation of a transformation of our business toward higher level performance. They are the basis of the company's priorities and actions for the coming years.

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.

Our Core Strategies

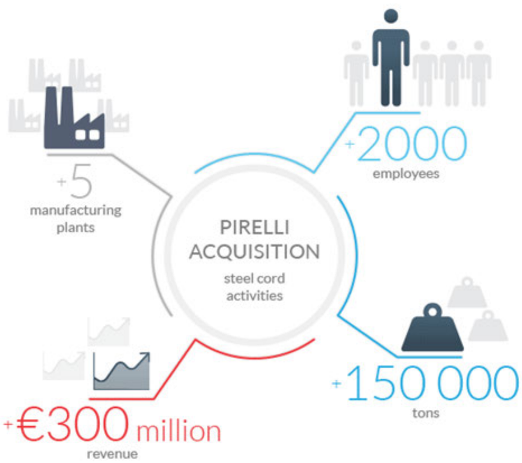
Five core strategies form the basis of Bekaert's priorities and decision making process toward to drive value and growth. These strategies put the company's vision into practice and reflect the direction and priorities for the company:

1. bring the customer into the heart of our business
2. drive growth by providing superior customer value
3. accelerate Bekaert's technology leadership and speed-to-market in target products and processes
4. leverage our scale to greater effect, and reduce our complexity to facilitate this
5. deliver the value proposition we want to offer the customer, at the lowest total cost

Over the course of the past 12 months, the Bekaert management has been defining the blueprint of this strategic renewal and has integrated the transformation priorities into its planning processes. The company has set the course of direction toward a higher level of performance, and has already started actions in 2014 that are expected to come to their full potential in the coming years:

Growth through acquisitions and expansions

- The purchase of the global Pirelli steel cord activities is the largest acquisition in the history of Bekaert. This acquisition strengthens Bekaert's status as a preferred supplier to the tire industry and increases our global market share in steel cord for tires to approximately 30%. The integration of the five Pirelli steel cord plants within the Bekaert group will positively impact the product mix as of the beginning of 2015.



- Bekaert continued to invest in Dramix® steel fibers for concrete reinforcement, with new manufacturing plants in Costa Rica, India and Russia. These expansions confirm the company's belief in the growth potential of advanced steel wire solutions for construction and infrastructure markets.
- Bekaert further strengthened its partnerships with other global players, such as with ArcelorMittal in Costa Rica and Ecuador, with Maccaferri in a global selling and distribution network for underground infrastructure works, and with Bekaert's Chilean partners in establishing a global Bekaert Rope Group.
- Bekaert acquired, after balance sheet date, Arrium's wire rope business in Australia. This enables the company to accelerate the growth strategy in steel rope markets which was also illustrated by the 2014 acquisition in Texas, US and the purchase of the remaining shares of CIMAF in Brazil. Bekaert's ropes business serves a very broad range of applications, with strong emphasis on the mining, oil & gas and hoisting equipment sectors. The integration of the Australian entities will make Bekaert a global market leader in mining ropes.

Acceleration of Bekaert's technology leadership and speed-to-market in target products and processes

- Bekaert has engaged all employees in an innovation competition in 2014. After several jury rounds, the FastForward game brought about three winners out of a large number of new ideas. These winning ideas were rewarded with the resources needed to bring the innovations into reality.
- Bekaert has launched a revolutionary new coating on tire cord, TAWI or 'Ternary Alloy Wire coating'. This new Cu-Zn-Co coating reduces the amount of cobalt salts in tires by 80%. Early 2015, the patent-pending invention was nominated for the prestigious Tire Technology of the Year 2015 award.
- Bekaert remodeled the innovation strategy in order to speed up R&D in co-creation with customers. The purpose is to make our R&D processes and priorities much more customer-driven. Our focus will be oriented toward fewer projects, to faster and better innovation results, and to opportunities with bigger impact.

Leveraging scale and reducing complexity

Bekaert is implementing changes in the organization and in the activity processes in order to reduce complexity, create greater standardization of methodology, free up more capacity, and define a more focused portfolio of products.

Excellence at the lowest total cost

- Bekaert strives for excellence in all processes. We are rolling out best-in-class process methodologies worldwide. These will help enhance a consistent level of quality, delivery, safety, and cost leadership for the value offered, and provide greater service to our customers.
- In co-creating new steel wire solutions with and for our customers, we increasingly sharpen our focus on the total value chain and consider disruptive innovations that envision the lowest total cost of ownership in our target markets.
- Furthermore, our in-house engineering department has focused on developing machines and equipment that ensure sustainable production processes, sensor-equipped micro-tolerance quality assurance, and cost-effective installations driven by the company's pursuit of global competitiveness.

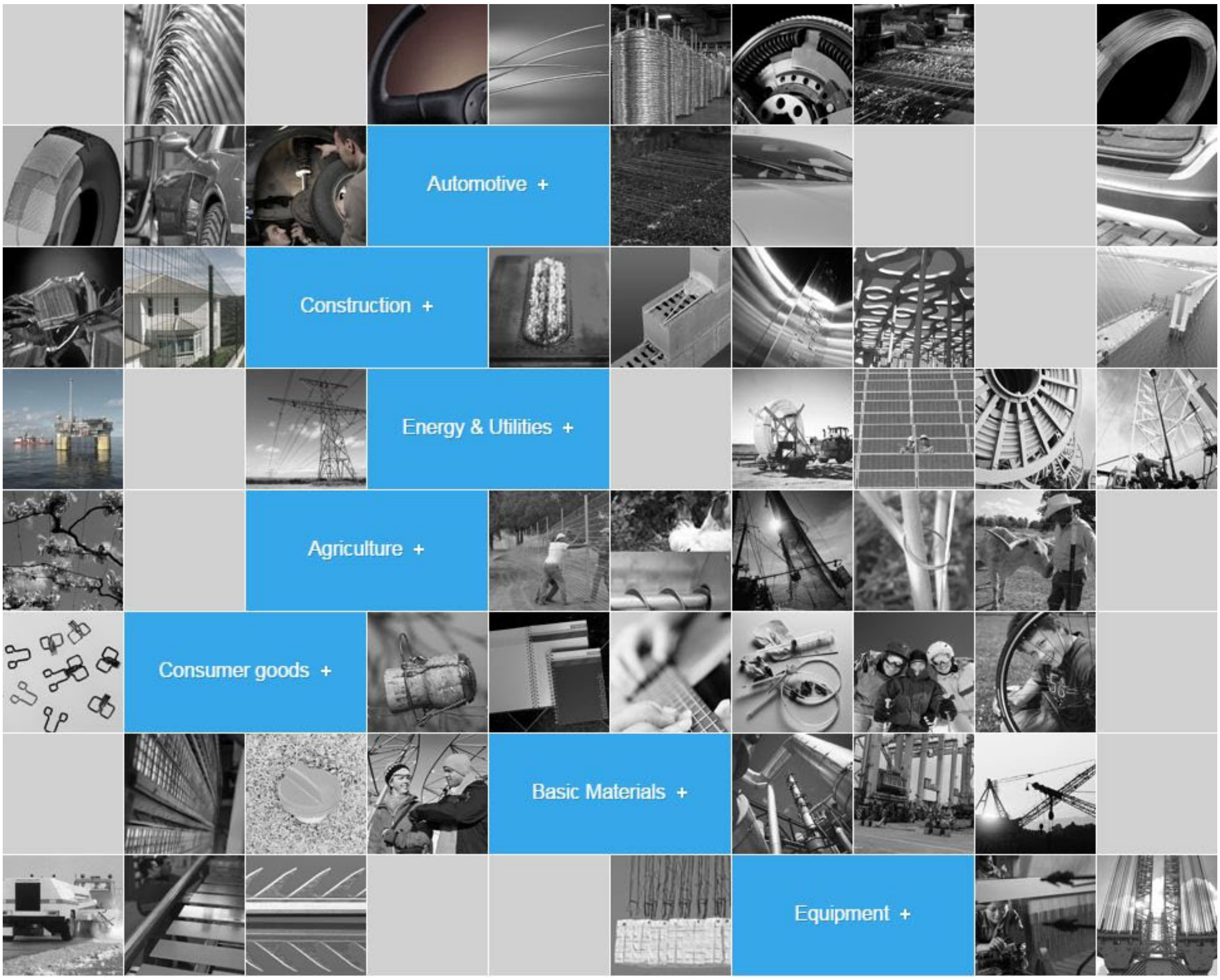
Driving the customer into the heart of our business

- We want to deliver superior value for our customers by co-creating the best solutions at the lowest total cost. We want to be the preferred supplier to our customers by understanding and delivering upon their expectations and needs. We do not just deliver products; we want to provide outstanding solutions and service. In 2015, Bekaert will increasingly engage its customers in co-development and value creation initiatives.

Our customers' business is what drives us. Therefore we engage our customers in co-creating the best solutions at the lowest total cost.

Industry offerings

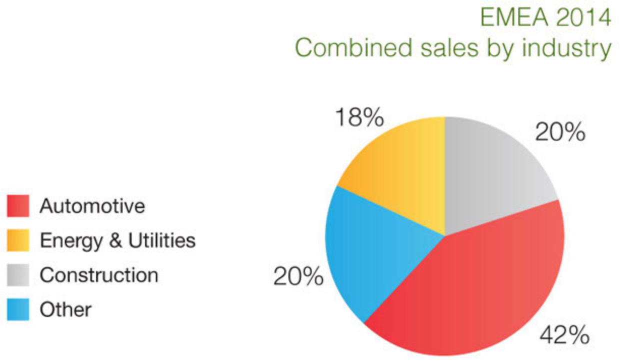
Bekaert has a strong presence in diverse sectors. This makes us less sensitive to sector-specific trends and it also benefits our customers, because solutions we develop for customers in one sector often from the basis of innovations in others.



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, in machines and offshore. Whatever drives, ascends, hoists, filters, reinforces, fences or fastens, there is a good chance Bekaert is inside.

Segment performance

EMEA



Combined sales:	€ 1 049 million
Capital expenditures (PP&E):	€ 33 million
Total assets:	€ 877 million
Employees:	6 900

Economic environment in 2014

Europe saw its economic performance improve somewhat during 2014 with discrepancies across the EU member states. The political instability in Russia and Ukraine and their continued financial uncertainty have hampered a more cohesive growth trend across the EMEA region.

Automotive and construction markets, sectors which are highly relevant for Bekaert's activities, witnessed a rebound over the course of 2013. The industrial production index improved in most countries with solid growth rates in Central Europe in particular.

Bekaert has a presence in both the mature Western European markets as well as in the Central and Eastern European markets. The company offers a quality portfolio of advanced steel wire products for sectors that are constantly searching for stronger, safer and lighter materials. As a result, opportunities for innovation-oriented technologies continue to exist.

Demand from European markets was quite strong for Bekaert in 2014. This applied to most sectors but was particularly apparent in the automotive sector, the energy-related markets and other industrial sectors. This led to robust volume growth for tire cord, flat and shaped specialty wires, advanced cords and industrial steel wires. Also, Bekaert's building products platform solidly delivered thanks to an innovation-driven product mix.

Our business activities in Russia in 2014
Bekaert has been present in Russia with manufacturing operations since the beginning of 2010, and has built a growing customer base in the region. Bekaert Lipetsk supplies steel cord to all tire makers in Russia and is the country's main producer of advanced rubber reinforcement products. From the start of its investment, Bekaert has been developing local wire rod suppliers to establish a qualitative domestic supply base for our raw materials needs. This approach has proven to be successful and is the reason why trade restrictions have not affected our business continuity and growth in Russia.

Bekaert in Russia: self-containing

Our activity performance

Demand from European markets was strong throughout 2014 across most sectors. Automotive demand, in particular, boosted volume growth for tire cord and other steel wire applications in the region.

Our activities in EMEA delivered solid results driven through increased volumes, continued effects of the cost savings programs of the past years, and a favorable product mix. Bekaert realized a 30% REBIT increase in the region and lifted profit margins to a record high, making this segment the largest contributor to the Group's consolidated profit for the year 2014.

REBIT up 30% to record-high profit margins

Bekaert invested in future growth with capacity expansions mainly in Slovakia and Belgium. Europe will become an even bigger contributor to the Group's consolidated figures as a result of the integration of the steel cord entities acquired from Pirelli in Romania, Italy and Turkey.

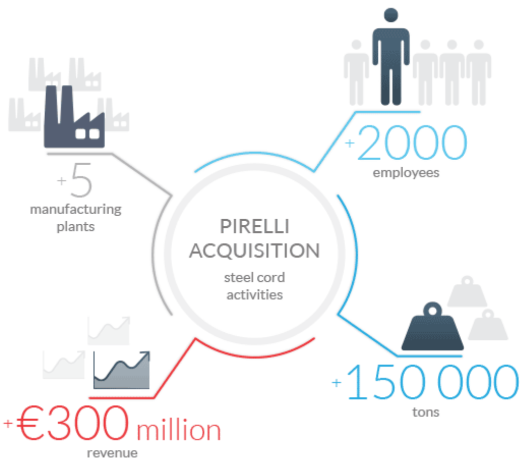
Importance for the region of the Pirelli deal
Bekaert has acquired Pirelli's steel cord activities and will be the long-term, tire cord supplier to Pirelli on a global scale. In EMEA, the acquisition includes the steel cord manufacturing sites in Figline Valdarno (Italy), Slatina (Romania), and Izmit (Turkey). Outside of Europe, the deal adds production facilities in Brazil and China. The integration of the steel cord activities and our long-term supply agreement will further enhance Bekaert's status as a preferred supplier to the tire industry, and will grow the contribution of the EMEA region to Bekaert's consolidated figures even further.

Bekaert-Maccaferri Underground Solutions
Bekaert and Maccaferri have established a global sales and distribution joint venture (50/50) to provide total construction reinforcement solutions for underground infrastructure projects such as road, railway, metro, utility and mining tunnels, as well as hydro power stations.

The joint venture combines the sales and distribution of Bekaert's Dramix® steel fibers for the reinforcement of concrete in underground construction projects such as shotcrete and precast applications with Maccaferri's complementary underground solutions.

The joint venture, with headquarters in Belgium, serves underground construction markets on a worldwide basis, except in China and in several Latin American counties where we continue to operate independently.

Bekaert's largest acquisition in history

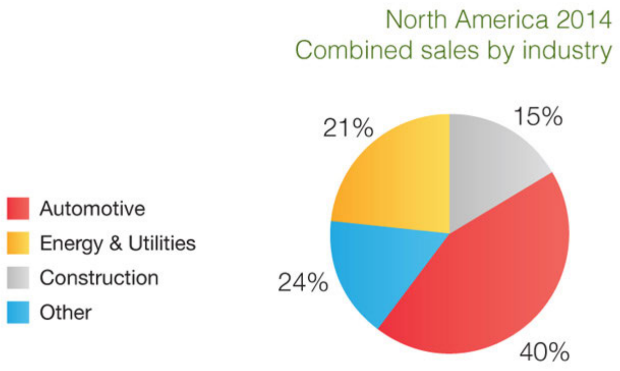


"sales and distribution partnership for underground solutions"

Divestment: Bekaert Carding Solutions
Bekaert and Groz-Beckert have signed, after the balance sheet date, an agreement regarding the sale of Bekaert's Carding Solutions activities to Groz-Beckert, a global company with headquarters in Albstadt, Germany. The transaction covers the carding production facilities in Belgium, India, China and the US and the global sales and services network. The deal involves the employees and assets of the activity platform.

The divestment underpins Bekaert's strategic direction of building and selecting a value creating product and business portfolio which fully leverages the Group's core competences in steel wire transformation and coating technologies.

North America



Combined sales:	€ 555 million
Capital expenditures (PP&E):	€ 26 million
Total assets:	€ 303 million
Employees:	1 600

Economic environment 2014

The economy took a slow start in the beginning of 2014 due to the long and harsh winter in the eastern half of the continent. The weather affected consumer spending and construction activity during the first months, as well as investments in the agricultural sector. The rebound started in the second quarter, and over the aggregate of the year, North America's economy improved compared to 2013. The US recorded GDP growth of about 2.5%, reflecting both an upswing in consumer and construction spending, as well as increased industrial activity in comparison with the previous year. Automotive demand, in particular, was strong throughout 2014. The North American steel sector continued to compete with imports, an increasing trend as a result of the strengthening US dollar after the second half of 2014.

The improved demand from automotive markets, and solid supply from our North American steel ropes activities, could not compensate for the declining demand for Bekaert's products in other North American industrial, construction and agriculture markets in 2014. The agricultural markets never recovered from the harsh winter, and the demand for cable armoring products remained at 2013's low level.

Our activity performance

Bekaert's activities recorded higher volumes in 2014 in comparison with a weak 2013. The segment, however, continued to underperform, in terms of profitability, due to underutilized production capacity and price pressure from import flows. In November 2014, we were hit by a fire which caused structural damage to parts of the Rome (Georgia, US) production plant, specializing in bead wire for the tire industry and in rubber reinforcement products for hydraulic rubber hose markets.

Bekaert's capital expenditure (PP&E) in North-America amounted to € 26 million and related mainly to ropes, tire cord and bead wire activities.

In 2014, we invested in tire cord and bead wire manufacturing capacity at our Rogers (Arkansas, US) and Rome (Georgia, US) plants respectively. Holding a leading position in steel cord markets for tire reinforcement, these investments will increase the capacity and technical capability that Bekaert can ensure from local production sources to the tire manufacturers in the US.

Bekaert also invested in its other manufacturing sites in both the US and in Canada. Major investments were made in the Van Buren (Arkansas, US) plant which produces a wide range of industrial steel wire products, and, through the asset deal, in the ropes plant in Belton (Texas, US).

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

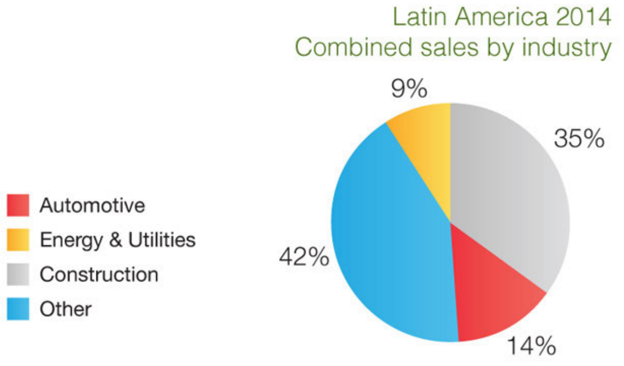
Fire at the Bekaert Rome (Georgia, US) plant
On 19 November, a fire caused structural damage to part of the Bekaert manufacturing plant in Rome, Georgia. All employees were evacuated on time and no one was injured. The bead wire lines and the adjacent draw area were damaged due to the fire and collapse of the roof. Bekaert immediately took actions to ensure that customers could rely on continuity of supply, either through product stocks available or through alternative sourcing. Bekaert Rome has been able to rapidly restore part of its operations, including all hose wire production activities.

In full support of our customers, and thanks to their continued trust in our capabilities, Bekaert has been able to ensure production continuity at all hydraulic hose manufacturers served in the US.

The damaged parts of the site are being rebuilt and re-equipped to restore bead wire production activities over the course of 2015. Bekaert also remains fully committed to the investment plans aimed at increasing the bead wire capacity of the Rome plant.

Divestment
Bekaert has phased out its steel wire manufacturing activities in Surrey, Canada, and stopped all production there at the end of the first quarter of 2014.

Latin America



Combined sales:	€ 1 422 million
Consolidated sales	€ 631 million
Capital expenditures (PP&E):	(*) € 32 million
Total assets:	(*) € 620 million
Employees:	8 300

(*) consolidated entities

Economic environment in 2014

Latin American markets have become very competitive due to increased Asian imports. Reduced government budgets and public spending, driven by the price declines for copper and other commodities, have led to a downturn in mining and public infrastructure markets. The weakening growth rate in China was at the origin of the declining commodity prices and illustrated the global reach of changes in China's economy. Fiscal reforms and elections added to the uncertainty in various Latin American countries and sectors. The economy in Venezuela came to a standstill in 2014 as a result of their political and monetary instability.

The headwinds that the region faced in 2014 are expected to persist in 2015. Commodity prices are expected to be lower on average in 2015 than in 2014, due to sluggish global demand and a strengthening US$. Moreover, the collapse of oil prices is expected to take a toll on Latin America's largest oil producing countries.

The impact of currency movements was significant in 2014. While picking up toward year-end, the total average year-on-year effect on consolidated sales was about € -50 million, mainly due to the Chilean peso versus the euro.

The effect was even larger on the combined sales level (including the Brazilian joint ventures) due to the volatility of the Brazilian real which affected 2014 sales by circa € -70 million.

While the weak currencies had a positive effect on the competitiveness of domestic industrial activities versus imports, some countries installed trade barriers that negatively impacted the competitive power of our operations, such as the import duties imposed on raw materials in Colombia.

Salvaguardia in Colombia
In Colombia, heavy import duties (21%) were imposed on imported raw materials such as wire rod. This measure which was installed as a protective measure against imports, had a major effect on the competitiveness of Bekaert's activities in the country since the import duties do not apply to finished products. Domestic wire rod supplies are no option as the local supply capacity is insufficient to serve all steel wire producers' needs. As a result, competition with imported finished goods has become extremely difficult. Bekaert has been forced to restructure its operations in Colombia in line with the changed market conditions.

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.
Demand in the region slowed in the first half of 2014 in line with the GDP trend in most countries. Our activities maintained their solid market shares though, and saw demand pick up starting in the second half of the year in most countries. In Brazil, market conditions remained subdued throughout the year.

President Luis Guillermo Solís of Costa Rica officially inaugurated the new Bekaert Dramix® plant in Orotina, Costa Rica

Our activity performance

Excluding the impact of acquisitions and of Venezuela, where volumes dropped more than 40% as a result of forced shutdowns due to raw material shortages, Bekaert's activities in Latin America achieved stable volumes over last year. The segment's top line increased significantly in the second half of 2014 (+15% year-on-year) thanks to a better price-mix and a much lower impact of adverse currency effects as accounted for in the first half of 2014. Profit margins picked up slightly in the second half of 2014 but remained at a low level due to competition with imports and the integration and start-up costs in Costa Rica.

Investing in future growth
Bekaert invested € 32 million in property, plant and equipment, including the Dramix® greenfield in Costa Rica.

Inauguration of new Dramix® plant in Costa Rica
Bekaert Costa Rica SA manufactures Dramix® steel fibers for the construction sector. Dramix® is a Bekaert designed and patented steel fiber for the reinforcement of concrete in industrial flooring and building projects, as well as in infrastructure applications such as tunnels and mine shafts. Bekaert took the decision to invest in a Dramix® manufacturing platform in Costa Rica to serve infrastructure and construction markets in the Americas.

Bekaert acquired, through its Bekaert Ideal Holding, the majority of the shares (73%) of the ArcelorMittal steel wire plant in Costa Rica (renamed BIA Alambres Costa Rica SA) and established the same shareholding structure in the new Dramix® plant in Costa Rica (Bekaert Costa Rica SA) and in Bekaert's steel wire entity in Ecuador (Ideal Alambrec SA). Bekaert also acquired the remaining shares of the Cimaf ropes plant which was renamed Bekaert Cimaf Cabos.

The objective is to serve customers from various sectors in the region better with a broader steel wire product portfolio in the construction, mining, oil & gas, agricultural, fencing and industrial markets. The deal builds on Bekaert's existing partnerships in the region with ArcelorMittal and with the Kohn family.

Bekaert's activities in Latin America go back to 1950. Today, they represent 35% of combined sales. They include partnerships with ArcelorMittal, with the Ecuadorian partners (represented by members of the Kohn family) and those within the partnership in Chile and Peru (represented by members of the families Matetic, Conrads and Gallofré). At the end of 2014, Bekaert employed over 8000 people in the region.

The integration of the wholly owned steel cord entity acquired from Pirelli in Sumaré, Brazil will be added to Bekaert's financial statements as of 1 January 2015.

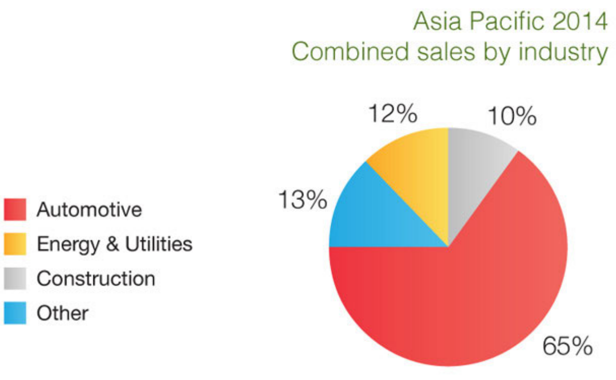
Bekaert Prodac, Peru, celebrated its 20th anniversary in the presence of Her Royal Highness Princess Astrid of Belgium.

Prodac, the Bekaert Group's leading steel wire company in Peru, celebrated today its 20th anniversary in the presence of HRH Princess Astrid of Belgium who presided over the Belgian Economic Mission to Peru and Colombia.

During its 20 years of history, Prodac has developed into a leading steel wire company serving domestic and export markets. Based in Callao, Peru, Bekaert Prodac employs 778 people. Prodac provides steel wire solutions to many sectors, including construction, agriculture, mining, infrastructure and industry, with a broad range of products such as gabions, welded mesh, barbed wire, nails and galvanized wire. The company was established in 1994 by Industrias Cassadó SA (Peru) and the Bekaert Group, via its Chilean and Ecuadorian partners.

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

Asia Pacific



Combined sales:	€ 1 014 million
Consolidated sales:	€ 966 million
Capital expenditures (PP&E):	€ 51 million
Total assets:	€ 1 282 million
Employees:	11 700

Economic environment in 2014

China's economy grew at its slowest pace in two decades in 2014 as property prices declined and companies and local governments struggled under debt burdens. GDP grew by 7.4%, a rate envied by most countries, but a cause for concern due to the significant production overcapacity, slower demand and hence, fierce competition in several industrial markets.

Demand from tire markets remained solid in the first nine months of 2014, but dropped significantly in the final quarter of the year. Prices further eroded in a market which was characterized by less export volumes for Chinese tire makers, structural domestic overcapacity and commoditization of truck tire reinforcement solutions.

Demand from solar markets in China picked up in 2014, and several other industrial markets, such as the elevator businesses and the automotive parts sector, performed well. Bekaert's activities in Shenyang and Jiangyin were able to answer the development and supply needs of customers in search of high-end steel wire solutions.

Economic growth in India moved up firmly from the sub 5% levels of the past two fiscal years. Domestic industrial demand picked up after the newly elected Government took office and implemented reforms to strengthen the economy. Bekaert's tire cord activities in India recorded solid growth by gaining market share in a rebounding market environment.

South East Asia continued its solid growth trend in most countries, although the region's largest economy, Indonesia, grew at a slower pace in 2014 with a downward trend for the third consecutive year. On the positive side, the manufacturing industry is one of the strongest contributors to the GDP of the country.

Bekaert is present in Asia Pacific with manufacturing and development centers in China, India, Indonesia, Malaysia and Japan. After the balance sheet date, we also completed the acquisition of the ropes business from Arrium in Newcastle, Australia.

Growing our global presence in Ropes
Bekaert announced, at the beginning of 2015, the acquisition of the wire rope business of Arrium Ltd in Newcastle, Australia. The integration of the Australian ropes activities will enhance Bekaert's growth strategy in steel wire ropes in general and will enable the Group to take a leading global market position in mining ropes in particular. The transaction is estimated to add € 40 million to Bekaert's consolidated sales on an annual basis and will be integrated as of 1 March 2015.

Our activity performance

Bekaert's activities in Asia Pacific achieved 6% volume growth year-on-year. This was the result of strong sales across Asia in the first nine months of the year, followed by a weak fourth quarter driven by the overall demand slowdown in Chinese tire markets. Price erosion, currency effects and passed-on lower wire rod prices tempered the top line growth rate in the region to 1.3% year-on-year.
Bekaert held on to stable price levels in China during the weak final quarter of 2014 and lost some market share in truck tire markets.
We retained our leadership position at a constant share in the growing solar markets in China and achieved promising results in some recent investments with high value adding products for, e.g., the automotive components sector.

Bekaert's tire cord activities in India recorded solid growth and managed to grow market share. Other platforms in India, such as the stainless activities in Lonand, continued to underperform in terms of profitability.
In South East Asia, Bekaert posted solid growth in its rubber reinforcement activities in Indonesia. The recently acquired entities in Malaysia had not yet achieved a turnaround in profitability and coped with increased competition.

Bekaert continued to invest significantly across the region and recorded a total of € 51 million investments in PP&E in 2014. Major investments took place in the advanced cords plant in Shenyang, the finalization of the Xinyu spring wire greenfield and in tire cord expansions in India and Indonesia.

Pirelli Acquisition: after balance sheet date in China
Bekaert and Pirelli successfully closed the acquisition by Bekaert of the Pirelli steel cord plant in Yanzhou, Shandong Province, China on 27 March 2015.

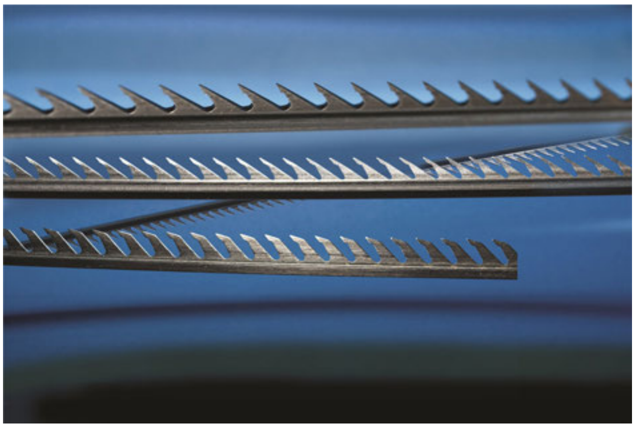
The deal closing in China follows the ownership transfers of the steel cord plants in Figline (Italy), Slatina (Romania), Sumaré (Brazil) and Izmit (Turkey).

Bekaert holds 80% of the shares of Bekaert (JiNing) Steel Cord Co, Ltd. Hixih Rubber Industrial Group Co Ltd, Pirelli's partner in the Yanzhou entity, retains the remaining 20%.

After the balance sheet date, Bekaert announced the divestment of its Carding business.
Bekaert and Groz-Beckert signed an agreement regarding the sale of Bekaert's Carding Solutions activities to Groz-Beckert, a global company with headquarters in Albstadt, Germany.

The transaction covered the carding production facilities in Belgium, India, China and the US and the global sales and services network. The deal involved the employees and assets of the activity platform.

As part of this transaction, the companies entered into a long-term supply agreement of Bekaert steel wire to Groz-Beckert.



The platform employs 350 people in its worldwide manufacturing, distribution and sales network. The largest manufacturing units are located in Wuxi, China and in Pune, India

TAWI – a ternary alloy application invented by a Chinese-Belgian duo

We successfully launched our ternary Cu-Zn-Co coated tire cord that makes it possible for tire makers to create cobalt-free rubber compounds. As a result, the cobalt salt mixing step can be eliminated in the rubber compounding process and the amount of cobalt in the total supply chain of tire making can be reduced by 80%.

Tire Technology International nominated Bekaert for its TAWI invention in the prestigious Tire Technology of the Year category, competing against major international players in the industry - Michelin, Yokohama and Trelleborg for the award. No fewer than 13 tire manufacturers, among which several Chinese customers, are testing TAWI steel cord today either in lab tests, field tests or both. Their feedback confirms the revolutionary character of the TAWI innovation.

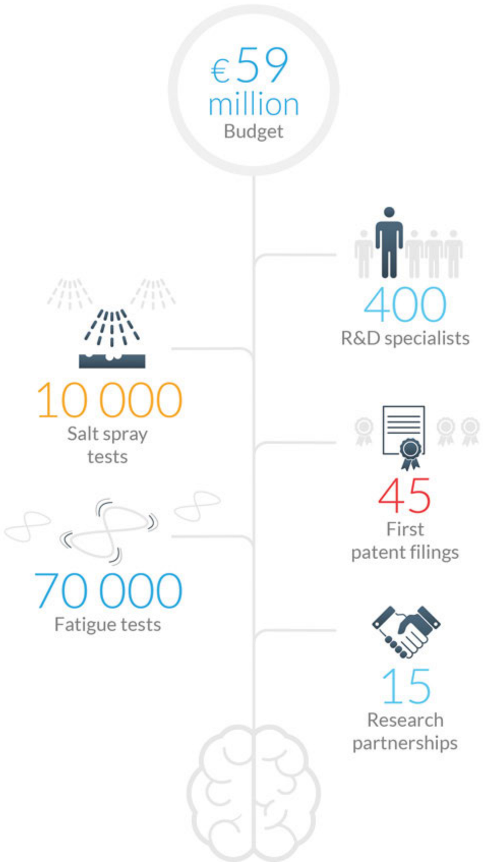
Guy buytaert (Bekaert Technology Center Deerlijk, Belgium) and Yiwen Luo (Bekaert Technology Center Jiangying, China) are the Bekaert patent filers for the TAWI invention.

Technology and Innovation

Innovation is a key driver of Bekaert's technological leadership. 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 partner with customers and suppliers around the globe to develop, implement, upgrade and protect both current and future technologies. Listening closely to our customers and understanding how our products function within their production lines and products is key to developing 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.

R&D in 2014



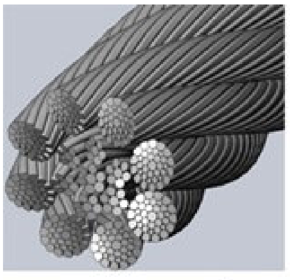
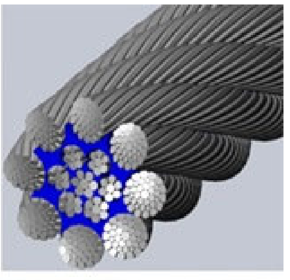
Innovation in practice: continuously redeploying our core competencies

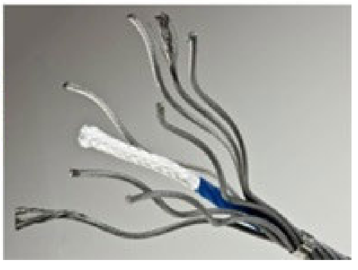
In order to sustain and strengthen our technological leadership, we continue to explore new possibilities in steel wire transformation and coating technologies. Even after 135 years of expertise, there is still much to be discovered in our search for the optimal bulk and surface properties of steel wire.

We transform

Through steel wire transformation, we influence the properties of steel such as strength, ductility, fatigue, and shape. In 2014, we have advanced our development efforts in applications that offer high added value and promising perspectives:

- Bekaert's super-tensile and ultra-tensile steel cord ranges allow tire makers to produce tires with a lower weight, thinner plies, and lower rolling resistance.
- Our ropes platform made headway for new rope compositions such as: high performance ropes, hybrid ropes, compacted strands and ropes, and a new generation of plastic-enhanced dragline ropes for oil sands mining shovels.
- We developed a new generation guard rail with optimal energy dissipation. Three Bekaert wire products, embedded in a thermoplastic matrix, form Bekaert's newest entry into cable guide rail systems for motorway median barriers that prevent crossover accidents.
- When it comes to precision profiling, our newest range of flat and shaped wires, widely used in automotive and oil and gas industries, are examples of micro-tolerance in modeling, quality and consistent finish performance.



- In 2014 Bekaert's R&D efforts also focused on disruptive technologies that aim at creating superior value for our customers: International tire manufacturers are participating in our newest generation of rubber reinforcement solutions which promises to create unmet value in tire innovation. This Bekaert tire reinforcement fabric represents a disruptive technology that eliminates the need for spool creels in the production of the tire ply on a calendar. Tire makers see great opportunities in this invention by Bekaert, especially in its development of new tire designs and when running non-continuous batches, since this solution eliminates production downtime due to set-up changes of spool creels and calendars.

We coat

With our unique coating technologies, we adjust the surface properties of steel wire to reduce friction, improve corrosion resistance, enhance adhesion, or improve aesthetics. Various development projects in 2014 spearheaded innovations in coating performance.

- Bekaert's water-based coating technology was refined and improved to substitute solvent-based coatings on low carbon wire.
- In co-development projects with customers, industry partners and research institutes, we are raising the bar in exploring the capabilities and limits of revolutionary coating technologies. Examples thereof are self-healing coatings that guarantee a durable protection against scratches and other damage, atmospheric plasma coatings, and repelling coatings.
- We pursue value creation for our customers, not only by delivering upon set specifications, but also by focusing our research on the continuous renewal of our product portfolio and on developing products that lower the complexity, the cost, and the environmental impact of our customers' production processes. Our preferred approach is to do this in co-creation with our customers.
- In 2014, we developed heat-resistant coatings that eliminate the coating step in customers' manufacturing processes after transforming steel wire into springs. This coating technology also enables a perfect finish of compact springs.
- We successfully launched our ternary Cu-Zn-Co coated tire cord that makes it possible for tire makers to create cobalt-free rubber compounds. As a result, the cobalt salt mixing step can be eliminated in the rubber compounding process and the amount of cobalt in the total supply chain of tire making can be reduced by 80%.

Tire Technology International nominated Bekaert for its TAWI invention in the prestigious Tire Technology of the Year category, competing for the award against major international players in the industry - Michelin, Yokohama and Trelleborg. No fewer than 13 tire manufacturers are testing TAWI steel cord today, either in lab tests, field tests or both. Their feedback confirms the revolutionary character of the TAWI innovation.

Stepping up technology leadership and speed

- In 2014, we extended the use of numerical modeling to speed up our time to market. Using computer simulation, our developments are designed even faster thanks to extensive virtual testing. One of the domains where numerical modeling is the most successful is in the development of complex profiled wires which require extensive experience and testing. Using numerical modeling to obtain the required shape of the roll grooves and zero-tolerance product specifications significantly reduces the number of experiments on our production lines. It drives a reduction of the development lead time and costs, and creates unlimited possibilities in intermediate result analyses, together with customers.
- Bekaert also engages a network of external partners in its innovation challenges. This approach aims at generating new ideas and solutions with external inputs, while speeding up the assessment process in terms of technological viability and market readiness.
- Bekaert has challenged and engaged its employees in an innovation competition in 2014. After several jury rounds, this FastForward game brought about three winners out of eight nominations from an impressively longlist of new ideas. The winning ideas are being turned into reality by dedicated teams. One of the winners was the new generation of tire reinforcement fabric as referred-to above. The development process of this invention is a great example of Bekaert's technological leadership and speed in co-creation with its customers.

Bekaert FastForward Award Event 2014

Co-creation and open innovation

There is an increasing trend in co-development projects with our strategic customers and suppliers. We also consider corporate venturing by investing in companies and venture capital funds worldwide. Our related investments are minority interests in young start-up companies with innovative technologies that are in alignment with Bekaert's core competencies. In this perspective, Bekaert joined the i3 connection platform of Cleantech Group.

Bekaert seeks international partnerships with universities and research institutes. In 2014, we continued to cooperate with academic institutions, technology clusters and research partners from different countries in order to bring an outside-in approach.

- Bekaert is active in several Strategic Initiative Materials (SIM) programs. We have a research partnership with the University of Leuven (Belgium), the metal research activities cluster in Ghent (Belgium) and the 'Université de Lille' (France). Bekaert continued its partnership with the University of Brussels (Belgium) and is an active member of Flanders Make, the new strategic research center for the manufacturing industry in Flanders. Furthermore, we collaborate with the Dutch Polymer Institute (DPI) in Eindhoven (The Netherlands).
- Bekaert participates in innovation networks like Creax, Innovia, OCAS, SIM, Flanders Inshape and more, to drive the innovation process forward in cooperation with industry partners and research institutes.
- Bekaert collaborates with University College in Dublin, Imperial College London and University of Zagreb. A new project is being launched with University of Cambridge and Cenim, the National Center for Metallurgical Research in Madrid.
- In China, we have a partnership with the Institute of Metal Research (IMR) in Shenyang (Liaoning province) and with Tsinghua University in Beijing.
- In Slovakia, we have renewed our research contract with the University of Trnava.
- In the US, collaborative research efforts continue to be carried out at the Colorado School of Mines.

Acknowledgement

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

Equipped for excellence

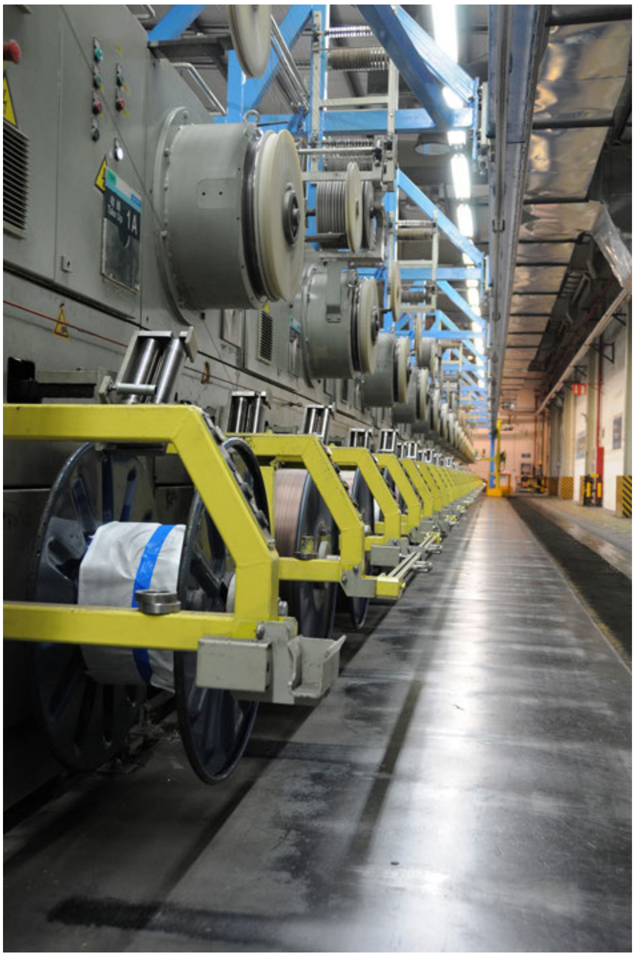
Bekaert's in-house engineering department plays a key role in the optimization of our production processes and machinery. This department designs, manufactures, installs and services the critical equipment for our production plants worldwide. Bekaert's engineering activities are organized on a global scale with a network of 500 engineers and technicians in Belgium, China, India, Slovakia and Brazil. Newly designed equipment by Bekaert Engineering always combines performance improvements in various areas including: product quality, production excellence, cost efficiency, ergonomics, safety and environmental impact.

Bekaert Engineering works closely together with the company's R&D centers, the production plants, and the global manufacturing excellence team, in order to develop machine and equipment concepts that address the current and future needs in terms of flexibility, efficiency and precision performance.

The Bekaert Engineering team equipped the greenfield Dramix® plant in Costa Rica in record time with the most performant equipment.

High-precision engineering

Driven by a pursuit for high performing equipment at a low operational cost, the Bekaert Engineering team has been developing machines that require minimal change-over time and ensure maximum automatization and robotization capabilities.
In addition, 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.



Bekaert's capacity expansions in bead wire for tires are realized with Bekaert Engineering's newest robotized bead wire lines.

Sustainability

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

Bekaert’s CSR report 2013 was conducted according to the GRI G3 Guidelines regarding the GRI Sustainability Reporting Framework. The certification process of the 2014 report was still pending at the date of the publication of this Annual Report. Global Reporting Initiative (GRI) is a non-profit organization that promotes economic sustainability. Bekaert’s responsible performance in 2014 has been recognized by its inclusion in the Ethibel Excellence Index (ESI) Europe - a reference benchmark for top performers in terms of corporate social responsibility based on Vigeo’s research - as well as in Kempen SRI.

Global Reporting Initiative™

SRI Kempen SNS SRI Universe

vigeo

member of the INVESTMENT REGISTER ETHIBEL EXCELLENCE

Our responsibility in the workplace

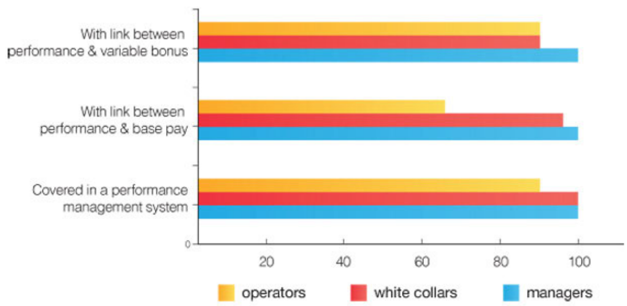
Learning and Development

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

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

Employee related data

- On average 38 hours of training per employee took place in 2014.
- Percentage of employees who received a performance review:



Measuring and improving safety

The Bekaert safety policy is deployed through the Safety Tree model and monitored via the Bekaert Safety Evaluation System (BEKSES). In 2014, BEKSES audits (based on OHSAS 18001) were carried out in a number of plants. In newly acquired plants and plants recently added to the consolidation perimeter, special efforts were made to align the local safety management to the worldwide Bekaert approach.
To increase safety awareness even further, Bekaert included all recordable incidents (versus lost-time accidents) in its 2014 internal safety reports.

Following the fatal accident in Slovakia in 2013, a thorough investigation was conducted on similar equipment across all plants worldwide.

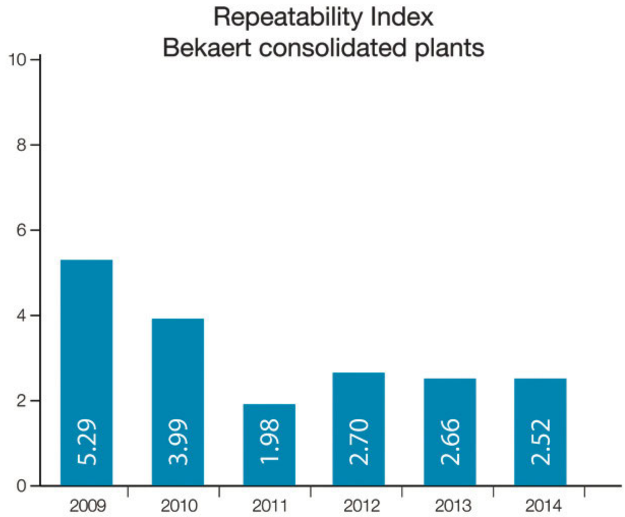
Continued focus on health

Because we attach great importance to a healthy working environment, we continued to invest in automated handling equipment and other workplace ergonomics in 2014. To coincide with our International Health & Safety Week, we implemented a vitality program with the aim of letting teams move together in a healthy way.

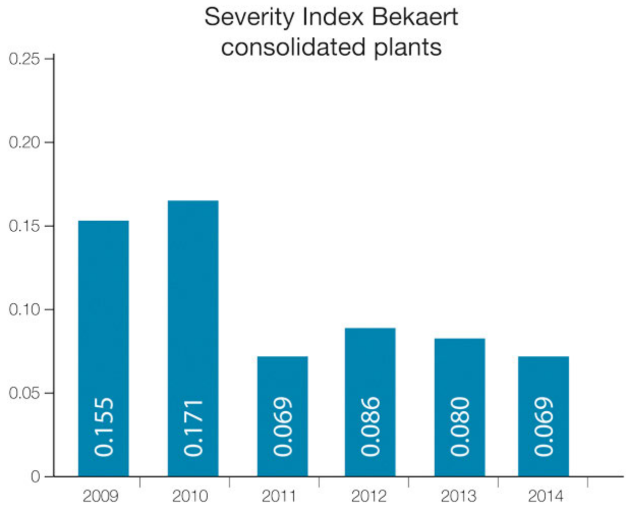
International Health & Safety week

Bekaert has a long tradition of organizing a Health & Safety Day worldwide every year in September. In 2014, Bekaert extended the duration of this event to a full week, giving all employees the opportunity to participate. The central theme for this year's edition was "Bekaert on the move for health & safety". The safety component focused on internal and external transportation and on handling equipment with moving parts. For the health part, a vitality challenge was set: the objective was to reach 80 000 km by moving together in a healthy way. With the active participation of all teams worldwide, the teller eventually reached 130 220 km! The vitality challenge set the tone for continued vitality activities throughout our entities.

By organizing the International Health and Safety Week each year, Bekaert's top management and all management teams reconfirm that the safety and health of all Bekaert employees around the world is, and remains, one of the company's main priorities.



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



Severity index = number of lost days due to occupational accidents per thousand worked hours

Safety champions in consolidated entities

(Number of years without recordable incidents)

	>=7 years	>=4 years	>= 2 years	>= 1 year
N° of plants	2	1	2	9

The plants that have been incident-free since at least more than one year represent 30% of the Bekaert population (number of employees of the above plants versus total number of employees from consolidated entities).

Our responsibility in the markets and towards the environment

Our responsibility in the community and the markets

***better together* in the communities where we are active**

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

Also in acquisition deals, Bekaert attaches great importance to building open and constructive relationships with local government bodies and with social representatives as of the start. This was particularly the case in the communities we welcomed as part of the Pirelli deal.

***better together* with 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.

In 2014, Bekaert's Purchasing department laid the groundwork for future sustainability targets related to the supply chain. Conversations began with selected suppliers to investigate how progress could be measured on certain sustainability KPI's via integrated value chains.
The first steps to roll out the Suppliers' Code of Conduct were taken towards the end of 2014, and the launch is foreseen in 2015. In close cooperation with key suppliers, shared targets were set for 2015 regarding driving sustainability forward.

We actively cooperate with global customers, especially from the automotive, construction and energy related markets, in supporting their CSR programs by implementing specific actions in our CSR policies. Acting as a socially responsible supplier helps our customers achieve their sustainability targets.

Our responsibility towards the environment

better together for a cleaner world: we continuously strive to use fewer materials, cut energy consumption and reduce waste.

Bekaert's concern for the environment is applied in various aspects: First, we seek to develop new, eco-friendlier production processes for our plants worldwide. In 2014, we finalized the 'New Environmental Technologies' project. The aim was to acquire knowledge and expertise in environmental technologies and thereby boost the environmental performance of plants worldwide. Cost-effective solutions were developed for all major waste aspects. Practical solutions include the recuperation of rinsing waters in the production process, and the conceptual design of a zero liquid discharge project. The purpose is to run the plants without the need to discharge industrial waste water to the city sewer systems.

Secondly, prevention and risk management play an important role in Bekaert's environmental policy. In 2014, we updated our procedures for the prevention of soil contamination. Through self-assessments, internal audits and best practice sharing between plants, an action plan was defined in 2014 and will be implemented in the course of 2015.

Responsible use of water is also a priority. Programs that aim to reduce water usage in the long term were established and focus on getting a clear view of our water balance.

In 2014, 95 % of our consolidated plants worldwide were ISO 14001 certified. 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.

Lastly, Bekaert develops products that contribute to a cleaner environment. Ecology is an aspect that is considered starting from the R&D phase of new products. In many cases, it is even a driving factor in product development. Newly developed products with ecological advantages are described in the chapter on Technology Leadership.

Some examples:

- Customized drying and heating systems based on gas and electrical infrared drying technologies for the paper and board industry or converting and metal processing applications.
- Ternary Alloy Wire Coating (TAWI) steel cord, reducing 80% of cobalt needs in tires.
- Water-based coated low carbon wires as a substitute to solvent lacquered products.

At an ongoing base, our Dramix® steel fibers used in the construction sector lead to less usage of steel compared to traditional concrete reinforcement products, less energy consumption and faster processing. And Bekaert’s super-tensile and high-tensile steel cord types significantly lower the tire weight and the thickness of the rubber ply. That is why they eventually lead to lower rolling resistance and lower fuel consumption.

Our responsibility towards society

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

Supporting educational and training initiatives

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

In China, Bekaert has built strong relationships with various schools. Support for these institutions is not limited to donations of gifts, books and other materials. Bekaert employees also participate in voluntary work initiatives to improve the children's technical skills and awareness for the environment.

In Russia, Bekaert supports disabled children with both material donations and help organizing socio-cultural events adapted to the needs of these children.

Vicson, our subsidiary in Venezuela supports, a Youth Leadership program aimed at strengthening the personal development of youngsters, improving their teamwork abilities and learning study time optimization. The program is a co-operation between private companies, the Carabobo University and the Executive Association of the Carabobo state.

In Brazil, Bekaert continues to support the 'Digital Citizenship' program that offers students easier access to, and training in, information technology.

Supporting social and community initiatives

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

In the Thiruvallur district in India, the health camp initiatives that were launched in 2012 to address the health care needs of the local people continue to be organized. More than 2000 people spread over 9 villages have participated in these health camps

Prodac, our subsidiary in Peru has continued the 'Sarita Colonia' Summer School program that was started in 2008 and that organizes local activities and projects for social, economic and cultural development of children during the summer holidays. Annually, 100 children participate in the program.

Bekaert Corporation (US) joined the National 4-H Council in 2014. 4-H is the largest youth development and empowerment organization in the US, reaching more than 7 million 4-H youth in urban neighborhoods, suburban schoolyards and rural farming communities. Fueled by university-backed curriculum, 4-H'ers engage in hands-on learning activities in the areas of science, healthy living, and food security. From June 1, 2014 till May 30, 2015, Bekaert Corporation will donate to 4-H 1% of retail sales on all Premium Gaucho® high strength barbed wire fencing. Bekaert herewith expresses its engagement in helping America's largest youth development organization to create a positive change and a better future for young people.

Report of the board

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

Key figures

Combined key figures

in millions of €

	2013	2014	Delta
Sales	4 111	4 040	-1.7%
Capital Expenditure (PP&E)	108	160	48.7%
Personnel as at 31 December	26 325	28 372	7.8%

Consolidated financial statements

in millions of €

	2013	2014	Delta
Income statement			
Sales	3 186	3 216	0.9%
Operating result before non-recurring items (REBIT)	166	164	-0.9%
Operating result (EBIT)	137	171	24.8%
Non-recurring items	-29	7	
Interests and other financial results	-84	-67	
Income taxes	-48	-42	
Group share joint ventures	30	25	-16.2%
Result for the period	36	88	142.7%
attributable to the Group	25	87	254.8%
attributable to non-controlling interests	11	0	-96.7%
EBITDA	297	342	15.1%
Depreciation PP&E	162	153	-5.6%
Amortization and impairment	-2	29	
Negative goodwill	-	-11	
Balance sheet			
Equity	1 504	1 566	4.1%
Non-current assets	1 609	1 851	15.1%
Capital expenditure (PP&E)	95	133	40.3%
Balance sheet total	3 380	3 958	17.1%
Net debt	574	853	48.6%
Capital employed	2 119	2 524	19.1%
Working capital	793	975	22.9%
Employees as at 31 December (FTE)*	21 790	24 127	10.7%
Ratios			
EBITDA on sales	9.3%	10.6%	
REBIT on sales	5.2%	5.1%	
EBIT on sales	4.3%	5.3%	
EBIT interest coverage	2.4	3.0	
ROCE	6.1%	7.7%	
ROE	2.3%	5.7%	
Financial autonomy	44.5%	39.6%	
Gearing (Net debt on equity)	38.2%	54.5%	
Net debt on EBITDA	1.9	2.5	

Joint ventures and associates

in millions of €

	2013	2014	Delta
Sales	925	824	-10.9%
Operating result	95	78	-18.3%
Net result	76	64	-16.1%
Capital expenditure (PP&E)	13	28	108.1%
Depreciation	21	17	-21.0%
Employees as at 31 December	4 535	4 245	-6.4%
Group's share net result	30	25	-16.3%
Group's share equity	151	151	-0.1%

Key figures per share NV Bekaert SA

	2013	2014	Delta
Number of shares as at 31 December	60 063 871	60 111 405	0.1%
Market capitalization as at 31 December (in millions of €)	1 545	1 584	2.5%

Per share

in €

	2012	2013	Delta
EPS	0.42	1.51	259.5%
Gross dividend**	0.85	0.85	=
Net dividend**	0.6375	0.6375	=

Valorization

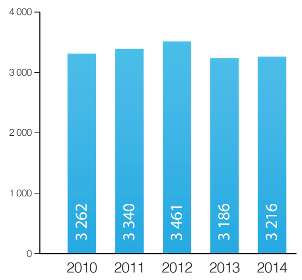
in €

	2013	2014	Delta
Price as at 31 December	25.72	26.35	2.4%
Price (average)	24.926	27.155	8.9%

* Including limited effects of IAS19 restatement.
** The dividend is subject to approval by the General Meeting of Shareholders 2015

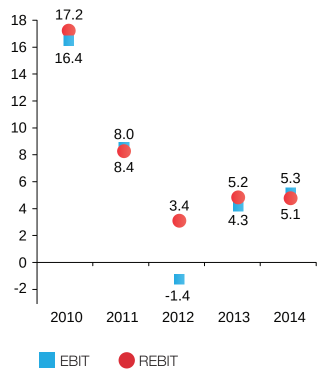
Consolidated sales

in millions of €



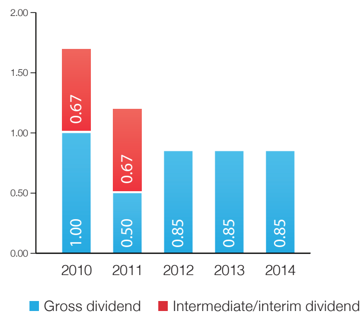
EBIT on sales

in %

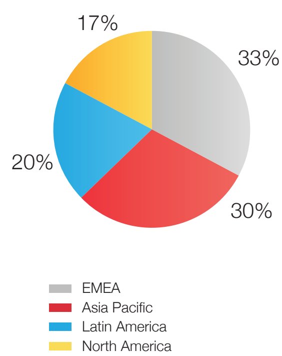


Gross dividend**

in €



Consolidated sales by segment



Key figures per segment

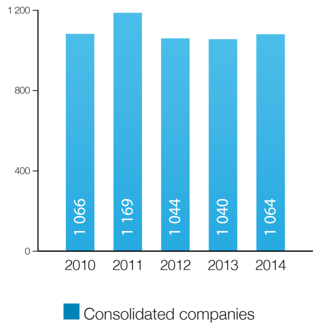
EMEA

in millions of €	2013	2014
Consolidated sales	1 040	1 064
Operating result (EBIT)	85	116
EBIT on sales	8.2%	10.9%
EBITDA	133	165
EBITDA on sales	12.8%	15.5%
Combined sales	1 028	1 049

EMEA
€ 1 049 million
Combined sales
26%

Sales EMEA

in millions of €



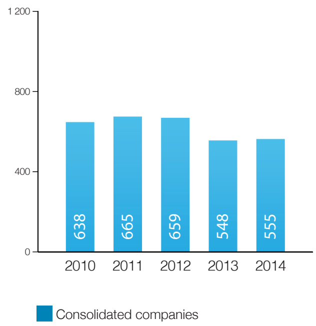
North America

in millions of €	2013	2014
Consolidated sales	548	555
Operating result (EBIT)	8	28
EBIT on sales	1.5%	5.0%
EBITDA	22	38
EBITDA on sales	4.0%	6.8%
Combined sales	548	555

North America
€ 555 million
Combined sales
14%

Sales North America

in millions of €



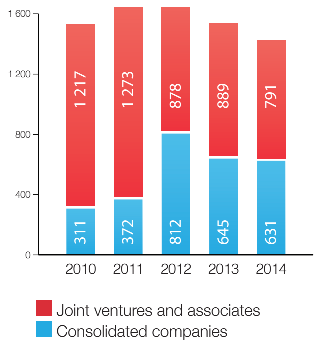
Latin America

in millions of €	2013	2014
Consolidated sales	645	631
Operating result (EBIT)	44	34
EBIT on sales	6.8%	5.4%
EBITDA	64	40
EBITDA on sales	9.9%	6.3%
Combined sales	1 543	1 422

Latin America
€ 1 422 million
Combined sales
35%

Sales Latin America

in millions of €



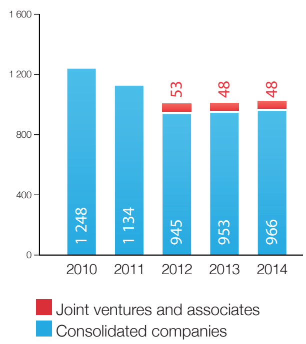
Asia Pacific

in millions of €	2013	2014
Consolidated sales	953	966
Operating result (EBIT)	73	54
EBIT on sales	7.7%	5.6%
EBITDA	153	159
EBITDA on sales	16.1%	16.5%
Combined sales	1 001	1 014

Asia Pacific
€ 1 014 million
Combined sales
25%

Sales Asia Pacific

in millions of €



Summary of financial review

Sales and financial review

Sales

Bekaert achieved € 3.2 billion consolidated sales and € 4.0 billion combined sales in 2014, remaining stable over last year. The organic consolidated sales growth (+2.8%) was cancelled out in Bekaert's top line by the effect of adverse currency movements, the Chilean peso in particular.

At the combined sales level, currency effects were highly negative due to the average depreciation of the Brazilian real for the full year 2014.

Dividend

The Board of Directors will propose that the General Meeting of Shareholders on 13 May 2015 approve the distribution of a gross dividend of € 0.85 per share. The dividend will, upon approval by the General Meeting of Shareholders, become payable as of 19 May 2015.

Summary of financial review

Financial results

Bekaert achieved an operating result before non-recurring items (REBIT) of € 164 million (versus € 166 million in 2013). This equates to a REBIT margin on sales of 5.1%. Non-recurring items amounted to € 7 million (compared with € -29 million last year), mainly related to the recognition of a negative goodwill on business combinations and the gains on the sale of property. Including non-recurring items, EBIT was € 171 million, representing an EBIT margin on sales of 5.3% (versus 4.3%). EBITDA reached € 342 million, representing an EBITDA margin on sales of 10.6% (versus 9.3%).

Selling and administrative expenses increased by € 12 million to € 265 million as a result of the significant reversal of bad debt provisions in 2013 and expenses incurred in 2014 in relation to the acquisition transactions. Research and development expenses decreased by € 3 million to € 59 million as a result of efficiency gains.

Interest income and expenses amounted to € -63 million (versus € -64 million) due to an average lower interest rate on the gross debt. Other financial income and expenses amounted to € -4 million (versus € -20 million), mainly due to currency movements.

Taxation on profit was € 42 million versus € 48 million last year.

The share in the result of joint ventures and associated companies decreased from € 30 million to € 25 million due to a difficult economic environment in Brazil.

The result for the period thus totaled € 88 million, compared with € 36 million in 2013. The result attributable to non-controlling interests was limited to € 0.4 million due to the losses and impairments on businesses in South East Asia. After non-controlling interests, the result for the period attributable to the Group was € 87 million, compared with € 25 million last year. Earnings per share amounted to € 1.51, up from € 0.42 in 2013.

Balance sheet

As at 31 December 2014, shareholders' equity represented 39.6% of total assets. The gearing ratio (net debt to equity) was 54.5% (versus 38.2%).

Cash flow statement

Cash from operating activities amounted to € 187 million (2013: € 306 million). Operating working capital increased by € 55 million. Cash flow attributable to investing activities amounted to € -225 million, of which € -133 million related to capital expenditure (PP&E) and € -110 million on new business combinations. Cash flows from financing activities totaled € 88 million (versus € -192 million in 2013) and were, among other elements, driven by € 194 million spent on interests, dividend and treasury shares and the issuance of the convertible bond (€ 300 million).

Investment update and other information

On 6 February 2015, Bekaert and Pirelli successfully closed the acquisition by Bekaert of the Pirelli steel cord plant in Izmit, Turkey. The deal closing in Turkey followed the ownership transfer of the steel cord plants in Figline (Italy), Slatina (Romania), and Sumaré (Brazil) as announced on 18 December 2014. The agreement between Bekaert and Pirelli also includes Pirelli's steel cord activities in Yanzhou (China). The closing of the acquisition of the steel cord entity in Yanzhou, China, will occur when the respective regulatory approvals are obtained. The financial results of the entities in Italy, Romania and Brazil are included in the consolidated statements of Bekaert as from 1 January 2015. The results of the plant in Turkey will be integrated as from 1 February 2015.

Bekaert announced, on 5 February 2015, the acquisition of the wire rope business of Arrium Ltd in Newcastle, Australia. The integration of the Australian ropes activities will enhance Bekaert's growth strategy in steel wire ropes in general and will enable the Group to take a leading global market position in mining ropes in particular. The transaction is estimated to add € 40 million to Bekaert's consolidated sales on an annual basis and has an enterprise value of approximately € 60 million. Bekaert and Arrium anticipate a deal closing in the course of the first quarter of 2015. Upon deal closure, the Australian ropes activities will be integrated in the Bekaert Rope Group. In this newly established Group, Bekaert and their Chilean partners, through Matco Cables SpA, now hold 65% and 35% respectively of all ropes entities in Canada, Chile, Peru, Brazil and the US.

In addition to the 1 652 677 treasury shares held as of 31 December 2013, Bekaert purchased 2 622 333 own shares in the course of 2014. None of those shares were disposed of in connection with stock option plans or cancelled in 2014. As a result, the company held an aggregate 4 275 010 treasury shares at the end of 2014.

Net debt increased from € 574 million to € 853 million as a result of capital expenditure and acquisitions. The acquisition impact of the Pirelli steel cord plants accounted for € 207 million of the increase. Net debt on EBITDA was 2.5. Excluding the Pirelli impact, net debt on EBITDA was 1.9, unchanged from last year.

Segment reports

EMEA

Demand from European markets was strong throughout 2014 across most sectors. Automotive demand, in particular, boosted volume growth for tire cord and other steel wire applications in the region.

Our activities in EMEA delivered solid results driven through increased volumes and a favorable product mix. Bekaert realized 30% REBIT increase in the region and lifted profit margins to a record high, making this segment the largest contributor to the Group's consolidated profit for the year 2014.

Non-recurring items amounted to € +2 million and mainly related to the gain on the sale of property in Belgium, partly offset by impairments.

Capital expenditure (PP&E) amounted to € 33 million and mainly related to capacity expansions in Slovakia and Belgium.

Bekaert anticipates continued solid demand and performance in most European markets. Europe will become even a bigger contributor to the Group's consolidated figures as a result of the integration of the steel cord entities acquired from Pirelli in Romania, Italy and Turkey.

North America

Improved demand from automotive markets could not compensate for our demand decline in other North American industrial, construction and agriculture markets in 2014.

Bekaert's activities recorded higher volumes in comparison with a weak 2013. The segment, however, continued to underperform in terms of profitability due to underutilized production capacity and price pressure from import flows. On top of the usual seasonality effects at year-end, Bekaert was hit by a fire which caused structural damage to parts of the Rome (Georgia) production plant.

Non-recurring items amounted to € +8 million and mainly related to a recognition of the insurance revenue related to the Rome fire, while further expenses associated with the plant reconstruction will be incurred in 2015.

Capital expenditure (PP&E) amounted to € 26 million and related mainly to ropes, tire cord and bead wire activities.

Bekaert anticipates a slight improvement in most markets in 2015, but does not project a major turnaround in profitability due to persistent price pressure and increased transportation expenses as well as partial volume losses caused by the fire in Rome.

Latin America

Latin American markets have become very competitive due to increased Asian imports. Reduced government budgets and public spending, driven by the price declines for copper, oil and other commodities have led to a downturn in mining and public infrastructure markets. Fiscal reforms and elections added to the uncertainty in various countries and sectors. The economy in Venezuela came to a standstill as a result of the political and monetary instability.

Excluding the impact of acquisitions and of Venezuela where volumes dropped more than 40% as a result of forced shutdowns due to raw material shortages, Bekaert's activities in Latin America achieved stable volumes over last year. The segment's top line increased significantly in the second half of 2014 (+15% year-on-year), thanks to a better price-mix and a much lower impact of adverse currency effects as accounted for in the first half of 2014. Profit margins picked up slightly in the second half of 2014 but remained at a low level due to competition with imports and the integration and start-up costs in Costa Rica.

The non-recurring items mainly related to pension plan adjustments, the acquisition in Costa Rica, and the purchase of the remaining shares of the ropes activity in Brazil.

Bekaert invested € 32 million in property, plant and equipment, including the Dramix® greenfield in Costa Rica.

The significant impact of currency movements on combined sales was due to the volatility of the Brazilian real. While picking up toward year-end the total average year-on-year effect of the real was € -71 million on sales.

Bekaert anticipates a relatively stable demand for its consolidated businesses in the first quarter of 2015. The integration of the steel cord entity acquired from Pirelli in Brazil will add to Bekaert's financial statements as of 1 January 2015.

Bekaert projects weakening business conditions in Brazil, in line with the evolutions impacting the Brazilian economy.

Asia Pacific

Bekaert's activities in Asia Pacific achieved 6% volume growth year-on-year. This was the result of strong sales across Asia in the first nine months of the year, followed by a weak fourth quarter driven by the overall demand slowdown in Chinese tire markets. Price erosion, currency effects and passed-on lower wire rod prices tempered the top line growth rate in the region to 1.3% year-on-year.

Bekaert held on to stable price levels in China during the weak final quarter of 2014, and lost some market share in truck tire markets.

Bekaert's tire cord activities in India recorded solid growth. The company also retained its leadership position at a constant share in the growing solar markets in China. The resulting positive effects were, however, compensated by continued weak performance in the recently acquired entities in South-East Asia.
The non-recurring items mainly related to asset impairments on activities in South-East Asia.

Bekaert continued to invest significantly across the region and recorded a total of € 51 million investments in PP&E in 2014.

Bekaert projects continued difficult market conditions in China in the first quarter of 2015. The company is implementing actions to improve the cost-efficiency of operations and to turn around the underperformance of the Malaysian businesses.

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. On 13 November 2014 the Board of Directors has further revised the Bekaert Corporate Governance Charter (the 'Bekaert Charter'). Bekaert complies in principle with the Belgian Corporate Governance Code and explains in the Bekaert Charter and in this Corporate Governance Statement why it departs from some of its provisions.

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

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

Board of directors

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

Four 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: Mr Alan Begg (first appointed in 2008), Lady Barbara Judge (first appointed in 2007), Mr Manfred Wennemer (first appointed in 2009, independent since 1 January 2010) and Ms Mei Ye (first appointed in 2014).

The Board met on seven occasions in 2014: there were six regular meetings and one extraordinary meeting. 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 2014:

- the business plan for 2014;
- continuous monitoring of the debt and liquidity situation of the Group;
- a review of Bekaert's strategy;
- the repurchase of Company shares;
- the business plan for the period 2015-2017;
- the succession planning at the Board and Executive Management levels;
- the issue of convertible bonds;
- the acquisition of Pirelli's steel cord business;
- the way of working of the Board of Directors;
- the fifth and last regular offer of stock options in accordance with SOP2010-2014.

Name	First appointed	Expiry of current Board term	Principal occupation (*)	Number of regular/ extraordinary meetings attended
Chairman				
Bert De Graeve(1)(3)	2006	2015	NV Bekaert SA	3/1
Paul Buysse(2)	2000	2014	NV Bekaert SA	3
Chief Executive Officer				
Matthew Taylor(1)	2014	2018	NV Bekaert SA	3/0
Bert De Graeve(2)(3)	2006	2015	NV Bekaert SA	3
Members nominated by the principal shareholders				
Leon Bekaert	1994	2015	Director of companies	6/1
Roger Dalle	1998	2015	Director of companies	6/0
Charles de Liedekerke	1997	2015	Director of companies	6/0
François de Visscher	1992	2016	President, de Visscher & Co. LLC (United States)	5/0
Hubert Jacobs van Merlen	2003	2015	Director of companies	6/0
Maxime Jadot	1994	2015	CEO and Chairman of the Executive Board, BNP Paribas Fortis (Belgium)	6/0
Bernard van de Walle de Ghelcke	2004	2016	Of Counsel, Linklaters LLP (Belgium)	6/0
Baudouin Velge	1998	2016	Managing Partner, Interel (Belgium)	6/0
Independent Directors				
Alan Begg	2008	2018	Director of companies	6/0
Lady Barbara Judge CBE	2007	2016	Chairman of the UK Pension Protection Fund (United Kingdom) Chairman Emeritus of the UK Atomic Energy Authority (United Kingdom)	6/0
Manfred Wennemer	2009	2015	Director of companies	6/0
Mei Ye(1)	2014	2018	Independent director of and advisor to companies	3/0
Other Directors				
Anthony Galsworthy(2)	2004	2014	Advisor to Standard Chartered Bank (United Kingdom)	3

(1) As of the Annual General Meeting in May 2014

(2) Until the Annual General Meeting in May 2014

(3) Bert De Graeve was first appointed as Board Member in 2006. In 2014 he became Chairman of the Board.

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

Committees of the Board of Directors

The Board of Directors has established three advisory Committees.

Audit and Finance Committee

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

Contrary to provision 5.2/4 of the Belgian Corporate Governance Code, according to which at least a majority of the members should be independent, Bekaert takes the view that the Audit and Finance Committee should reflect the balanced composition of the full Board.

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

Name	Expiry of Board term	Number of regular and extraordinary meetings attended
Lady Barbara Judge CBE	2016	4/1
Bert De Graeve(1)	2015	2
Hubert Jacobs van Merlen(1)	2015	2
Baudouin Velge	2016	4/1
Paul Buysse(2)	2014	2/1
François de Visscher(2)	2016	1/1

(1) As from the Annual General Meeting in May 2014

(2) Until the Annual General Meeting in May 2014

The Committee had four regular meetings and one extraordinary meeting in 2014. 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.

Nomination and Renumeration 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, Mr Begg and Lady Barbara Judge, are independent. The Committee’s competence in the field of remuneration policy is demonstrated by the relevant experience of its members.

Name	Expiry of Board term	Meetings attended
Bert De Graeve(1)	2015	3
Alan Begg	2018	4
Lady Barbara Judge CBE	2016	4
Paul Buysse(2)	2014	1

(1) As from the Annual General Meeting in May 2014

(2) Until the Annual General Meeting in May 2014

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

The Committee met four times in 2014. In addition to its statutory powers and its powers under the Bekaert Charter, the Committee discussed the following main subjects:

- the composition of the Bekaert Group Executive (BGE);
- the variable remuneration for the Chief Executive Officer and the other members of the Executive Management for 2013;
- the base remuneration for the Chief Executive Officer and the other members of the Executive Management for 2014;
- terms of office of the Directors;
- the appointment and reappointment of Directors and the appointment of the Honorary Chairman;
- the composition of the Board Committees;
- positioning of the remuneration for the members of the Executive Management;
- talent management;
- the long-term incentive plan for managers.

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 Board term	Meetings attended
Bert De Graeve	2015	3
Leon Bekaert	2015	3
Charles de Liedekerke	2015	3
Maxime Jadot	2015	2
Matthew Taylor(1)	2018	2
Manfred Wennemer(1)	2015	2
Paul Buysse(2)	2014	1
Anthony Galsworthy(2)	2014	1

(1) As from the Annual General Meeting in May 2014

(2) Until the Annual General Meeting in May 2014

The Committee met three times in 2014 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.

A consultant supported the Chairman in 2014 in conducting an exercise to assess the Board's way of working and its interaction with the Executive Management. The consultant distributed an online survey to all Directors and interviewed all Directors. The Board of Directors discussed the key findings and how to move forward.

Gender diversity

In the framework of the action plan to ensure compliance with the legal requirement that one third of the members of the Board of Directors are of the opposite gender as from 1 January 2017, Ms Mei Ye became an independent Director on 14 May 2014. The search for additional female candidates continues.

Executive Management

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

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

Dominique Neerinck, Chief Technology Officer, is stepping down from the BGE effective 31 March 2015, after 9 years as a member of the BGE.

As from 1 April 2015 the BGE will have the following members:

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

Conduct policies

Statutory conflicts of interests in the Board of Directors

In accordance with Article 523 of the Companies Code, a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he has a direct or indirect conflict of interests of a financial nature with the Company, and should refrain from participating in the discussion of and voting on those items. A conflict of interests arose on two occasions in 2014, and the provisions of Article 523 were complied with on such occasions.

On 27 February 2014 the Board had to determine the remuneration of the Chief Executive Officer. Excerpt from the minutes:

RESOLUTION:

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

- *approves the proposed short-term variable remuneration payable to the Chief Executive Officer on account of his 2013 performance;*
- *acknowledges that no mid-term variable remuneration is payable in respect of the period 2011-2013;*
- *approves the short-term variable remuneration objectives for the Group, the Chief Executive Officer and the Chief Executive Officer Designate in respect of 2014.*

On 13 November 2014 the Board had to determine the 2015 grant of options to the Chief Executive Officer under the Stock Option Plan 2010-2014. Excerpt from the minutes:

RESOLUTION:

On the motion of the Nomination and Remuneration Committee the Board approves:

- *the offer of 36 000 options to the Chief Executive Officer, in addition to the simultaneous contractual second sign-on offer of 50 000 options.*

Other transactions with Directors and Executive Management

The Bekaert Charter contains conduct guidelines with respect to direct and indirect conflicts of interests of the members of the Board of Directors and the BGE that fall outside the scope of Article 523 of the Companies Code. Those members are deemed to be related parties to Bekaert and have to report, on an annual basis, their direct or indirect transactions with Bekaert or its subsidiaries. Bekaert is not aware of any potential conflict of interests concerning such transactions occurring in 2014 (cf. Note 7.5 to the consolidated financial statements).

Market abuse

In accordance with provision 3.7 of the Belgian Corporate Governance Code, the Board of Directors has, on 27 July 2006, promulgated the Bekaert Insider Dealing Code, which is included in its entirety in the Bekaert Charter as Appendix 4. On 13 November 2014 the Board of Directors has revised the Bekaert Insider Dealing Code to reflect a number of organizational changes, effective 1 January 2015. The Bekaert Insider Dealing Code restricts transactions in Bekaert securities by members of the Board of Directors, the BGE, senior management and certain other persons during closed and prohibited periods. The Code also contains rules concerning the mandatory internal notification of intended transactions, as well as the disclosure of executed transactions through a notification to the Belgian Financial Services and Markets Authority (FSMA). The Chairman of the Board is the Compliance Officer for purposes of the Bekaert Insider Dealing Code.

Remuneration report

1. Description of the procedure used in 2014 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 2014 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, mid-term and long-term variable remuneration, a pension contribution and various other components. The Group offers competitive total remuneration packages with the objective to attract and retain the best executive and management talent in every part of the world in which the Group is operating. The remuneration of the executive managers is regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international references.

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

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

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

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

The final evaluation leads to an assessment, based on measured results, by the Board of Directors of all performance related elements of the remuneration package of the Chief Executive Officer.

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

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

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

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

Bekaert regularly evaluates its overall remuneration policies, in order to ensure alignment with the business environment as well as with legislative requirements. The mid-term and long-term variable remuneration policies for the Chief Executive Officer and for the other members of the Executive Management are currently under review, in order to optimize their alignment with the interests of the Company and its shareholders.

3. Remuneration of the Directors in respect of 2014

The amount of the remuneration and other benefits granted directly or indirectly to the Directors, by the Company or its subsidiaries, in respect of 2014 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.

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				
Paul Buysse	208 350			208 350
Bert De Graeve	145 833			145 833
Board members				
Alan Begg	42 000	25 200	12 000	79 200
Leon Bekaert	42 000	25 200	9 000	76 200
Roger Dalle	42 000	25 200	0	67 200
Bert De Graeve	21 000	12 600	0	33 600
Charles de Liedekerke	42 000	25 200	9 000	76 200
François de Visscher	42 000	21 000	6 000	69 000
Anthony Galsworthy	21 000	12 600	3 000	36 600
Hubert Jacobs van Merlen	42 000	25 200	6 000	73 200
Maxime Jadot	42 000	25 200	6 000	73 200
Lady Barbara Judge CBE	42 000	25 200	29 000	96 200
Mei Ye	21 000	25 200	0	46 200
Matthew Taylor	21 000	12 600	0	33 600
Bernard van de Walle de Ghelcke	42 000	25 200	0	67 200
Baudouin Velge	42 000	25 200	15 000	82 200
Manfred Wennemer	42 000	25 200	6 000	73 200
			Total Directors' Remuneration	**1 337 183**

4. Remuneration of the Chief Executive Officer in respect of 2014 in his capacity as a Director

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

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

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

- a short-term variable remuneration, with objectives related to the annual business plan. 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 24 months; no deferral is applicable for the other members of the BGE.
- a mid-term variable remuneration, with objectives related to the business plan for the next three-year period. Those objectives measure Bekaert's absolute performance against the plan, as well as its relative performance against a relevant panel of other companies. The achievement of those objectives is evaluated by the Board at the end of each three-year period, against pre-agreed criteria.
- a long-term variable remuneration, in the form of the offer of a variable amount of stock options (cf. paragraph 8 below).

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 a quarter of the total pay-out of this variable remuneration is deferred with at least 24 months, whilst another quarter of the total pay-out does only vest after a period of 3 years.

6. Remuneration of the Chief Executive Officer in respect of 2014

In line with the leadership changes announced in 2013, Bert De Graeve was Chief Executive Officer until 14 May 2014, after which he became Chairman of the Board of Directors.

As planned, Matthew Taylor, Chief Executive Officer Designate during the first months of the year, was appointed Chief Executive Officer on 14 May 2014.

The amount of the remuneration and other benefits granted directly or indirectly to the Chief Executive Officers, by the Company or its subsidiaries, in respect of 2014 for their Chief Executive Officer role is set forth below.

Bert De Graeve	Remuneration(1)	Comments
Base remuneration	337 415	Includes Belgian base remuneration as well as Belgian and foreign director fees (2)
Short-term variable remuneration	125 000	Annual variable remuneration, based on 2014 performance, paid in 2015
Mid-term variable remuneration	0	Mid-term variable remuneration, based on 2012-2014 performance
Long-term variable remuneration: Normal stock option grant	0	Number of stock options granted in 2014
Pension	228 986	Defined Contribution Plan
Other remuneration elements	45 631	Includes: company car and risk insurances

(1) In respect of 2014 (January-May), in €

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

Matthew Taylor	Remuneration[1]	Comments
Base remuneration	409 474	Includes Belgian base remuneration as well as Belgian and foreign director fees[2]
Short-term variable remuneration	330 208	Annual variable remuneration, based on 2014 performance, paid in 2015[3], as well as a contractual sign-on award
Mid-term variable remuneration	0	Mid-term variable remuneration, based on 2012-2014 performance
Long-term variable remuneration: Normal stock option grant	80 000	Number of stock options granted in 2014
Pension	80 208	Defined Contribution Plan
Other remuneration elements	19 907	Includes: company car and risk insurances

(1) In respect of 2014 (June - December), in €

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

(3) This does not include the deferred annual variable remuneration based on 2014 performance

7. Remuneration of the other Bekaert Group Executive members in respect of 2014

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 2014 is set forth below on a global basis. This table includes the remuneration and other benefits granted to the Chief Executive Officer Designate until his appointment as Chief Executive Officer on 14 May 2014.

	Remuneration[1]	Comments
Base remuneration	2 917 993	Includes Belgian base remuneration as well as Belgian and foreign director fees
Short-term variable remuneration	738 790	Annual variable remuneration, based on 2013 performance, paid in March 2015
Mid-term variable remuneration	0	Mid term variable remuneration, based on 2012-2014 performance
Pension	434 230	Defined Contribution and Defined Benefit Plan
Other remuneration elements	158 549	Includes : company car and risk insurances

(1) In respect of 2014, in €

8. Stock Options for Executive Management granted in 2014

The number of stock options granted to the Chief Executive Officer and the other members of the BGE in 2014, and the number of options exercised by them or forfeited in 2014 are set forth on an individual basis in the table below.

The stock options granted to the Chief Executive Officer and the other BGE members are based on the SOP 2010-2014 plan that was proposed by the Board of Directors and approved by a Special General Meeting in 2010. The plan offers options to acquire existing Company shares. There is one regular offer of options in December in each of the years 2010 through 2014, and the options are granted on the 60th day following the date of their offer (i.e. in February of the following year).

The aggregate number of options to be offered is determined each year by the Board of Directors on the motion of the Nomination and Remuneration Committee. The number of options to be offered to each individual beneficiary is variable in part, based on an assessment of such person's long-term contribution to the success of the Company. The options are offered to the beneficiaries free of charge. Each accepted option entitles the holder to acquire one existing share of the Company against payment of the exercise price, which is conclusively determined at the time of the offer and which is equal to the lower of: (i) the average closing price of the Company shares during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer.

The exercise price of the regular stock options offered in December 2013 and granted in February 2014 is € 25.38.

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

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

Name	Number of stock options granted in 2014	Number of stock options exercised in 2014	Number of stock options forfeited in 2014
Matthew Taylor	80 000	-	-
Bruno Humblet	21 000	-	-
Lieven Larmuseau	7 500	-	-
Dominique Neerinck	12 000	-	-
Geert Van Haver	9 000	-	-
Piet Van Riet	3 200	-	-
Curd Vandekerckhove	14 000	-	-
Frank Vromant	14 000	-	-
Bart Wille	14 000	-	-

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

9. Severance pay for Executive Management

Belgian law and normal practice are the basis for the severance arrangements with the executive managers, except for the Chief Executive Officer, the Chief 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 12 months.

10. Departure of executive managers

No member of the Executive Management has left the Group in 2014.

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 2014

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

Share identification

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

The Bekaert share in 2014

2014 started off with a short period of uncertainty in the markets until a clear growth trend started to emerge thanks to reassuring statements on interest rates from the European Central Bank.

The announcement of Bekaert's full year 2013 results, and of the acquisition of the Pirelli steel cord plants on 28 February 2014, were well received by the markets. The share gained 6.5% on the day of the announcement and continued its positive trend over the subsequent months. This trend was reversed mid-May with the announcement of Bekaert's first quarter trading update and the dividend payment. June through August was a period of ups and downs due to the political uncertainty in Ukraine and Scotland on the one hand, and reassuring statements from FED and ECB on the other hand. The Bekaert share held relatively strong during the summer months.

From September till mid-October, the Bekaert share lost up to 20% on the wave of the Auto Index drop. The markets were concerned by an accumulation of negative news on several economic fronts and on a global level.

On 14 November, Bekaert released its third quarter trading update. The update was well received by the markets and the share price gained approximately 10% in the three days following the announcement, despite of the company's cautious outlook for the fourth quarter of 2014.

Most financial markets declined during the month of December, driven by uncertainties in many areas. Also, the Bekaert share dropped due to concerns following a profit warning by one of Bekaert's tire cord competitors in China.

Share performance against stock indices

Share listing*

in €	2010	2011	2012	2013	2014
Price as at 31 December	85.900	24.785	21.875	25.720	26.345
Price high	86.960	87.980	33.500	31.110	30.195
Price low	32.867	23.500	17.210	20.010	21.900
Price average closing	53.819	54.694	22.592	24.926	27.155
Daily volume	195 856	284 289	218 850	126 923	82 813
Daily turnover (in millions of €)	10.9	14.5	5.0	3.1	2.1
Annual turnover (in millions of €)	2 833	3 774	1 313	796	527
Velocity (%. annual)	85	122	93	54	35
Velocity (%. adjusted free float)	130	188	144	83	54
Free float (%)	61.9	61.7	61.9	62.6	61.8

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

Volumes traded

The average daily trading volume was about 83 000 shares in 2014, a decrease by 35%. The volume peaked on 28 February, 451 899 shares were handled.

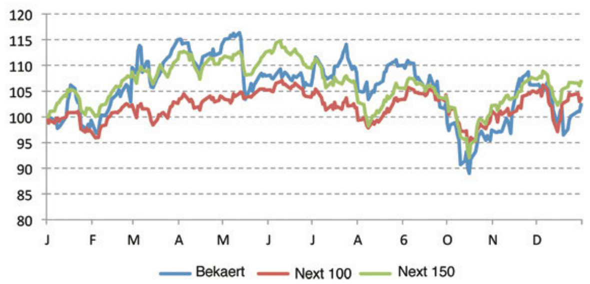
Bekaert closing prices and volumes in 2014

Bekaert versus Bel20®, NEXT100 and NEXT150

In the BEL20, Bekaert is ranked as number 18, with a market capitalization of € 1.58 billion, a free float market capitalization of € 1.03 billion (61.80% and within the free float band of 65%), band adjusted velocity at 54% and a weight of 1.08 %.

Bekaert versus Bel20® (2014)

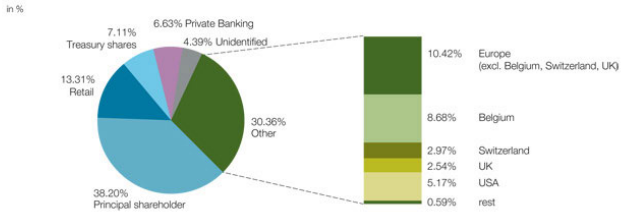
Bekaert versus NEXT100 and NEXT150



The shareholder structure shows a quite strong internationalization.

In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act) Bekaert has, in its Articles of Association, set the thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. An overview of the current notifications of participations of 3% or more can be found in the Parent Company Information section (Interests in share capital).

The principal shareholders own 38.2% of the shares, while the identified institutional shareholders own 30.36% of the shares. Retail represents 13.31% while Private Banking is 6.63% and 4.39% is unidentified. Of the total number of Bekaert shares, 2.87% is in registered form.



Capital Structure

As of 31 December 2014 the registered capital of the Company amounts to € 176 914 000, and is represented by 60 111 405 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 held on 9 May 2012 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 5 June 2012 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. Furthermore, the Board of Directors has been authorized, for a period of three years from 26 June 2014, 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 on 21 May 2014 resolved to issue senior unsecured convertible bonds due 18 June 2018 for an aggregate amount of approximately € 300 000 000. These convertible bonds carry a coupon of 0.75% per annum and their conversion price amounts to € 37.06 per share.

In connection with the issuance of the 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.

Stock option plans

The total number of outstanding subscription rights under the SOP1 and SOP2005-2009 stock option plans and convertible into Bekaert shares is 490 106.

A total of 47 534 subscription rights were exercised in 2014 under the SOP1 and SOP2005-2009 employee stock option plans, resulting in the issue of 47 534 new Company shares, and an increase of the registered capital by € 141 000 and of the share premium by € 637 914,29.

In addition to the 1 652 677 treasury shares held by it as of 31 December 2013, the Company purchased 2 622 333 own shares in the course of 2014. None of those shares were disposed of in connection with any stock option plans or cancelled in 2014. As a result, the Company held an aggregate 4 275 010 treasury shares as of 31 December 2014.

The fourth regular grant of options under the SOP2010-2014 plan took place on 17 February 2014, when 373 450 options were granted. Each such option will be convertible into one existing Company share at an exercise price of € 25.38.

A fifth and last regular offer of 364 700 options under the SOP2010-2014 plan was made on 18 December 2014, and 349 810 of those options were accepted and were granted on 16 February 2015. Each option of the fifth regular series will be convertible into one existing Company share at an exercise price of € 26.055.

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

In order to mitigate dilution for existing shareholders upon conversion of the 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 Board of Directors has initiated a share buy-back program in order to purchase shares, in a number which may or may not equal the maximum number of existing shares which could be required in order to pay the difference between the conversion price and the prevailing share price upon conversion of the bonds. The conversion of the convertible bonds would then have no dilutive effect for existing shareholders.

Furthermore, the terms of the convertible bonds allow the Company to redeem the bonds at their principal amount together with accrued interest in certain circumstances, for example if the Company's shares trade at a price higher than 130% of the conversion price during a certain period after 9 July 2016.

Dividend policy

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

Per share*

in €	2010	2011	2012	2013	2014**
Intermediate/interim dividend	0.667	0.670			
Dividend without intermediate/interim	1.000	0.500	0.850	0.850	0.850
Total gross dividend	1.667	1.170	0.850	0.850	0.850
Net dividend***	1.250	0.878	0.638	0.638	0.638
Coupon number	12-13	14-15	16	17	18

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

** The dividend is subject to approval by the General Meeting of Shareholders 2015.

*** Subject to the applicable taks legislation

The Board of Directors will propose that the Annual General Meeting to be held on 13 May 2015 approve the distribution of a gross dividend € 0.85 per share.

General Meeting of Shareholders

The Annual General Meeting was held on 14 May 2014. An Extraordinary General Meeting was held on the same day. The resolutions of the meetings are available at www.bekaert.com.
More detailed information is available in the Bekaert Shareholders Guide 2014 and at www.bekaert.com.

Elements pertinent to a take-over bid

Restrictions on the transfer of securities

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

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

Restrictions on the exercise of voting rights

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

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

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

Agreements among shareholders

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

Appointment and replacement of Directors

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

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

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

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

Amendments to the Articles of Association

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

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

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

Within the framework of that authority the Board can also, during a period of three years from 26 June 2014, increase the registered capital, upon receipt by the Company of a notice from the FSMA of a public takeover bid, and provided that:

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

This authority can also be extended by the General Meeting.

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

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

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

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

Change of control

The Company is a party to a number of significant agreements that take effect, alter or terminate upon a change of control of the Company following a public takeover bid or otherwise. To the extent that those agreements grant rights to third parties that affect the assets of the Company or that give rise to a debt or an obligation of the Company, those rights were granted by the Special General Meetings held on 13 April 2006, 16 April 2008, 15 April 2009, 14 April 2010 and 7 April 2011 and by the Annual General Meetings held on 9 May 2012, 8 May 2013 and 14 May 2014 in accordance with Article 556 of the Companies Code: the minutes of those meetings were filed with the Registry of the Commercial Court of Kortrijk on 14 April 2006, 18 April 2008, 17 April 2009, 16 April 2010, 15 April 2011, 30 May 2012, 23 May 2013 and 20 June 2014 respectively and are available at www.bekaert.com.

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

Other elements

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

Control and ERM

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

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

Control environment

The accounting and control organization consists of three levels: (i) the accounting team in the different legal entities or shared service centers, responsible for the preparation and reporting of the financial information, (ii) the controllers at the different levels in the organization (such as plant and 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.

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

Risk assessment

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

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

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

Material changes to the statutory accounting principles of a Group company are approved by its Board of Directors.

Control activities

The proper application by the legal entities of the accounting principles as described in the IFRS manual, as well as the accuracy, consistency and completeness of the reported information, is reviewed on an ongoing basis by the control organization (as described above). In addition, all relevant entities are controlled by the Internal Audit Department on a periodic basis.
Policies and procedures are in place for the most important underlying processes (sales, procurement, investments, treasury, etc.), and are subject to (i) an evaluation by the respective management teams using a self-assessment tool, and (ii) control by the Internal Audit Department on a rotating basis.

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

Information and communication

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

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

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

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

Monitoring

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

On a periodic basis, the members of the Board of Directors are updated on the evolution and important changes in the underlying IFRS standards.
All relevant financial information is presented to the Audit and Finance Committee and the Board of Directors to enable them to analyze the financial statements. All related press releases are approved prior to communication to the market.

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

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

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

General Internal Control and ERM

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

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

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

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

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

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

Bekaert's 2014 ERM report includes among others, the following potential risks:

- overall pressure on profitability (e.g. general overcapacity in a weak economic environment);
- political/economic/social instability in emerging countries (e.g. Venezuela, 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 regulation;
- creditworthiness of customers;
- the risk of failure of the banking system in specific countries.

References

1. The overview of the development and the results of the business and of the position of the whole of the companies included in the consolidation is included in the Financial Review, starting at page 4 of the 2014 Annual Report

   A description of the principal risks and uncertainties is included in the Corporate Governance Statement, page 52 of the first part of the 2014 Annual Report. In addition, reference is made to Notes 3 and 7.3 to the consolidated financial statements, pages 74-88 of the Financial Review in the 2014 Annual Report.
2. The significant events occurring after the balance sheet date are described in Note 7.6 to the consolidated financial statements, page 91 of the Financial Review in the 2014 Annual Report.

3. The research and development activities are described in the Chapter Technology & Innovation, page 20 of the 2014 Annual Report. In addition, reference is made to Notes 5.1 and 5.2 to the consolidated financial statements, pages 26-28 of the Financial Review in the 2014 Annual Report.
4. The information concerning the use of financial instruments is included in Note 7.3 to the consolidated financial statements, page 74-88 of the Financial Review in the 2014 Annual Report.

Bekaert: Financial review

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Consolidated financial statements

Consolidated income statement

in thousands of € - Year ended 31 December	Notes	2013	2014
Sales	5.1.	3 185 628	3 215 714
Cost of sales	5.1.	-2 703 316	-2 729 995
Gross profit	**5.1.**	**482 312**	**485 719**
Selling expenses	5.1.	-128 207	-138 126
Administrative expenses	5.1.	-124 924	-126 894
Research and development expenses	5.1.	-62 429	-59 261
Other operating revenues	5.1.	12 502	21 978
Other operating expenses	5.1.	-13 337	-19 009
Operating result before non-recurring items (REBIT)	**5.1.**	**165 917**	**164 407**
Non-recurring items	5.1.	-28 647	6 847
Operating result (EBIT)	**5.1. / 5.2.**	**137 270**	**171 254**
Interest income	5.3.	6 449	5 291
Interest expense	5.3.	-70 154	-68 215
Other financial income and expenses	5.4.	-19 822	-3 730
Result before taxes		**53 743**	**104 600**
Income taxes	5.5.	-47 916	-42 376
Result after taxes (consolidated companies)		**5 827**	**62 224**
Share in the results of joint ventures and associates	5.6.	30 244	25 330
RESULT FOR THE PERIOD		**36 071**	**87 554**
Attributable to			
the Group		*24 574*	*87 176*
non-controlling interests	*6.14.*	*11 497*	*378*

Earnings per share in € per share	**5.7.**	**2013**	**2014**
Result for the period attributable to the Group			
Basic		*0.420*	*1.513*
Diluted		*0.419*	*1.333*

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

Consolidated statement of comprehensive income

in thousands of € - Year ended 31 December	Notes	2013	2014
Result for the period		**36 071**	**87 554**
Other comprehensive income (OCI)	**6.13.**		
Other comprehensive income reclassifiable to income statement in subsequent periods			
Exchange differences			
Exchange differences arising during the year		-85 642	91 826
Reclassification adjustments relating to entity disposals or step acquisitions		-463	1 042
Inflation adjustments		758	1 574
Cash flow hedges			
Fair value changes to hedging instruments		3 889	-7 896
Reclassification adjustments for amounts recognized in income statement		-3 035	8 651
Available-for-sale investments			
Net fair value gain on available-for-sale investments during the year		783	1 248
Reclassification adjustments relating to impairments or disposals		-10	157
Deferred taxes relating to reclassifiable OCI	6.6.	-2 201	1 066
OCI reclassifiable to income statement in subsequent periods, after tax		**-85 921**	**97 668**
Other comprehensive income non-reclassifiable to income statement in subsequent periods			
Remeasurement gains and losses on defined-benefit plans		21 734	-28 418
Share of non-reclassifiable OCI of joint ventures and associates		-	-219
Deferred taxes relating to non-reclassifiable OCI	6.6.	826	1 021
OCI non-reclassifiable to income statement in subsequent periods, after tax		**22 560**	**-27 616**
Other comprehensive income for the period		**-63 361**	**70 052**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**-27 290**	**157 606**
Attributable to			
the Group		*-23 472*	*141 948*
non-controlling interests	*6.14.*	*-3 818*	*15 658*

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**	**2013**	**2014**
Non-current assets		**1 608 640**	**1 850 842**
Intangible assets	6.1.	71 043	98 087
Goodwill	6.2.	16 369	18 483
Property, plant and equipment	6.3.	1 239 058	1 432 803
Investments in joint ventures and associates	6.4.	155 838	155 734
Other non-current assets	6.5.	48 781	44 468
Deferred tax assets	6.6.	77 551	101 267
Current assets		**1 771 817**	**2 106 873**
Inventories	6.7.	539 265	640 807
Bills of exchange received	6.7.	110 218	114 118
Trade receivables	6.7.	583 215	707 569
Other receivables	6.8.	83 781	106 627
Short-term deposits	6.9.	10 172	14 160
Cash and cash equivalents	6.9.	391 857	458 542
Other current assets	6.10.	51 213	65 050
Assets classified as held for sale	6.11.	2 096	-
Total		**3 380 457**	**3 957 715**

Equity and liabilities as at 31 December in thousands of €	**Notes**	**2013**	**2014**
Equity		**1 503 876**	**1 566 212**
Share capital	6.12.	176 773	176 914
Share premium		31 055	31 693
Retained earnings	6.13.	1 307 618	1 352 197
Other Group reserves	6.13.	-169 170	-194 013
Equity attributable to the Group		**1 346 276**	**1 366 791**
Non-controlling interests	**6.14.**	**157 600**	**199 421**
Non-current liabilities		**904 966**	**1 204 581**
Employee benefit obligations	6.15.	136 602	175 774
Provisions	6.16.	40 510	55 744
Interest-bearing debt	6.17.	688 244	910 074
Other non-current liabilities	6.18.	2 587	8 736
Deferred tax liabilities	6.6.	37 023	54 253
Current liabilities		**971 615**	**1 186 922**
Interest-bearing debt	6.17.	321 907	441 552
Trade payables	6.7.	338 864	390 943
Employee benefit obligations	6.7. / 6.15.	121 117	121 934
Provisions	6.16.	23 912	20 493
Income taxes payable		83 329	97 424
Other current liabilities	6.19.	82 486	114 576
Liabilities associated with assets classified as held for sale	6.11.	-	-
Total		**3 380 457**	**3 957 715**

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

Consolidated statement of changes in equity

in thousands of €	Share capital	Share premium	Retained earnings	Other Group reserves[1] Other reserves	Other Group reserves[1] Cumulative translation adjust-ments	Equity attributable to the Group	Non-controlling interests[2]	Total
Balance as at 1 January 2013	**176 586**	**30 194**	**1 325 410**	**-94 133**	**-16 087**	**1 421 970**	**181 623**	**1 603 593**
Total comprehensive income for the period	-	-	27 551	20 658	-71 681	**-23 472**	-3 818	**-27 290**
Reclassifications	-	-	4 179	-	2 992	**7 171**	-7 171	**-**
Effect of changes in group structure	-	-	74	-	-	**74**	-74	**-**
Equity-settled share-based payment plans	-	-	-	4 356	-	**4 356**	-	**4 356**
Creation of new shares	187	861	-	-	-	**1 048**	-	**1 048**
Treasury shares transactions	-	-	-	-15 275	-	**-15 275**	-	**-15 275**
Dividends	-	-	-49 596	-	-	**-49 596**	-12 960	**-62 556**
Balance as at 31 December 2013	**176 773**	**31 055**	**1 307 618**	**-84 394**	**-84 776**	**1 346 276**	**157 600**	**1 503 876**
Balance as at 1 January 2014	**176 773**	**31 055**	**1 307 618**	**-84 394**	**-84 776**	**1 346 276**	**157 600**	**1 503 876**
Total comprehensive income for the period	-	-	89 003	-23 916	76 861	**141 948**	15 658	**157 606**
Capital contribution by non-controlling interests	-	-	-	-	-	**-**	53 399	**53 399**
Effect of changes in group structure	-	-	5 226	-10 297	1 766	**-3 305**	25 988	**22 683**
Equity-settled share-based payment plans	-	-	-	2 845	-	**2 845**	-	**2 845**
Creation of new shares	141	638	-	-	-	**779**	-	**779**
Treasury shares transactions	-	-	-	-72 102	-	**-72 102**	-	**-72 102**
Dividends	-	-	-49 650	-	-	**-49 650**	-53 224	**-102 874**
Balance as at 31 December 2014	**176 914**	**31 693**	**1 352 197**	**-187 864**	**-6 149**	**1 366 791**	**199 421**	**1 566 212**

[1] *See note 6.13. 'Retained earnings and other Group reserves'.*
[2] *See note 6.14. 'Non-controlling interests'.*

The accompanying notes are an integral part of this statement.

Consolidated cash flow statement

in thousands of € - Year ended 31 December	Notes	2013	2014
Operating activities			
Operating result (EBIT)	5.1. / 5.2.	137 270	171 254
Non-cash items included in operating result	7.1.	192 884	187 847
Investing items included in operating result	7.1.	480	-8 057
Amounts used on provisions and employee benefit obligations	7.1.	-45 329	-44 452
Income taxes paid	5.5. / 7.1.	-51 507	-45 827
Gross cash flows from operating activities		**233 798**	**260 765**
Change in operating working capital	6.7.	78 491	-54 623
Other operating cash flows	7.1.	-6 526	-19 193
Cash flows from operating activities		**305 763**	**186 949**
Investing activities			
New business combinations	7.2.	-	-108 512
Other portfolio investments		-	-1 973
Proceeds from disposals of investments		6 668	3 103
Dividends received	6.4.	13 705	20 724
Purchase of intangible assets	6.1. / 7.2.	-2 176	-21 752
Purchase of property, plant and equipment	6.3.	-94 637	-132 784
Other investing cash flows	7.1.	4 474	15 847
Cash flows from investing activities		**-71 966**	**-225 347**
Financing activities			
Interest received	5.3.	9 989	5 338
Interest paid	5.3.	-75 291	-61 069
Gross dividend paid to shareholders of NV Bekaert SA		-49 596	-49 650
Gross dividend paid to non-controlling interests		-8 745	-16 746
Proceeds from non-current interest-bearing debt	6.17.	80 036	343 960
Repayment of non-current interest-bearing debt	6.17.	-202 201	-191 172
Cash flows from / to (-) current interest-bearing debt	6.17.	-34 338	147 605
Treasury shares transactions	6.13.	-15 275	-72 102
Other financing cash flows	7.1.	103 005	-18 219
Cash flows from financing activities		**-192 416**	**87 945**
Net increase or decrease (-) in cash and cash equivalents		**41 381**	**49 547**
Cash and cash equivalents at the beginning of the period		**352 312**	**391 857**
Effect of exchange rate fluctuations		-1 836	17 138
Cash and cash equivalents at the end of the period		**391 857**	**458 542**

The accompanying notes are an integral part of this statement.

Notes to the consolidated financial statements

1. General information

NV Bekaert SA (the ‘Company’) is a company domiciled in Belgium. The Company’s consolidated financial statements include those of the Company and its subsidiaries (together referred to as the ‘Group’ or ‘Bekaert’) and the Group’s interest in joint ventures and associates accounted for using the equity method. The consolidated financial statements were authorized for issue by the Board of Directors of the Company on 25 March 2015.

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 2014

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

- IFRIC 21 ‘Levies’ (effective 1 January 2014), published in May 2013. This interpretation addresses the timing and recognition for a liability to pay a levy if that liability is within the scope of IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’. The interpretation is likely to affect the amounts recognized in interim reports.

- Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014), defining an investment entity and requiring a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but to measure them at fair value through profit or loss.

- Amendments to IAS 32 (effective 1 January 2014), clarifying the requirements relating to the offset of financial assets and financial liabilities.

- Amendments to IAS 36 ‘Impairment of Assets’ (effective 1 January 2014), published in May 2013. These amendments relate to recoverable amount disclosures for non-financial assets.

- Amendments to IAS 39 ‘Financial Instruments, Recognition and Measurement’ (effective for annual periods beginning on or after 1 January 2014), published in June 2013. These amendments clarify when to discontinue hedge accounting for hedging relationships in which a derivative has been designated as a hedging instrument in a circumstance in which that derivative is novated to a central counterparty following the introduction of a new law or regulation.

Standards, amendments and interpretations that are not yet effective in 2014 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 within the scope of IAS 39 are required to be subsequently measured at amortized cost or fair value. Only debt investments acquired with the intention of collecting the contractual cash flows until their maturity are measured at amortized cost. Other debt investments and all equity investments are measured at fair value. With regard to the measurement of financial liabilities designated at fair value through profit or loss, IFRS 9 requires that the change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, except if such treatment would create or enlarge an accounting mismatch in profit or loss. IFRS 9 also modifies the requirements with respect to hedge accounting and introduces the expected loss model for impairment of financial assets.

- IFRS 15 ‘Revenue from Contracts with Customers’ (effective 1 January 2017), 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.

- Annual Improvements to IFRSs (2010-2012 Cycle) (effective 1 July 2014), published in December 2013. These improvements relate to IFRS 2 ‘Share-based payment’, defining vesting conditions; IFRS 3 ‘Business Combinations’, clarifying how to account for contingent consideration in a business combination; IFRS 8 ‘Operating Segments’, clarifying when to aggregate operating segments and how to reconcile the total of the reportable segments’ assets to the entity’s assets; IFRS 13 ‘Fair Value Measurement’, elaborating on short-term receivables and payables; IAS 16 ‘Property, Plant and Equipment’, clarifying the proportionate restatement of accumulated depreciation when applying the revaluation method; IAS 24 ‘Related Party Disclosures’, clarifying the definition of key management personnel; and IAS 38 ‘Intangible Assets’, clarifying the proportionate restatement of accumulated amortization when applying the revaluation method.

- Annual Improvements to IFRSs (2011-2013 Cycle) (effective 1 July 2014), published in December 2013. These improvements relate to IFRS 1 ‘First-time Adoption of International Financial Reporting Standards’, clarifying the meaning of ‘effective IFRSs’; IFRS 3 ‘Business Combinations’, specifying scope exceptions for joint ventures; IFRS 13 ‘Fair Value Measurement’, clarifying the scope of portfolio exceptions; and IAS 40 ‘Investment Property’, clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

- Annual Improvements to IFRSs (2012-2014 Cycle) (effective 1 January 2016), published in September 2014. These improvements relate to IFRS 5 ‘Non-current Assets Held for Sale and Discontinued Operations’, elaborating on changes in methods of disposal; IFRS 7 ‘Financial Instruments: Disclosures’, clarifying continuing involvement in transferred financial assets through servicing contracts and the applicability of the amendments to IFRS 7 to condensed interim financial statements; IAS 34 ‘Interim Financial Reporting’, regulating disclosure of information ‘elsewhere in the interim financial report’ and IAS 19 ‘Employee Benefits’, clarifying how to determine the applicable discount rate. The latter amendment states that, for currencies for which there is no deep market in high quality corporate bonds, the discount rate to be used for post-employment benefit obligations should be based on market yields on government bonds denominated in that currency. It also requires the application of this principle from the beginning of the earliest comparative period presented in the first financial statements in which the entity applies the amendment. Bekaert expects an initial adjustment of about € 7.5 million (based on year-end 2014 data) to be charged against retained earnings at first application of the amendment, which would mainly affect the defined-benefit obligations in Ecuador.

- Amendments to IFRS 11 ‘Accounting for Acquisitions of Interests in Joint Operations’ (effective 1 January 2016), providing guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 ‘Business Combinations’.

- Amendments to IFRS 10 and IAS 28 ‘Sale or Contribution of Assets’ between an Investor and its Associate or Joint Venture (effective 1 January 2016) specifying that any gain incurred on the contribution of a business to an associate or joint venture should not be eliminated in consolidation.

- Amendments to IAS 1 ‘Presentation of Financial Statements’, Disclosure Initiative (effective 1 January 2016), specifying that materiality should be considered in presenting information whether on the face of the financial statements or in the disclosures.

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

- Amendments to IAS 19 ‘Employee Benefits’ (effective for annual periods beginning on or after 1 July 2014), published in November 2013. These amendments clarify the accounting for contributions to defined-benefit plans by employees or third parties.

- IFRS 14 ‘Regulatory Deferral Accounts’ (effective 1 January 2016), specifying the accounting for regulatory deferral account balances that arise from rate-regulated activities.

- Amendments to IAS 16 and IAS 38 ‘Clarification of Acceptable Methods of Depreciation and Amortisation’ (effective 1 January 2016), prohibiting the use of a revenue-based depreciation method for items of property, plant and equipment, and limiting the use of a revenue-based amortization method for intangible assets to specific circumstances.

2.2. General principles

Basis of preparation

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

Principles of consolidation

Subsidiaries

Subsidiaries are entities over which NV Bekaert SA exercises control, which is the case when the Company is exposed, or has rights, to 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 and income statement, respectively. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity. When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

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

Joint arrangements and associates

A joint arrangement exists when NV Bekaert SA has contractually agreed to share control with one or more other parties, which is the case only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement can be treated as a joint operation (i.e. NV Bekaert SA has rights to the assets and obligations for the liabilities) or a joint venture (i.e. NV Bekaert SA 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 on a straight-line basis.

Research and development

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

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

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

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.

Emission rights

In the absence of any IASB standard or interpretation regulating the accounting treatment of CO_2 emission rights, the Group has applied the 'net approach', according to which:

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

Other intangible assets

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

Goodwill and business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.
The identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. Goodwill is measured as the difference between:
(i) the sum of the following elements:
- consideration transferred;
- amount of any non-controlling interests in the acquiree;
- fair value of the Group's previously held equity interest in the acquiree (if any); and

(ii) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, this difference is negative ("negative goodwill"), it is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests are initially measured either at fair value or at theirOf 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 and equipment	8%-25%
- R&D testing equipment	16.7%-25%
- furniture and vehicles	20%
- computer hardware	25%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (see section on 'Impairment of assets'). 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. 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 cost are recognized immediately through profit or loss. Remeasurements of the net defined-benefit liability (asset) comprise (a) actuarial gains and losses, (b) the return on plan assets, after deduction of the amounts included in net interest on the net defined-benefit liability (asset) and (c) any change in the effect of the asset ceiling, after deduction of any amounts included in net interest on the net defined-benefit liability (asset). Remeasurements are recognized immediately through equity. A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined-benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

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

Defined-contribution plans

Obligations in respect of contributions to defined-contribution pension plans are recognized as an expense in the income statement as they fall due. By law, defined-contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Hence, those plans classify as defined-benefit plans. The IASB recognized that the accounting for such so-called ‘contribution-based plans’ in accordance with the currently applicable defined-benefit methodology is problematic. Considering also the uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium, the Company adopted a retrospective approach whereby the net liability recognized in the balance sheet is based on the sum of the positive differences, determined by individual plan participant, between the minimum guaranteed reserves and the accumulated contributions based on the actual rates of return at the closing date (i.e. the net liability is based on the deficit measured at intrinsic value, if any).

Other long-term employee benefits

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

Share-based payment plans

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

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

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

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

Interest-bearing debt

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

Trade payables and other current liabilities

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

Income taxes

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

Derivatives, hedging and hedging reserves

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

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

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

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

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

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

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

The Group also uses derivatives that do not satisfy the hedge accounting criteria of IAS 39 but provide effective economic hedges under the Group's risk management policies. Changes in the fair value of any such derivatives are recognized immediately in the income statement.

Impairment of assets

Goodwill and intangible assets with an indefinite useful life or not yet available for use are reviewed for impairment at least annually; other tangible and intangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized in the income statement as and when the carrying amount of an asset exceeds its recoverable amount (being the higher of its fair value less costs 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.

Non-recurring items

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

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

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

2.6. Miscellaneous

Non-current assets held for sale and discontinued operations

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

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

Contingencies

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

Events after the balance sheet date

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

3. Critical accounting judgments and key sources of estimation uncertainty

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

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

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

- Management assessed that a constructive obligation exists to provide pre-retirement schemes for employees as from the first day of service (see note 6.15. 'Employee benefit obligations') and therefore these pre-retirement schemes are treated as defined-benefit plans using the projected unit credit method.

- Management concluded that the criteria for capitalizing development expenditure were not met (see note 6.1. 'Intangible assets').

- Management concluded that the functional currency of Bekaert Izmit Celik Kord Sanayi ve Ticaret AS (Turkey) is the euro, consistent with the current economic substance of the transactions relevant to that entity. For the same reasons, management concluded that the functional currency of Productos de Acero Cassadó SA (Peru) is the US dollar.

- As regarding its Venezuelan operations, management decided to use the economic exchange rate for translating the VEF financial statements to the reporting currency for consolidation as from 31 December 2012. In view of the restrictions on dividend repatriation for overseas investors introduced in 2009, and given the ongoing dramatic decline in the economic exchange rate (from 78.2 VEF/EUR at year-end 2013 to 108.6 VEF/EUR at year-end 2014), combined with inflation accounting, management concluded that this is the best choice for providing a fair view of the contribution of the Venezuelan operations to the consolidated financial statements.
  Due to the ever increasing complexity of foreign exchange regulations in Venezuela, Vicson SA uses four rates to account for its foreign currency transactions, depending on the foreign exchange system under which US dollar applications have been filed or are expected to be settled : (1) the official CADIVI or CENCOEX rate (6.3 VEF/USD), (2) the SICAD I rate (11.30 VEF/USD at year-end 2014), (3) the SICAD II rate (50 VEF/USD at year-end 2014) and (4) the economic exchange rate for all other transactions (89 VEF/USD at year-end 2014). In spite of the political and monetary instability, management concluded that there is no reason to deconsolidate its Venezuelan entities. At year-end 2014, the cumulative translation adjustments amount to € -38.3 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 2014, 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 Bekaert Ansteel Tire Cord (Chongqing) Co Ltd and accordingly consolidates this entity.

- 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.

- As for the defined-contribution pension plans in Belgium which are legally subject to minimum guaranteed rates of return, management concluded that these should not be accounted for as defined-benefit plans. Considering as well the uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium, the Company adopted a retrospective approach whereby the net liability recognized in the statement of financial position is based on the sum of the positive differences, determined by individual plan participant, between the minimum guaranteed reserves and the accumulated contributions based on the actual rates of return at the closing date (i.e. the net liability is based on the deficit measured at intrinsic value, if any). The main difference between this retrospective approach and the prospective Projected Unit Credit method is that benefit obligations are not calculated as the discounted value of the estimated projected future benefits attributed to past years of service.

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 6.6. ‘Deferred tax assets and liabilities’).

- Based on the expected economic life of specific product lines, which is expected to be significantly shorter than average, higher depreciation rates are applied to dedicated assets which are not expected to be reallocated to another product line. Consequently, depreciation percentages ranging from 10% to 25% are used instead of 8% for plant, machinery and equipment. R&D testing equipment dedicated to specific product lines is also depreciated at 25% p.a. Other R&D testing equipment is depreciated at 16.7% p.a.

- Credit risk related to customers: management closely reviews the outstanding trade receivables, also considering ageing, payment history and credit risk coverage. Specific and general bad debt allowances recognized are based on management’s best estimates at the balance sheet date (see note 6.7. ‘Operating working capital’).

- Employee benefit obligations: the defined-benefit obligations are based on actuarial assumptions such as discount rate and salary increases, which are extensively detailed in note 6.15. ‘Employee benefit obligations’.

- Provisions for environmental issues: at each year-end an estimate is made of future expenses to remediate soil pollution, based on the advice of an external expert (see note 6.16. ‘Provisions’).

- Impairment: the Group performs annual impairment tests on goodwill and on cash-generating units for which there are indicators that the carrying amount might be higher than the recoverable amount. This analysis is based upon assumptions such as market evolution, market share, margin evolution and discount rates (see note 6.2. ‘Goodwill’).

- According to Chinese tax legislation and regulation, certain entities of the Group which enjoy preferential treatment in the form of a reduced income tax rate are granted a gradual transition to the statutory tax rate over a five year period. Based on current practice, management judges that the investments comply with the conditions for this tax incentive. Should the tax regulation or practice change in this area, the Company may be required to update its tax liabilities or provisions.

- Fair value adjustments for business combinations: in accordance with IFRS 3, ‘Business Combinations’, Bekaert remeasures the assets, liabilities and contingent liabilities acquired through a business combination to fair value. Similarly, consideration (including consideration in shares), contingent consideration and any stake in the acquiree held prior to the business combination are also measured at fair value. When significant influence is acquired in an associate, or joint control is acquired in a joint venture, Bekaert also remeasures its share in the assets, liabilities and contingent liabilities in that associate or joint venture to its acquisition-date fair value. Where possible, fair value adjustments are based on external appraisals or valuation models, e.g. for contingent liabilities and intangible assets which were not recognized by the acquiree. Internal benchmarks are often used for valuing specific production equipment. All of these valuation methods rely on various assumptions such as estimated future cash flows, remaining useful economic life etc.

- In view of the geopolitical situation in Russia, which constitutes an indicator of impairment, management recorded an impairment loss of € 4.2 million on the assets of its Russian operations.

- Fair value measurements that cannot be fully based on observable market parameters involve judgment that could affect estimated fair value. This includes the option attached to the convertible bond issued in June 2014 and the put option granted to Maccaferri for the non-controlling interests in Bekaert Maccaferri Underground Solutions BVBA.

- 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 received by Belgo Bekaert Arames Ltda, have not been provided for, supported by legal advice (see note 6.4. ‘Investments in joint ventures and associates’).

4. Segment reporting

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

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

1) EMEA – Europe, Middle-East and Africa: 33% of consolidated sales (2013: 33%)
2) North America: 17% of consolidated sales (2013: 17%)
3) Latin America: 20% of consolidated sales (2013: 20%)
4) Asia Pacific: 30% of consolidated sales (2013: 30%)

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.

2014 in thousands of €	**EMEA**	**North America**	**Latin America**	**Asia Pacific**	**Group & Business support**	**Reconcilia-tions**	**Consoli-dated**
Net sales	1 063 846	554 698	631 287	965 883	-	-	3 215 714
Operating result before non-recurring items (REBIT)	114 418	20 045	26 069	63 005	-60 987	1 857	164 407
Non-recurring items	1 816	7 882	7 944	-9 320	-1 475	-	6 847
Operating result (EBIT)	**116 234**	**27 927**	**34 013**	**53 685**	**-62 462**	**1 857**	**171 254**
Depreciation and amortization	43 883	9 476	16 739	93 906	14 545	-13 938	164 611
Impairment losses	4 974	226	-	11 762	-	-	16 962
Negative goodwill	-	-	-10 893	-	-	-	-10 893
EBITDA	**165 091**	**37 629**	**39 859**	**159 353**	**-47 917**	**-12 081**	**341 934**
Segment assets	876 913	302 759	620 126	1 282 277	159 738	-205 050	3 036 763
Unallocated assets	-	-	-	-	-	920 952	920 952
Total assets	**876 913**	**302 759**	**620 126**	**1 282 277**	**159 738**	**715 902**	**3 957 715**
Segment liabilities	210 683	68 607	111 746	143 744	76 165	-98 166	512 779
Unallocated liabilities	-	-	-	-	-	1 878 724	1 878 724
Total liabilities	**210 683**	**68 607**	**111 746**	**143 744**	**76 165**	**1 780 558**	**2 391 503**
Capital employed	666 230	234 152	508 380	1 138 533	83 573	-106 884	2 523 984
Average capital employed	545 080	210 761	388 466	1 112 720	80 623	-99 180	2 238 470
Return on average capital employed (ROCE)[1]	21.3%	13.3%	8.8%	4.8%	-	-	7.7%
Capital expenditure – PP&E	33 421	26 196	31 779	51 190	3 987	-13 789	132 784
Capital expenditure – intangible assets	33 237	-	1 987	1 882	846	-16 200	21 752
Share in the results of joint ventures and associates	-	-	26 386	-1 056	-	-	25 330
Investments in joint ventures and associates	-	-	144 697	11 037	-	-	155 734
Number of employees (year-end)[2]	6 162	1 606	4 739	9 849	1 771	-	24 127

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

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

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

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

Reconciliations in thousands of €	**2013**	**2014**
Operating result (EBIT)		
Intangible assets	-10	-
PP&E	-6 808	-11 873
Inventories	2 672	-208
Intersegment margin eliminations	**-4 146**	**-12 081**
Intangible assets	-4	-6
PP&E	-13 600	-13 932
Depreciation and amortization relating to intersegment margin eliminations	**-13 604**	**-13 938**
Intangible assets	-6	6
PP&E	6 792	2 059
Inventories	2 672	-208
EBIT: intersegment elimination minus related depreciation & amortization	**9 458**	**1 857**
Segment assets		
Intangible assets	-346	-16 540
PP&E	-86 876	-82 962
Inventories	-4 253	-6 336
Trade receivables	-72 863	-99 204
Advances paid	-13	-8
Intersegment eliminations on capital employed assets	**-164 351**	**-205 050**
Unallocated assets		
Other assets than capital employed elements	**799 113**	**920 952**
Segment liabilities		
Trade payables	-72 863	-98 158
Advances received	-13	-8
Intersegment eliminations on capital employed liabilities	**-72 876**	**-98 166**
Unallocated liabilities		
Other liabilities than capital employed elements	**1 414 543**	**1 878 724**
Capital employed		
Segment assets eliminations	-164 351	-205 050
- Segment liabilities eliminations	72 876	98 166
Intersegment eliminations on capital employed elements	**-91 475**	**-106 884**
Capex PP&E		
Intersegment margin eliminations on PP&E	-26 788	-13 789
Capex PP&E adjustments	**-26 788**	**-13 789**
Capex intangible assets		
Intersegment margin eliminations on intangible assets	-100	-16 200
Capex intangible assets adjustments	**-100**	**-16 200**

Revenue by product application

in thousands of €	2013	2014	Variance (%)
Net sales			
Rubber reinforcement products	*1 206 510*	*1 205 565*	*-0.1%*
Other steel wire products	*1 788 174*	*1 851 473*	*3.5%*
Stainless products	*180 634*	*143 494*	*-20.6%*
Other	*10 310*	*15 182*	*47.3%*
Total	**3 185 628**	**3 215 714**	**0.9%**

Rubber reinforcement products include tire cord, bead wire, hose reinforcement wire, belt cord and steel cord fabric. Other steel wire products include industrial steel wires, specialty steel wires (inclusive stainless wires), building products, ropes and sawing wire. Stainless products include fibers and combustion products for heating and drying. In 2014, stainless wires were moved from Stainless products to specialty steel wires.

All product groups are sold in all 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 and the USA for Bekaert in terms of revenues and non-current assets (i.e. intangible assets, goodwill, property, plant and equipment).

in thousands of €	2013	% of total	2014	% of total
Net sales from Belgium	275 287	9%	290 236	9%
Net sales from Chile	307 099	10%	282 441	9%
Net sales from China	685 564	22%	680 904	21%
Net sales from USA	465 395	15%	495 412	15%
Net sales from other countries	1 452 283	46%	1 466 721	46%
Total net sales	**3 185 628**	**100%**	**3 215 714**	**100%**
Non-current assets located in Belgium	90 371	7%	108 678	7%
Non-current assets located in Chile	97 603	7%	100 852	7%
Non-current assets located in China	565 266	43%	581 896	38%
Non-current assets located in USA	66 684	5%	91 876	6%
Non-current assets located in other countries	506 546	38%	666 071	42%
Total non-current assets	**1 326 470**	**100%**	**1 549 373**	**100%**

5. Income statement items and other comprehensive income

5.1. Operating result (EBIT) by function

in thousands of €	2013	2014	variance
Sales	3 185 628	3 215 714	30 086
Cost of sales	-2 703 316	-2 729 995	-26 679
Gross profit	**482 312**	**485 719**	**3 407**
Selling expenses	-128 207	-138 126	-9 919
Administrative expenses	-124 924	-126 894	-1 970
Research and development expenses	-62 429	-59 261	3 168
Other operating revenues	12 502	21 978	9 476
Other operating expenses	-13 337	-19 009	-5 672
Operating result before non-recurring items (REBIT)	**165 917**	**164 407**	**-1 510**
Non-recurring items	-28 647	6 847	35 494
Operating result (EBIT)	**137 270**	**171 254**	**33 984**

Sales and gross profit in thousands of €	2013	2014	variance (%)
Sales	3 185 628	3 215 714	0.9%
Cost of sales	-2 703 316	-2 729 995	1.0%
Gross profit	**482 312**	**485 719**	**0.7%**
Gross profit in % of sales	15.1%	15.1%	

Bekaert's consolidated sales increased by almost 0.9% versus last year. The net impact of this year's acquisitions (integration of ropes activities in Brazil and wire activities in Costa Rica) and prior year's divestment (advanced filtration activities) explained 0.5% of the sales increase. The organic growth of sales by 2.8% was mainly realized in EMEA and in Asia Pacific. However, unfavorable currency movements (especially related to CLP) almost entirely offset the organic increase (-2.4%).

Gross profit was almost stable in nominal terms. Compared to last year, the organic business in EMEA and to a lesser degree also North America contributed positively to gross profit. The gain from organic growth was offset by negative currency movements (€ -12.0 million).

Overheads in thousands of €	2013	2014	variance (%)
Selling expenses	-128 207	-138 126	7.7%
Administrative expenses	-124 924	-126 894	1.6%
Research and development expenses	-62 429	-59 261	-5.1%
Total	**-315 560**	**-324 281**	**2.8%**

Apart from the impact of currency movements, the increase in selling expenses mainly relates to the significant reversal of bad debt provisions in 2013, while this was not the case in 2014. Administrative expenses increased due to the incurred expenses related to the acquisition transactions. Research and development expenses decreased following more cost effective project initiatives.

Other operating revenues in thousands of €	2013	2014	variance
Royalties received	11 225	10 189	-1 036
Gains on disposal of PP&E and intangible assets	457	478	21
Realized exchange results on sales and purchases	-6 131	2 146	8 277
Government grants	2 286	5 084	2 798
Miscellaneous	4 665	4 081	-584
Total	**12 502**	**21 978**	**9 476**

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.

Other operating expenses in thousands of €	**2013**	**2014**	**variance**
Losses on disposal of PP&E and intangible assets	-991	-1 597	-606
Amortization of intangible assets	-340	-474	-134
Bank charges	-2 456	-2 475	-19
Tax related expenses (other than income taxes)	-1 465	-3 112	-1 647
Miscellaneous	-8 085	-11 351	-3 266
Total	**-13 337**	**-19 009**	**-5 672**

The increase of Miscellaneous mainly relates to impairment losses of individual PP&E items.

Non-recurring items in thousands of €		**2013**	**2014**	**variance**
Restructuring - impairment losses	(a)	-1 027	-6 971	-5 944
Restructuring - other revenues	(b)	3 225	3 673	448
Restructuring - other expenses	(b)	-15 125	-6 289	8 836
Other impairment losses	(a)	-6 621	-6 853	-232
Gains on business disposals		1 231	310	-921
Losses on business disposals	(c)	-50	-1 474	-1 424
Gains on step acquisitions	(c)	-	1 804	1 804
Negative goodwill on business combinations	(c)	-	10 893	10 893
Other revenues	(d)	1 481	30 815	29 334
Other expenses	(d)	-11 761	-19 061	-7 300
Total		**-28 647**	**6 847**	**35 494**

Non-recurring items amounted to € +6.8 million compared with € -28.6 million last year.

(a) In 2014, a net impairment loss in the amount of € -13.8 million was recorded. This amount includes the impairment losses of the Industrial Steel Wire business in South East Asia (Malaysia and Indonesia), of the Special Steel Wire business in India and in respect of the current economic and geopolitical risk exposure in Russia. Impairment losses have been reversed with respect to some production equipment in China, which was previously considered redundant but has been redeployed in 2014.

(b) The restructuring and closure programs announced in 2012 and in 2013 were further implemented resulting in incurring costs offset by write-backs of provisions recorded in the previous years.

(c) In accordance with IFRS 3 (revised 2008), the transaction in which the Group acquired the majority of the shares of the ArcelorMittal steel wire plant in Costa Rica and raised its share from 45% to 100% in the Cimaf ropes plant in Brazil, was accounted for as a business combination. This resulted not only in the recognition of a negative goodwill, but also in the recognition of a loss from the reclassification of cumulative translation adjustments and a gain on step acquisition, both related to the increased shareholding in the Cimaf ropes plant.

(d) In November, a fire hit the Rome plant (USA), resulting in the loss of fixed assets and inventory, in significant clean-up costs and in business interruption losses. As on the one hand the Group will further incur costs to bring the affected production operational again in 2015, but on the other hand IFRS requires to recognize already the total estimated compensations from the insurance company in the books of 2014, a net gain was recorded in 2014. The remainder of the other revenues and expenses mainly relate to the gains on the sale of property and the reversal of the environmental provisions largely due to the transfer of the environmental clean-up obligations to the buyer.

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 €	2013		2014	
Sales	3 185 628	100%	3 215 714	100%
Non-recurring revenues	5 937	-	47 495	-
Other operating revenues	12 502	-	21 978	-
Total operating revenues	**3 204 067**	**-**	**3 285 187**	**-**
Own construction of PP&E	31 636	1.0%	48 800	1.5%
Raw materials	-1 209 885	-38.0%	-1 242 818	-38.6%
Semi-finished products and goods for resale	-218 430	-6.9%	-246 866	-7.7%
Change in work-in-progress and finished goods	9 757	0.3%	38 795	1.2%
Staff costs	-603 619	-18.9%	-610 121	-19.0%
Depreciation and amortization	-151 071	-4.7%	-164 610	-5.1%
Impairment losses	-8 650	-0.3%	-16 962	-0.5%
Transport and handling of finished goods	-136 104	-4.3%	-151 649	-4.7%
Consumables and spare parts	-204 889	-6.4%	-219 200	-6.8%
Utilities	-211 686	-6.6%	-219 001	-6.8%
Maintenance and repairs	-42 460	-1.3%	-52 430	-1.6%
Expenses operating leases	-20 124	-0.6%	-20 406	-0.6%
Commissions in selling expenses	-4 718	-0.1%	-3 414	-0.1%
Export VAT and export customs duty	-26 852	-0.8%	-28 842	-0.9%
ICT costs	-23 890	-0.7%	-25 074	-0.8%
Advertising and sales promotion	-6 085	-0.2%	-6 792	-0.2%
Travel, restaurant & hotel	-31 427	-1.0%	-33 760	-1.0%
Consulting and other fees	-20 078	-0.6%	-25 725	-0.8%
Office supplies and equipment	-11 327	-0.4%	-11 425	-0.4%
Venture capital funds R&D	-1 422	0.0%	-982	0.0%
Temporary or external labor	-18 160	-0.6%	-20 696	-0.6%
Insurance expenses	-4 349	-0.1%	-6 459	-0.2%
Miscellaneous	-152 962	-4.8%	-94 296	-2.9%
Total operating expenses	**-3 066 797**	**-96.3%**	**-3 113 933**	**-96.8%**
Operating result (EBIT)	**137 270**	**4.3%**	**171 254**	**5.3%**

5.3. Interest income and expense

in thousands of €	2013	2014
Interest income on financial assets not classified as at FVTPL	6 449	5 291
Interest income	**6 449**	**5 291**
Interest expense on interest-bearing debt not classified as at FVTPL	*-55 770*	*-54 801*
Other debt-related interest expense	*-8 645*	*-7 336*
Interest expense	-64 415	-62 137
Interest element of interest-bearing provisions	-5 739	-6 078
Interest expense	**-70 154**	**-68 215**
Total	**-63 705**	**-62 924**

Although gross debt increased with € 355 million, interest expense remained at the same level due to an average lower interest rate on the gross debt. 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, hedged items and interest-rate risk mitigating derivatives designated as economic hedges.

The interest element of interest-bearing provisions mainly relates to the defined-benefit liability (see note 6.15. ‘Employee benefit obligations’) and to provisions recognized on the business combinations with ArcelorMittal (€ 0.6 million) and Maccaferri (€ 0.1 million).

5.4. Other financial income and expenses

in thousands of €	2013	2014
Value adjustments to derivatives	*-1 550*	*-18 991*
Value adjustments to hedged items	*-494*	*4 829*
Exchange results on hedged items	*-2 479*	*23 749*
Net impact of derivatives and hedged items	-4 523	9 587
Other exchange results	-12 249	-6 213
Impairment losses on available-for-sale financial assets	-1 284	-157
Inflation accounting effects	1 814	2 655
Dividends from non-consolidated equity investments	254	147
Bank charges and taxes on financial transactions	-990	-2 877
Impairments and impairment reversals of loans and receivables	-1 374	-6 039
Other	-1 470	-833
Total	**-19 822**	**-3 730**

Value adjustments include changes in the fair value of all derivatives, other than those designated as cash flow hedges, and of all debt hedged by fair value hedges. A fair value gain of € 13.4 million has been recognized in 2014 on the conversion option relating to the convertible debt issued in June 2014 (refer to the ‘Financial instruments by fair value measurement hierarchy’ section in note 7.3. ‘Financial risk management and financial derivatives’). 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, refer to note 7.3. ‘Financial risk management and financial derivatives’.

Inflation accounting effects relate to the Venezuelan operations. Bank charges and taxes on financial transactions increased mainly in China, Brazil and Belgium. An impairment loss of € 5.7 million was recognized on receivables from the Venezuelan authorities. After an impairment loss of € 1.3 million was recognized on the Group’s investment in Shougang Concord Century Holdings Ltd in 2013, a further impairment loss of € 0.2 million was recognized at 30 June 2014, as the share price had declined again on the Hong Kong Stock Exchange. By the end of the year, the share price had risen again, which resulted in a fair value gain of € 1.4 million being recognized through equity (see note 6.5. ‘Other non-current assets’).

5.5. Income taxes

in thousands of €	2013	2014
Current income taxes - current year	-60 491	-57 142
Current income taxes - prior periods	-3 890	-135
Deferred taxes - due to changes in temporary differences	16 532	15 570
Deferred taxes - due to changes in tax rates	-67	-669
Total tax expense	**-47 916**	**-42 376**

Relationship between tax expense and accounting profit

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

in thousands of €	2013	2014
Accounting profit	53 743	104 600
Tax expense at the theoretical domestic rates applicable to results of taxable entities in the countries concerned[1]	-2 676	-28 857
Tax expense related to distribution of retained earnings	-11 018	-2 171
Total theoretical tax expense	-13 694	-31 028
Theoretical tax rate	-25.5%	-29.7%
Tax effect of:		
Non-deductible items	*-16 635*	*-10 991*
Other tax rates and special tax regimes	*4 845*	*4 766*
Non-recognition of deferred tax assets[2]	*-14 057*	*-12 205*
Utilization of deferred tax assets not previously recognized	*14 342*	*8 566*
Tax relating to prior periods	*-18 650*	*-8 687*
Exempted income	*2 552*	*4 589*
Other	*-6 619*	*2 614*
Total tax expense	**-47 916**	**-42 376**
Effective tax rate	-89.2%	-40.5%

[1] The expense for 2013 is low since the value disclosed is an aggregation of positive accounting results in countries with lower tax rates and negative accounting results in countries with higher tax rates which are offsetting each other.
[2] Non-recognition of deferred tax assets mainly relates to losses in China, Malaysia and India.

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

5.6. Share in the results of joint ventures and associates

The operating results of the Brazilian joint ventures were adversely affected by the ailing Brazilian economy. Additional financials relating to the Brazilian joint ventures are provided under note 6.4. 'Investments in joint ventures and associates'. The Chinese joint venture with Xinyu Steel is still struggling to realize a turnaround, and took a hit on deferred tax assets.

in thousands of €		2013	2014
Joint ventures			
BOSFA Pty Ltd	Australia	688	183
Belgo Bekaert Arames Ltda	Brazil	28 515	26 754
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	1 526	-368
Bekaert Faser Vertriebs GmbH	Germany	15	-
Bekaert Xinyu Metal Products Co Ltd	China	-500	-1 240
Total		**30 244**	**25 329**

5.7. Earnings per share

2014	Number
Weighted average number of ordinary shares (basic)	**57 599 873**
Dilution effect of subscription rights and options	274 966
Dilution effect of convertible bond issued in 2014	1 001 473
Weighted average number of ordinary shares (diluted)	**58 876 312**

in thousands of €	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders	87 176	87 176
Effect on earnings of convertible bond issued in 2014[1]	-	-8 668
Earnings	**87 176**	**78 508**
Earnings per share (in €)	**1.513**	**1.333**

[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 the Group has to issue shares in the future. In 2014, these comprised subscription rights, options and the convertible bond issued in June 2014. 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 bond tends to affect both the denominator and the numerator of the EPS ratio. The dilution effect of the convertible bond 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 bond and having affected the 'basic' earnings for the period. Following income statement items were affected by the convertible bond:

(a) the effective interest expense (€ -4.4 million), consisting of nominal interest being accrued (€ -1.2 million) and interest expense from amortized cost remeasurement (€ -3.2 million),

(b) transaction costs (€ -0.3 million) and

(c) fair value gains on the derivative liability representing the conversion option (€ 13.4 million).

The convertible bond is anti-dilutive if it causes the diluted EPS ratio to improve, i.e. if the diluted profit per share goes up or the diluted loss per share goes down. To calculate the impact, it is assumed that all dilutive subscription rights and options are exercised and that the conversion option of the convertible bond is exercised in its entirety at the beginning of the period, or, if the instruments were issued during the period, at the issue date. The features of the conversion option are such that only the share price increase over and above the conversion price is convertible into shares, and that Bekaert has a call option on the conversion option when the share price exceeds the conversion price by 32.5%. The amount of shares to be converted has thus been capped at 1 868 033. Consequently, management decided to buy back as many shares (1 868 033) as could possibly be converted to counter any dilution effect resulting from the convertible bond issuance. The buy-back program started in June and was finalized by the end of September, resulting in a reduction of the basic weighted average number of shares by 780 102 and an increase in both basic and diluted earnings per share of € 0.02.

2013	Number
Weighted average number of ordinary shares (basic)	**58 519 782**
Dilution effect of subscription rights and options	179 647
Weighted average number of ordinary shares (diluted)	**58 699 429**

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

The weighted average closing price during 2014 was € 27.15 per share (2013: € 24.93 per share). The following options and subscription rights were out of the money, and therefore antidilutive, for the period presented:

Antidilutive instruments	Date granted	Exercise price (in €)	Number granted	Number outstanding
SOP2 - options	19.02.2007	30.175	37 500	10 000
SOP2 - options	18.02.2008	28.335	43 500	19 500
SOP2 - options	15.02.2010	33.990	49 500	49 500
SOP 2005-2009 - subscription rights	19.02.2007	30.175	182 010	10 270
SOP 2005-2009 - subscription rights	18.02.2008	28.335	229 200	118 850
SOP 2005-2009 - subscription rights	15.02.2010	33.990	225 450	191 850
SOP 2010-2014 - options	14.02.2011	77.000	360 925	314 925

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

6. Balance sheet items

6.1. Intangible assets

in thousands of € **Cost**	**Licenses, patents & similar rights**	**Computer software**	**Rights to use land**	**Develop-ment costs**	**Other**	**Total**
As at 1 January 2013	8 817	62 717	71 041	1 001	19 494	163 070
Expenditure	309	1 667	-	-	200	2 176
Disposals and retirements	-500	-6	-3 763	-982	-	-5 251
Transfers[1]	130	1 673	-	-	33	1 836
Deconsolidations	-	-111	-	-	-3 150	-3 261
Exchange gains and losses (-)	-65	-1 149	-2 594	-	-520	-4 328
As at 31 December 2013	**8 691**	**64 791**	**64 684**	**19**	**16 057**	**154 242**
As at 1 January 2014	8 691	64 791	64 684	19	16 057	154 242
Expenditure	15 021	5 138	1 149	-	443	21 752
Disposals and retirements	-	-420	-	-	-86	-506
Transfers[1]	-284	272	-	-	-	-12
New consolidations	-	2	-	-	6 010	6 012
Exchange gains and losses (-)	54	1 900	7 023	-	1 657	10 634
As at 31 December 2014	**23 483**	**71 683**	**72 856**	**19**	**24 081**	**192 121**
Accumulated amortization and impairment						
As at 1 January 2013	7 462	48 453	7 888	1 001	16 006	80 810
Charge for the year	1 079	5 242	1 377	-	764	8 462
Impairment losses	125	-	-	-	-	125
Disposals and retirements	-500	-6	-303	-982	-	-1 791
Deconsolidations	-	-111	-	-	-2 951	-3 062
Exchange gains (-) and losses	-28	-724	-174	-	-420	-1 346
As at 31 December 2013	**8 138**	**52 854**	**8 788**	**19**	**13 399**	**83 198**
As at 1 January 2014	8 138	52 854	8 788	19	13 399	83 198
Charge for the year	168	4 827	1 330	-	955	7 280
Impairment losses	-	116	-	-	-	116
Disposals and retirements	-	-420	-	-	-86	-506
Exchange gains (-) and losses	44	1 501	1 039	-	1 363	3 947
As at 31 December 2014	**8 350**	**58 878**	**11 157**	**19**	**15 631**	**94 034**
Carrying amount as at 31 December 2013	**553**	**11 936**	**55 896**	**-**	**2 658**	**71 043**
Carrying amount as at 31 December 2014	**15 133**	**12 805**	**61 699**	**-**	**8 450**	**98 087**

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

The expenditure on licenses, patents and similar rights mainly relates to IP rights acquired from Pirelli (€ 15.0 million). The software expenditure mainly relates to the Satellite project (sales and outbound logistics) and ERP software (SAP). As for the rights to use land, the 2014 increase relates to the purchase of land rights by Bekaert (Qingdao) Wire Products Co Ltd. As for the new consolidations in other intangible assets, this relates to the synergies from the transfer of production volumes (€ 4.8 million) and the customer portfolio (€ 1.2 million) acquired in the context of the business combination with Maccaferri (see note 7.2. 'Effect of business combinations').

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

6.2. Goodwill

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

Cost in thousands of €	**2013**	**2014**
As at 1 January	41 569	35 566
Increases	-	784
Deconsolidation	-4 844	-
Exchange gains and losses (-)	-1 159	1 668
As at 31 December	**35 566**	**38 018**

Impairment losses in thousands of €	**2013**	**2014**
As at 1 January	24 628	19 197
Deconsolidation	-4 844	-
Exchange gains (-) and losses	-587	338
As at 31 December	**19 197**	**19 535**
Carrying amount as at 31 December	**16 369**	**18 483**

In 2014, the increase of goodwill was a consequence of new business combinations which relate to the commercial partnership with Maccaferri for underground solutions (€ 0.1 million) and the acquisition of Pirelli's steel cord plants (€ 0.7 million – provisional amount). The business combination re the ArcelorMittal deal in Costa Rica, Brazil and Ecuador results in a negative goodwill of € 10.9 million which is recognized through income statement. More information about the goodwill calculation is provided in note 7.2. 'Effect of business combinations'.

In 2013, there were no new business combinations. The net effect of deconsolidation in 2013 is zero, as the related goodwill of the Advanced Filtration business and the Flaring business was already fully impaired at the time of disposal of these cash-generating units.

Goodwill by cash-generating unit (CGU)

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

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

Segment in thousands of €	**Group of cash-generating units**	**Carrying amount 31 Dec 2012**	**Impairment 2013**	**Carrying amount 31 Dec 2013**	**Impairment 2014**	**Carrying amount 31 Dec 2014**
Subsidiaries						
EMEA	Cold Drawn Products Ltd	2 743	-	2 685	-	2 874
EMEA	Combustion - heating	3 027	-	3 027	-	3 027
EMEA	Building Products	-	-	-	-	71
EMEA	Rubber Reinforcement	-	-	-	-	713
North America	Orrville plant (USA)	8 890	-	8 505	-	9 662
Latin America	Inchalam group	1 005	-	876	-	860
Latin America	Bekaert Ideal SL companies	844	-	844	-	844
Asia Pacific	Bekaert (Qingdao) Wire Products Co Ltd	385	-	385	-	385
Asia Pacific	Bekaert-Jiangyin Wire Products Co Ltd	47	-	47	-	47
Subtotal		**16 941**	**-**	**16 369**	**-**	**18 483**
Joint ventures and associates						
Latin America	Belgo Bekaert Arames Ltda	5 559	-	4 614	-	4 667
Subtotal		**5 559**	**-**	**4 614**	**-**	**4 667**
Total		**22 500**	**-**	**20 983**	**-**	**23 150**

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

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

Discount rates for impairment testing			Euro region	USD region	CNY region
Group target ratio's					
Gearing: net debt/equity		50%			
% debt		33%			
% equity		67%			
% LT debt		75%			
% ST debt		25%			
Cost of Bekaert debt			**2.3%**	**2.5%**	**6.3%**
Long term interest rate			2.7%	3.0%	6.5%
Short term interest rate			1.2%	1.0%	5.6%
Cost of Bekaert equity	$= R_f + \beta \, . \, E_m$		**7.6%**	**8.9%**	**12.7%**
Risk free rate= R_f			1.0%	2.3%	6.2%
Beta = β		1.31			
Market equity risk premium= E_m		5%			
Corporate tax rate		**27%**			
Cost of equity before tax			**10.4%**	**12.1%**	**17.4%**
WACC - nominal			**7.7%**	**8.9%**	**13.7%**
Expected inflation			1.6%	2.2%	2.8%
WACC in real terms			**6.1%**	**6.7%**	**10.9%**

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.

6.3. Property, plant and equipment

in thousands of € Cost	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Finance leases	Other PP&E	Assets under construc-tion	Total
As at 1 January 2013	934 199	2 261 204	92 811	9 800	4 351	62 150	3 364 516
Expenditure	23 955	53 448	6 492	73	1 269	11 472	96 709
Disposals and retirements	-1 711	-19 104	-4 630	-323	-393	-54	-26 215
Deconsolidations	-3 740	-3 167	-516	-	-	-5	-7 428
Transfers[1]	-	-	-	-	-	-1 836	-1 836
Reclassification to (-) / from held for sale	-21 752	-	-	-	-	-	-21 752
Exchange gains and losses (-)	-35 306	-69 915	-3 863	-1 125	-157	-4 210	-114 576
Inflation effects on opening balances	1 224	1 373	151	-	-	54	2 802
Other inflation effects	-	-	-	-	-	18	18
As at 31 December 2013	**896 869**	**2 223 839**	**90 445**	**8 425**	**5 070**	**67 589**	**3 292 238**
As at 1 January 2014	896 869	2 223 839	90 445	8 425	5 070	67 589	3 292 238
Expenditure	21 871	89 433	5 347	1 373	833	16 390	135 247
Disposals and retirements	-3 144	-146 445	-7 055	-	-	-1 588	-158 232
New consolidations	80 544	78 597	707	-	157	2 535	162 540
Transfers[1]	-	-	-	-	-	12	12
Exchange gains and losses (-)	52 051	147 716	4 769	-61	70	5 263	209 809
Inflation effects on opening balances	1 659	1 921	206	-	-	116	3 901
Other inflation effects	-	-	-	-	-	22	22
As at 31 December 2014	**1 049 850**	**2 395 062**	**94 419**	**9 738**	**6 129**	**90 340**	**3 645 537**
Accumulated depreciation and impairment							
As at 1 January 2013	389 022	1 512 618	72 561	1 434	2 315	-	1 977 949
Charge for the year	34 570	119 625	8 519	274	667	-	163 655
Impairment losses	339	8 450	39	-	182	-	9 010
Reversal impairment losses and depreciations	-	-471	-35	-	-	-	-506
Disposals and retirements	-1 538	-17 684	-4 239	-202	-206	-	-23 869
Deconsolidations	-1 976	-3 084	-488	-	-	-	-5 548
Reclassification to (-) / from held for sale	-19 656	-	-	-	-	-	-19 656
Exchange gains (-) and losses	-12 301	-43 346	-2 621	-85	-103	-	-58 456
Inflation effects on opening balances	254	584	99	-	-	-	937
As at 31 December 2013	**388 714**	**1 576 692**	**73 835**	**1 421**	**2 855**	**-**	**2 043 516**
As at 1 January 2014	388 714	1 576 692	73 835	1 421	2 855	-	2 043 516
Charge for the year	34 308	111 077	7 823	227	499	-	153 934
Impairment losses	290	17 803	176	-	-	-	18 270
Reversal impairment losses and depreciations	-9	-1 383	-32	-	-	-	-1 423
Disposals and retirements	-2 353	-143 332	-6 797	-	-	-	-152 482
Transfers[1]	2	-1	-	-	-	-	-
Exchange gains (-) and losses	24 334	101 683	3 994	38	-	-	130 049
Inflation effects on opening balances	405	931	157	-	-	-	1 493
As at 31 December 2014	**445 691**	**1 663 470**	**79 156**	**1 686**	**3 354**	**-**	**2 193 357**

[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 2013 before investment grants and reclassification of leases	**508 155**	**647 147**	**16 611**	**7 004**	**2 215**	**67 589**	**1 248 721**
Net investment grants	-6 271	-3 392	-	-	-	-	-9 663
Finance leases by asset category	6 794	17	193	-7 004	-	-	-
Carrying amount as at 31 December 2013	**508 678**	**643 772**	**16 804**	**-**	**2 215**	**67 589**	**1 239 058**
Carrying amount as at 31 December 2014 before investment grants and reclassification of leases	**604 158**	**731 592**	**15 263**	**8 052**	**2 775**	**90 340**	**1 452 181**
Net investment grants	-7 676	-11 701	-	-	-	-	-19 377
Finance leases by asset category	7 891	15	146	-8 052	-	-	-
Carrying amount as at 31 December 2014	**604 373**	**719 907**	**15 409**	**-**	**2 775**	**90 340**	**1 432 804**

The investment programs in Belgium, Chile, China, Costa Rica, Slovakia, and United States accounted for most of the expenditure. The net exchange gain for the year (€ 79.8 million) mainly relates to assets denominated in Chinese renminbis (€ 56.9 million), US dollars (€ 30.6 million), Indian rupees (€ 4.7 million), Russian rubles (€ -10.4 million), Chilean pesos (€ -1.5 million) and Venezuelan bolivars (€ -1.2 million).
The methodology for impairment testing is consistent with the one presented in note 6.2. 'Goodwill'. For reclassifications to or from assets held for sale, please refer to note 6.11. 'Assets classified as held for sale and liabilities associated with those assets'. For new consolidations, please refer to note 7.2. 'Effect of business combinations'. It mainly relates to the acquisition of the Pirelli steel cord plants (€ 114.2 million).
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 €	**2013**	**2014**
As at 1 January	162 036	151 224
Result for the year	30 244	25 330
Dividends	-12 509	-20 577
Exchange gains and losses	-28 547	3 339
Deconsolidations	-	-8 030
Other comprehensive income	-	-219
As at 31 December	**151 224**	**151 067**

For an analysis of the result for the year, please refer to note 5.6. ‘Share in the results of joint ventures and associates’. Deconsolidations relate to the carve-out of Bekaert Cimaf Cabos from Belgo Bekaert Arames Ltda in view of the business combination with ArcelorMittal in Costa Rica and Brazil (cf. note 7.2 ‘Effect of business combinations’) and to the liquidation of Bekaert Faser Vertriebs GmbH.

Related goodwill

Cost in thousands of €	**2013**	**2014**
As at 1 January	5 559	4 614
Exchange gains and losses	-945	53
As at 31 December	**4 614**	**4 667**
Carrying amount of related goodwill as at 31 December	**4 614**	**4 667**
Total carrying amount of investments in joint ventures as at 31 December	**155 838**	**155 734**

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

in thousands of €		**2013**	**2014**
Joint ventures			
BOSFA Pty Ltd	Australia	3 087	3 393
Bekaert Faser Vertriebs GmbH	Germany	102	-
Belgo Bekaert Arames Ltda	Brazil	125 538	125 806
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	14 382	14 224
Bekaert Xinyu Metal Products Co Ltd	China	8 115	7 644
Total for joint ventures excluding related goodwill		**151 224**	**151 067**
Carrying amount of related goodwill		**4 614**	**4 667**
Total for joint ventures including related goodwill		**155 838**	**155 734**

No major contingent assets relating to joint ventures have been identified at the balance sheet date. The main contingent liabilities identified at the balance sheet date relate to taxes at Belgo Bekaert Arames Ltda and BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda. These Brazilian joint ventures have been trying to compensate ICMS tax receivables with a total carrying amount of € 9.3 million (2013: € 10.9 million). They also have been facing claims relating to ICMS credits totaling € 13.4 million (2013: € 11.0 million), ICMS incentives totaling € 1.7 million (2013: € 1.5 million) and several other tax claims, most of which date back several years, for a total nominal amount of € 12.3 million (2013: € 9.8 million). Evidently, any potential losses resulting from the above-mentioned contingencies would only affect the Group to the extent of their interest in the joint ventures involved (i.e. 45%).

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

Name of joint venture in thousands of €	Country	Proportion of ownership interest (and voting rights) held by the Group at year-end 2013	2014
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 €	2013	2014
Sales	904 143	820 208
Operating result (EBIT)	95 025	79 084
Interest income	7 484	2 780
Interest expense	-8 959	-5 752
Other financial income and expenses	-5 745	-2 405
Income taxes	-11 821	-6 801
Result for the period	75 984	66 906
Other comprehensive income for the period	-	-486
Total comprehensive income for the period	75 984	66 420
Depreciation and amortization	22 170	20 498
EBITDA	117 195	99 582
Dividends received from the entity	12 494	20 577

Brazilian joint ventures: balance sheet in thousands of €	2013	2014
Current assets	245 809	252 426
Non-current assets	231 043	237 101
Current liabilities	-115 254	-126 689
Non-current liabilities	-51 073	-52 644
Net assets	**310 525**	**310 194**

Brazilian joint ventures: net debt elements in thousands of €	2013	2014
Non-current interest-bearing debt	292	47
Current interest-bearing debt	10 804	14 773
Total financial debt	**11 096**	**14 820**
Non-current financial receivables and cash guarantees	-23 130	-24 262
Cash and cash equivalents	-15 158	-16 508
Net debt	**-27 192**	**-25 950**

Brazilian joint ventures: reconciliation with carrying amount in thousands of €	2013	2014
Net assets of Belgo Bekaert Arames Ltda	278 548	278 802
Proportion of the Group's ownership interest	45.0%	45.0%
Proportionate net assets	125 347	125 461
Consolidation adjustments	191	345
Carrying amount of the Group's interest in Belgo Bekaert Arames Ltda	**125 538**	**125 806**
Net assets of BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	31 977	31 392
Proportion of the Group's ownership interest	44.5%	44.5%
Proportionate net assets	14 230	13 969
Consolidation adjustments	152	255
Carrying amount of the Group's interest in BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	**14 382**	**14 224**
Carrying amount of the Group's interest in the Brazilian joint ventures	**139 920**	**140 030**

Aggregate information of the other joint ventures

in thousands of €	2013	2014
The Group's share in the result from continuing operations	203	-1 057
The Group's share of total comprehensive income	203	-1 057
Aggregate carrying amount of the Group's interests in these joint ventures	11 304	11 037

6.5. Other non-current assets

in thousands of €	2013	2014
Non-current financial receivables and cash guarantees	21 421	19 551
Reimbursement rights and other non-current amounts receivable	3 887	8 973
Derivatives (cf. note 7.3.)	14 760	5 944
Overfunded employee benefit plans - non-current	-	21
Available-for-sale financial assets	8 713	9 979
Total other non-current assets	**48 781**	**44 468**

The non-current financial receivables are mainly due to the deferred proceeds on the sale of the Industrial Coating activity in 2012, which will be fully settled in 2017.

Available-for-sale financial assets - non-current

Carrying amount in thousands of €	2013	2014
As at 1 January	11 305	8 713
Expenditure	14	21
Disposals	-1 916	-
Fair value changes	773	1 405
Impairment losses	-1 284	-157
New consolidations	-	5
Exchange gains and losses	-179	-8
As at 31 December	**8 713**	**9 979**

The available-for-sale financial assets mainly consist of the investment in Shougang Concord Century Holdings Ltd, a Hong Kong Stock Exchange listed company. On this investment, an impairment loss of € 0.2 million has been recognized through profit or loss in June 2014. On the same investment, an increase in fair value (€ 1.4 million) since that moment has been recognized through equity in accordance with IAS 39, ‘Financial Instruments: Recognition and Measurement’. The amount reported as expenditure mainly relates to Transportes Puelche Ltda, an investment held by Acma SA (Chile).

6.6. Deferred tax assets and liabilities

Carrying amount	Assets		Liabilities	
in thousands of €	2013	2014	2013	2014
As at 1 January	58 563	77 551	31 988	37 023
Increase or decrease via income statement	-18 511	26 554	-34 976	11 653
Increase or decrease via equity	500	732	1 875	-1 355
New consolidations	-	10 487	-	24 580
Deconsolidations	-1 467	-	-37	-
Exchange gains and losses	-3 808	5 745	-4 101	2 154
Change in set-off of assets and liabilities	42 274	-19 802	42 274	-19 802
As at 31 December	**77 551**	**101 267**	**37 023**	**54 253**

Recognized deferred tax assets and liabilities

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

	Assets		Liabilities		Net assets	
in thousands of €	2013	2014	2013	2014	2013	2014
Intangible assets	143	7 581	5 174	6 038	-5 031	1 543
Property, plant and equipment	35 454	39 346	22 037	47 330	13 417	-7 984
Financial assets	1 532	1	22 293	16 065	-20 761	-16 064
Inventories	7 139	10 116	3 589	4 534	3 550	5 582
Receivables	8 299	8 072	73	261	8 226	7 811
Other current assets	284	258	1 605	8 292	-1 321	-8 034
Employee benefit obligations	20 367	29 286	92	104	20 275	29 182
Other provisions	1 541	4 274	1 187	2 474	354	1 800
Other liabilities	10 416	20 744	1 380	9 436	9 036	11 308
Tax deductible losses carried forward, tax credits and recoverable income taxes	12 783	21 870	-	-	12 783	21 870
Tax assets / liabilities	**97 958**	**141 548**	**57 430**	**94 534**	**40 528**	**47 014**
Set-off of assets and liabilities	-20 407	-40 281	-20 407	-40 281	-	-
Net tax assets / liabilities	**77 551**	**101 267**	**37 023**	**54 253**	**40 528**	**47 014**

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

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

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

2014 in thousands of €	**As at 1 January**	**Recognized via income statement**	**Recognized via equity**	**Acquisitions and disposals[1]**	**Exchange gains and losses**	**As at 31 December**
Temporary differences						
Intangible assets	-5 031	1 679	-	5 510	-615	1 543
Property, plant and equipment	13 417	2 200	-	-24 487	886	-7 984
Financial assets	-20 761	3 833	1 066	-	-202	-16 064
Inventories	3 550	1 433	-	1 101	-502	5 582
Receivables	8 226	-1 088	-	2	671	7 811
Other current assets	-1 321	-6 628	-	-	-85	-8 034
Employee benefit obligations	20 275	5 344	1 021	1 027	1 515	29 182
Other provisions	354	-1 549	-	2 641	354	1 800
Other liabilities	9 036	1 594	-	113	565	11 308
Tax deductible losses carried forward, tax credits and recoverable income taxes	12 783	8 083	-	-	1 004	21 870
Total	**40 528**	**14 901**	**2 087**	**-14 093**	**3 591**	**47 014**

[1] *Relates to the disposal of the Advanced Filtration activities in 2013 and to business combinations in 2014 (see note 7.2. 'Effect of business combinations).*

Deferred taxes related to other comprehensive income (OCI)

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

2014 in thousands of €	Before tax	Tax impact	After tax
Exchange differences	92 868	1 355	94 223
Inflation adjustments	1 574	-	1 574
Cash flow hedges	755	-	755
Available-for-sale investments	1 405	-289	1 116
Remeasurement gains and losses on defined-benefit plans	-28 418	1 021	-27 397
Share of OCI of joint ventures and associates	-219	-	-219
Total	**67 965**	**2 087**	**70 052**

Unrecognized deferred tax assets

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

in thousands of €	2013	2014	Variance 2014 vs 2013
Deductible temporary differences	236 728	270 086	33 358
Capital losses	34 254	14 781	-19 473
Trade losses and tax credits	717 923	829 911	111 988
Total	**988 905**	**1 114 778**	**125 873**

Capital losses, trade losses and tax credits by expiry date

in thousands of €	Expiring within 1 year	Expiring between 1 and 5 years	Expiring after more than 5 years	Not expiring	Total
Capital losses	-	-	-	14 781	**14 781**
Trade losses	23 501	194 696	103 823	509 839	**831 859**
Tax credits	-	65 978	-	10 779	**76 757**
Total	**23 501**	**260 674**	**103 823**	**535 399**	**923 397**

6.7. Operating working capital

in thousands of €	2013	2014
Raw materials, consumables and spare parts	*192 818*	*223 367*
Work in progress and finished goods	*257 233*	*312 423*
Goods purchased for resale	*89 214*	*105 017*
Inventories	539 265	640 807
Trade receivables	583 215	707 569
Bills of exchange received	110 218	114 117
Advances paid	22 176	24 897
Trade payables	-338 864	-390 943
Advances received	-8 717	-5 106
Remuneration and social security payables	-101 111	-107 432
Employment-related taxes	-13 346	-9 298
Operating working capital	**792 836**	**974 611**

Carrying amount in thousands of €	2013	2014
As at 1 January	898 344	792 836
Organic increase or decrease (-)	-78 491	54 623
Write-downs and write-down reversals	19 338	-4 364
New consolidations	-	71 900
Deconsolidations	-1 140	-
Impact inflation accounting	109	647
Exchange gains and losses (-)	-45 324	58 969
As at 31 December	**792 836**	**974 611**

Average operating working capital represented 26.7% of sales (2013: 26.5%).

Additional information is as follows:

- Inventories

  The cost of sales includes expenses related to transport and handling of finished goods amounting to € 151.6 million (2013: € 136.1 million), which have never been capitalized in inventories. Movements in inventories include net write-downs in 2014 of € 5.0 million (2013: net reversals of write-downs of € 7.1 million).

  No inventories were pledged as security for liabilities (2013: none).

- Trade receivables

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

Allowance for bad debt in thousands of €	2013	2014
As at 1 January	-52 820	-39 371
Losses recognized in current year	-3 426	-3 128
Losses recognized in prior years - amounts used	1 406	807
Losses recognized in prior years - reversal of amounts not used	14 123	2 933
New consolidations	-	-8
Deconsolidations	55	-
Exchange gains and losses (-)	1 291	-3 000
As at 31 December	**-39 371**	**-41 767**

In 2013, the losses reversed mainly relate to receivables from sawing wire customers in Asia Pacific initially allowed for in 2012.

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

Trade receivables and bills of exchange received in thousands of €	2013	2014
Gross amount	732 804	863 453
Allowance for bad debts (impaired)	-39 371	-41 767
Net carrying amount	693 433	821 686
of which past due but not impaired		
amount	*110 422*	*97 669*
average number of days outstanding	*90*	*98*

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

6.8. Other receivables

Carrying amount in thousands of €	2013	2014
As at 1 January	84 325	83 781
Increase or decrease	8 337	10 517
Write-downs and write-down reversals	-746	-158
New consolidations	-	6 134
Deconsolidations	-299	-
Reclassifications	-313	-
Exchange gains and losses	-7 523	6 353
As at 31 December	**83 781**	**106 627**

Other receivables mainly relates to taxes (€ 78.4 million (2013: € 67.6 million)). Furthermore, it includes a preliminary estimate of insurance compensations relating to the fire in the Rome plant (USA) in 2014 (€ 15.9 million) and social loans to employees (€ 3.2 million (2013: € 5.4 million)).

6.9. Cash & cash equivalents and short-term deposits

Carrying amount in thousands of €	2013	2014
Cash & cash equivalents	391 857	458 542
Short-term deposits	10 172	14 160

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’. Short-term deposits have been converted to cash equivalents in view of the repayment of a bond of € 100 million in March 2015 and of the payment for the acquisition of the Pirelli steel cord plants. 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 €	**2013**	**2014**
Current loans and receivables	6 440	13 998
Advances paid	22 176	24 897
Derivatives (cf. note 7.3.)	13 565	18 213
Deferred charges and accrued revenues	9 032	7 942
As at 31 December	**51 213**	**65 050**

The current loans and receivables mainly relate to loans to joint ventures in China (€ 1.0 million) and Australia (€ 0.7 million), to the current portion of the receivable on the disposal of the Industrial Coating activity in 2012 (€ 2.9 million) and to various cash guarantees (€ 8.4 million). The derivatives relate to CCIRS agreements (€ 15.6 million) and forward exchange contracts (€ 2.6 million).

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

Carrying amount in thousands of €	**2013**	**2014**
As at 1 January	-	2 096
Increases and decreases (-)	2 096	-2 096
As at 31 December	**2 096**	**-**

in thousands of €	**2013**	**2014**
Individual items of property, plant and equipment	2 096	-
Total assets classified as held for sale	**2 096**	**-**
Disposal groups	-	
Total liabilities associated with assets classified as held for sale	**-**	**-**

In 2014 no disposal groups are classified as held for sale at the balance sheet date.

The individual items of property, plant and equipment in 2013 relating to land and buildings in Belgium were sold during 2014.

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

Issued capital in thousands of €		2013 Nominal value	2013 Number of shares	2014 Nominal value	2014 Number of shares
1	As at 1 January	176 586	60 000 942	176 773	60 063 871
	Movements in the year				
	Issue of new shares	*187*	*62 929*	*141*	*47 534*
	As at 31 December	176 773	60 063 871	176 914	60 111 405
2	Structure				
2.1	Classes of ordinary shares				
	Ordinary shares without par value	*176 773*	*60 063 871*	*176 914*	*60 111 405*
2.2	Registered shares		1 721 925		1 722 615
	Non-material shares		58 302 193		58 353 432
	Shares to be dematerialized		39 753		35 358
Authorized capital not issued		**175 739**		**152 176**	

A total of 47 534 subscription rights were exercised under the Company's SOP1 and SOP 2005-2009 stock option plans in 2014, requiring the issue of a total of 47 534 new shares of the Company.

In addition to the 1 652 677 treasury shares held as of 31 December 2013, the Company purchased 2 622 333 own shares in the course of 2014. None of those shares were disposed of in connection with any stock option plans or cancelled in 2014. As a result, the Company held an aggregate 4 275 010 treasury shares as of 31 December 2014.

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 SOP1 Stock Option Plan

				Number of subscription rights					
Date offered	Date granted	Date of issue of subscription rights	Exercise price (in €)	Granted	Exercised	Forfeited	Out-standing	First exercise period	Last exercise period
14.07.2000	12.09.2000	26.09.2000	18.000	319 941	317 481	2 460	-	01.06 - 15.06.2004	22.05 - 15.06.2013
13.07.2001	11.09.2001	26.09.2001	13.980	418 917	416 499	2 418	-	22.05 - 30.06.2005	22.05 - 15.06.2014
12.07.2002	10.09.2002	25.09.2002	15.825	106 152	104 712	720	720	22.05 - 30.06.2006	22.05 - 15.06.2015
11.07.2003	09.09.2003	06.10.2003	13.630	100 740	100 740	-	-	22.05 - 30.06.2007	22.05 - 15.06.2013
09.07.2004	07.09.2004	30.09.2004	15.765	502 182	502 179	3	-	22.05 - 30.06.2008	22.05 - 15.06.2014
				1 447 932	**1 441 611**	**5 601**	**720**		

Overview of SOP2 Stock Option Plan

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

Overview of SOP 2005-2009 Stock Option Plan

Date offered	Date granted	Date of issue of subscription rights	Exercise price (in €)	Number of subscription rights: Granted	Exercised	Forfeited	Outstanding	First exercise period	Last exercise period
22.12.2005	20.02.2006	22.03.2006	23.795	190 698	180 567	15	10 116	22.05 - 30.06.2009	15.11 - 15.12.2020
21.12.2006	19.02.2007	22.03.2007	30.175	153 810	143 540	-	10 270	22.05 - 30.06.2010	15.11 - 15.12.2021
20.12.2007	18.02.2008	22.04.2008	28.335	14 100	2 100	9 900	2 100	22.05 - 30.06.2011	15.11 - 15.12.2017
20.12.2007	18.02.2008	22.04.2008	28.335	215 100	85 650	12 700	116 750	22.05 - 30.06.2011	15.11 - 15.12.2022
18.12.2008	16.02.2009	20.10.2009	16.660	288 150	110 350	19 500	158 300	22.05 - 30.06.2012	15.11 - 15.12.2018
17.12.2009	15.02.2010	08.09.2010	33.990	225 450	-	33 600	191 850	22.05 - 30.06.2013	15.11 - 15.12.2019
				1 087 308	**522 207**	**75 715**	**489 386**		

Overview of SOP 2010-2014 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options: Granted	Exercised	Forfeited	Outstanding	First exercise period	Last exercise period
16.12.2010	14.02.2011	77.000	360 925	-	46 000	314 925	28.02 - 13.04.2014	Mid Nov.- 15.12.2020
22.12.2011	20.02.2012	25.140	287 800	-	2 600	285 200	27.02 - 12.04.2015	Mid Nov. - 21.12.2021
20.12.2012	18.02.2013	19.200	267 200	-	2 700	264 500	End Feb. - 10.04.2016	Mid Nov. - 19.12.2022
29.03.2013	28.05.2013	21.450	260 000	-	-	260 000	End Feb. - 09.04.2017	End Feb. - 28.03.2023
19.12.2013	17.02.2014	25.380	373 450	-	-	373 450	End Feb. - 09.04.2017	Mid Nov. - 18.12.2023
			1 549 375	**-**	**51 300**	**1 498 075**		

SOP1 Stock Option Plan	2013 Number of subscription rights	2013 Weighted average exercise price (in €)	2014 Number of subscription rights	2014 Weighted average exercise price (in €)
Outstanding as at 1 January	21 749	15.977	14 254	15.664
Exercised during the year	-7 495	16.573	-13 534	15.655
Outstanding as at 31 December	**14 254**	**15.664**	**720**	**15.825**

SOP2 Stock Option Plan	2013 Number of options	2013 Weighted average exercise price (in €)	2014 Number of options	2014 Weighted average exercise price (in €)
Outstanding as at 1 January	143 500	25.166	143 500	25.166
Outstanding as at 31 December	**143 500**	**25.166**	**143 500**	**25.166**

SOP 2005-2009 Stock Option Plan	2013 Number of subscription rights	2013 Weighted average exercise price (in €)	2014 Number of subscription rights	2014 Weighted average exercise price (in €)
Outstanding as at 1 January	597 435	25.441	523 401	26.068
Forfeited during the year	-18 600	33.990	-15	23.795
Exercised during the year	-55 434	16.660	-34 000	16.678
Outstanding as at 31 December	**523 401**	**26.068**	**489 386**	**26.720**

SOP 2010-2014 Stock Option Plan	2013 Number of options	2013 Weighted average exercise price (in €)	2014 Number of options	2014 Weighted average exercise price (in €)
Outstanding as at 1 January	638 725	53.633	1 160 625	38.640
Granted during the year	527 200	20.310	373 450	25.380
Forfeited during the year	-5 300	22.114	-36 000	77.000
Outstanding as at 31 December	**1 160 625**	**38.640**	**1 498 075**	**34.413**

Weighted average remaining contractual life in years	2013	2014
SOP1	0.5	0.5
SOP2	5.7	4.7
SOP 2005-2009	6.3	5.4
SOP 2010-2014	8.2	7.7

The weighted average share price at the date of exercise in 2014 was € 27.82 for the SOP1 subscription rights (2013: € 23.49), not applicable for the SOP2 options (2013: not applicable) and € 27.45 for the SOP 2005-2009 subscription rights (2013: € 27.23). The exercise price of the subscription rights and options is equal to the lower of (i) the average closing price of the Company's share during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer. When subscription rights are exercised under the SOP1 or SOP 2005-2009 plan, equity is increased by the amount of the proceeds received. Under the terms of the SOP1 and SOP2 plans any subscription rights or options granted through 2004 were vested immediately.

Under the terms of the SOP 2010-2014 stock option plan, options to acquire existing Company shares 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 dates of grant of each offering are scheduled in the period 2011-2015. The exercise price of the SOP 2010-2014 options is determined in the same manner as in the previous plans. The vesting conditions of the SOP 2010-2014 grants, as well as of the SOP 2005-2009 grants and of the SOP2 grants beginning in 2006, are such that the subscription rights or options will be fully vested on 1 January of the fourth year after the date of the offer. In accordance with the Economic Recovery Act of 27 March 2009, the exercise period of the SOP2 options and SOP 2005-2009 subscription rights granted in 2006, 2007 and 2008 was extended by five years in favor of the persons who were plan beneficiaries and subject to Belgian income tax at the time such extension was offered. The incremental fair value granted as a result of this amounts to € 0.3 million.

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

Option pricing model details	**Granted in February 2013**	**Granted in May 2013**	**Granted in February 2014**	**Granted in February 2015**[1]
Inputs to the model				
Share price at grant date (in €)	22.02	23.45	27.32	25.65
Exercise price (in €)	19.20	21.45	25.38	26.06
Expected volatility	39%	39%	39%	39%
Expected dividend yield	3.0%	3.0%	3.0%	3.0%
Vesting period (years)	3	3	3	3
Contractual life (years)	10	10	10	10
Employee exit rate	3%	3%	3%	3%
Risk-free interest rate	0.9%	1.7%	1.0%	0.05%
Exercise factor	1.40	1.40	1.40	1.40
Outcome of the model				
Fair value (in €)	6.76	7.96	7.96	6.71

[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 2014, 373 450 options (2013: 527 200) were granted under SOP 2010-2014 at a fair value per unit of € 7.96 (2013: at a weighted average fair value per unit of € 7.35). The Group has recorded an expense against equity of € 2.8 million (2013: € 4.4 million) based on a straight-line amortization over the vesting period of the fair value of options and subscription rights granted over the past three years.

6.13. Retained earnings and other Group reserves

Carrying amount in thousands of €	**2013**	**2014**
Hedging reserve	*-623*	*132*
Revaluation reserve for available-for-sale investments	*693*	*2 098*
Remeasurements on defined-benefit plans	*-52 076*	*-79 146*
Other revaluation reserves	*-5 894*	*-16 905*
Deferred taxes booked in equity	*28 014*	*29 722*
Equity-settled share-based payment plans	*19 343*	*22 188*
Treasury shares	*-73 851*	*-145 953*
Other reserves	-84 394	-187 864
Cumulative translation adjustments	-84 776	-6 149
Total other Group reserves	**-169 170**	**-194 013**
Retained earnings	**1 307 618**	**1 352 197**

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

Hedging reserve in thousands of €	**2013**	**2014**
As at 1 January	-1 477	-623
Recycled to income statement	-3 035	8 651
Fair value changes to hedging instruments	3 889	-7 896
As at 31 December	**-623**	**132**
Of which		
Cross-currency interest-rate swaps (on Eurobonds)	*-623*	*132*

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

Revaluation reserve for available-for-sale investments in thousands of €	**2013**	**2014**
As at 1 January	10	693
Recycled to income statement	-10	157
Fair value changes	693	1 248
As at 31 December	**693**	**2 098**
Of which		
Investment in Shougang Concord Century Holdings Ltd	*596*	*2 001*
Other	*97*	*97*

The revaluation of the investment in Shougang Concord Century Holdings Ltd is based on the closing price of the share on the Hong Kong Stock Exchange. In 2014, an amount of € 0.2 million was recycled to income statement as a result of an impairment loss.

Remeasurements on defined-benefit plans in thousands of €	**2013**	**2014**
As at 1 January	-72 599	-52 076
Remeasurements of the period	20 747	-27 742
Inflation effects	-224	-269
Changes in ownership	-	941
As at 31 December	**-52 076**	**-79 146**

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

Other revaluation reserves in thousands of €	**2013**	**2014**
As at 1 January	-5 894	-5 894
Changes in ownership	-	-2 811
Put option on purchase of non-controlling interests	-	-8 200
As at 31 December	**-5 894**	**-16 905**

The changes in ownership incurred in 2014 relate to the sale of non-controlling interests in Ideal Alambrec SA (Ecuador) to ArcelorMittal.

As part of the initial accounting for the business combination with Maccaferri (see note 7.2 'Effect of business combinations'), a liability of € 8.2 million has been set up versus equity, which represents the initial fair value of the liability resulting from the put option granted to Maccaferri on its remaining non-controlling interests in Bekaert Maccaferri Underground Solutions BVBA.

Deferred taxes booked in equity in thousands of €	**2013**	**2014**
As at 1 January	29 417	28 014
Deferred taxes relating to other comprehensive income	-1 479	1 844
Inflation effects	76	92
Changes in ownership	-	-228
As at 31 December	**28 014**	**29 722**

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

Equity-settled share-based payment plans in thousands of €	**2013**	**2014**
As at 1 January	14 987	19 343
Equity instruments granted	4 356	2 845
As at 31 December	**19 343**	**22 188**

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

Treasury shares in thousands of €	**2013**	**2014**
As at 1 January	-58 577	-73 851
Shares purchased	-15 274	-72 102
As at 31 December	**-73 851**	**-145 953**

In 2014, the Company launched two share buy-back programs on the stock exchange (1) 1 868 033 of its own shares were purchased between June and September to anticipate any dilution resulting from the convertible bond issued in June; (2) 754 300 of its own shares were purchased in November and December to anticipate the exercise of options granted under its option plans (see note 6.12. 'Ordinary shares, treasury shares, subscription rights and share options').

Cumulative translation adjustments in thousands of €	**2013**	**2014**
As at 1 January	-16 087	-84 776
Exchange differences on dividends declared	-21 153	-5 606
Recycled to income statement - relating to disposed entities or step acquisitions	-463	1 042
Movements arising from exchange rate fluctuations	-47 073	83 191
As at 31 December	**-84 776**	**-6 149**
Of which relating to entities with following functional currencies		
Chinese renminbi	*72 086*	*123 304*
US dollar	*-6 707*	*15 994*
Brazilian real	*-109 414*	*-107 398*
Chilean peso	*-311*	*-1 677*
Venezuelan bolivar	*-37 342*	*-38 307*
Indian rupee	*-9 141*	*-5 620*
Czech koruna	*6 950*	*6 587*
Other currencies	*-897*	*968*

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

6.14. Non-controlling interests

Carrying amount in thousands of €	**2013**	**2014**
As at 1 January	181 623	157 600
Changes in Group structure	-74	25 988
Share of the result for the period	11 498	378
Share of other comprehensive income excluding CTA	-604	-338
Dividend pay-out	-12 960	-54 663
Capital increases	-	53 399
Reclassifications	-7 171	-
Exchange gains and losses (-)	-14 712	17 057
As at 31 December	**157 600**	**199 421**

In 2014, the changes in Group structure mainly originated from the business combination with ArcelorMittal (€ 11.2 million), due to non-controlling interests of 42% arising in the new entities in Costa Rica and to an increase in non-controlling interests from 20% to 42% in the existing entity in Ecuador. Substantial increases also resulted from the business combinations with Pirelli (€ 9.2 million) and Maccaferri (€ 2.8 million).
The share of the result for the period was adversely affected by impairment losses in Malaysia and start-up losses in Costa Rica, while lower profits were booked in Latin America in general.
Dividends paid out by Inchalam SA and Prodalam SA have been used by the Chilean partners to fund capital increases totaling € 40.5 million in Acma Inversiones SA, Prodinsa SA and Procables Wire Ropes SA. These capital increases are part of a portfolio restructuring initiated in 2014, through which Bekaert was to raise its interest in the ropes activities in Chile, Peru and Canada from 52% to 65% early 2015 (see note 7.6 'Events after the balance sheet date').
In accordance with IFRS 12, 'Disclosures of Interests in Other Entities', following information is provided on subsidiaries that have non-controlling interests that are material to the Group. The objective of IFRS 12 is to require an entity to disclose information that enables users of its financial statements to evaluate (a) the nature and risks associated with its interests in other entities, and (b) the effects of those interests on its financial position, financial performance and cash flows. In order to meet this objective, the Group has opted to aggregate all of its not wholly-owned subsidiaries in Latin America. The main reason for this aggregation is that the Group has many partnerships in Latin America, through a large number of legal entities, many of which may not be individually material enough to disclose, but which in total represent over 60% of the Group's accumulated non-controlling interests. In aggregating this information, only intercompany effects between the listed Latin American subsidiaries have been eliminated, while all other entities of the Group have been treated as third parties.

		Proportion of NCI at year-end	
Non-wholly owned subsidiaries in Latin America	**Country**	**2013**	**2014**
Acma Inversiones SA	Chile	48.0%	48.0%
Acma SA	Chile	48.0%	48.0%
Acmanet SA	Chile	48.0%	48.0%
Industrias Acmanet limitada	Chile	48.0%	48.0%
Industrias Chilenas de Alambre - Inchalam SA	Chile	48.0%	48.0%
Procables Wire Ropes SA	Chile	-	48.0%
Procercos SA	Chile	-	48.0%
Prodalam SA	Chile	48.0%	48.0%
Prodinsa SA	Chile	48.0%	48.0%
Productora de Alambres Colombianos - Proalco SAS	Colombia	20.0%	20.0%
Bekaert Costa Rica SA	Costa Rica	19.8%	41.6%
BIA Alambres Costa Rica SA	Costa Rica	-	41.6%
Ideal Alambrec SA	Ecuador	20.0%	41.6%
Impala SA	Panama	48.0%	48.0%
Productos de Acero Cassadó SA	Peru	62.5%	62.5%
Prodac Contrata SAC	Peru	62.5%	62.5%
Prodac Selva SAC	Peru	62.5%	62.5%
Procables SA	Peru	50.0%	50.0%
InverVicson SA	Venezuela	20.0%	20.0%
Vicson SA	Venezuela	20.0%	20.0%

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

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

	Result attributable to NCI		Equity attributable to NCI	
in thousands of €	2013	2014	2013	2014
Non-wholly owned subsidiaries in Latin America	11 045	5 989	106 124	124 940

Non-wholly owned subsidiaries in Latin America in thousands of €	2013	2014
Current assets	264 583	334 908
Non-current assets	193 319	238 381
Current liabilities	178 745	256 115
Non-current liabilities	51 222	60 234
Equity attributable to the Group	**121 811**	**132 000**
Equity attributable to NCI	**106 124**	**124 940**

Non-wholly owned subsidiaries in Latin America in thousands of €	2013	2014
Sales	637 563	605 042
Expenses	-615 373	-594 997
Result for the period	22 190	10 045
Result for the period attributable to the Group	11 145	4 056
Result for the period attributable to NCI	11 045	5 989
Other comprehensive income for the period	-9 258	20 631
OCI attributable to the Group	-344	10 098
OCI attributable to NCI	-8 914	10 533
Total comprehensive income for the period	12 932	30 676
Total comprehensive income attributable to the Group	10 801	14 154
Total comprehensive income attributable to NCI	2 131	16 522
Dividends paid to NCI	-17 068	-54 191
Net cash inflow (outflow) from operating activities	49 451	15 237
Net cash inflow (outflow) from investing activities	-16 073	-30 979
Net cash inflow (outflow) from financing activities	-37 790	22 647
Net cash inflow (outflow)	-4 412	6 905

6.15. Employee benefit obligations

The total net liabilities for employee benefit obligations, which amounted to € 297.7 million as at 31 December 2014 (€ 257.7 million as at year-end 2013), are as follows:

in thousands of €	2013	2014
Liabilities for		
Post-employment defined-benefit plans	*134 089*	*169 651*
Other long-term employee benefits	*2 418*	*2 779*
Cash-settled share-based payment employee benefits	*1 333*	*1 675*
Short-term employee benefits	*101 111*	*107 432*
Termination benefits	*18 768*	*16 170*
Total liabilities in the balance sheet	**257 719**	**297 707**
of which		
Non-current liabilities	*136 602*	*175 774*
Current liabilities	121 117	121 933
Assets for		
Defined-benefit pension plans	-	-21
Total assets in the balance sheet	**-**	**-21**
Total net liabilities	**257 719**	**297 686**

Post-employment benefit plans

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

Defined-contribution plans

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

The Belgian defined-contribution pension plans are by law subject to minimum guaranteed rates of return, currently 3.25 % on employer contributions (after costs) and 3.75 % on employee contributions. The latter, which apply as an average over the employee's entire career, may be modified by Royal Decree in which case the new rates apply to both the accumulated past contributions and the future contributions as from the date of modification onwards. These plans, which are funded through group insurances, were basically accounted for as defined contribution plans under IAS 19. However, at 31 December 2014, a net liability of € 0.01 million was recognized in the balance sheet to reflect the positive difference between the minimum guaranteed reserves and the actual accumulated reserves. The open group insurance plans for which future contributions will be paid, consist of € 51.9 million individual insurance reserves at 31 December 2014. These plan assets at 31 December 2014 benefit from a weighted average guaranteed interest rate of 3.42 %.

For the Netherlands: Bekaert participates in a multi-employer defined-benefit plan in the Netherlands funded through the Pensioenfonds Metaal & Techniek. This plan is treated as a defined-contribution plan because no information is available with respect to the plan assets attributable to Bekaert; contributions for this plan amounted to € 0.8 million (2013: € 0.7 million).

Defined-contribution plans in thousands of €	2013	2014
Expenses recognized	13 476	12 304

Of which for Belgian pension plans: € 4.7 million (2013: € 5.9 million).

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 2014 for all significant post-employment defined-benefit plans by independent actuaries. The Group's largest defined-benefit obligations are in Belgium and the United States. They account for 83.6 % (2013: 85.7 %) of the Group's defined-benefit obligations and 99.7 % (2013: 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 € 114.2 million (2013: € 98.2 million) and € 93.1 million assets (2013: € 84.4 million). They 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 € 28.8 million (2013: € 32.4 million)) which are not externally funded. An amount of € 8.6 million (2013: € 8.3 million) relates to employees in active service who have not yet entered into any pre-retirement agreement.

Plans in the United States

Pension plans represent a defined-benefit obligation of € 134.7 million (2013: € 97.9 million) and assets of € 84.5 million (2013: € 64.7 million) and are externally funded. 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.

Other plans mainly relate to medical care (defined-benefit obligation € 5.2 million (2013: € 4.8 million)) and are not externally funded.

The amounts recognized in the balance sheet are as follows:

in thousands of €	**2013**	**2014**
Belgium		
Present value of funded obligations	98 199	114 166
Fair value of plan assets	-84 448	-93 145
Deficit / surplus (-) of funded obligations	**13 751**	**21 021**
Present value of unfunded obligations	38 874	32 154
Total deficit / surplus (-) of obligations	**52 625**	**53 175**
United States		
Present value of funded obligations	97 901	134 726
Fair value of plan assets	-64 655	-84 489
Deficit / surplus (-) of funded obligations	**33 246**	**50 237**
Present value of unfunded obligations	7 902	9 611
Total deficit / surplus (-) of obligations	**41 148**	**59 848**
Other		
Present value of funded obligations	437	868
Fair value of plan assets	-225	-512
Deficit / surplus (-) of funded obligations	**212**	**356**
Present value of unfunded obligations	40 104	56 251
Total deficit / surplus (-) of obligations	**40 316**	**56 607**
Total		
Present value of funded obligations	196 537	249 760
Fair value of plan assets	-149 328	-178 146
Deficit / surplus (-) of funded obligations	**47 209**	**71 614**
Present value of unfunded obligations	86 880	98 016
Total deficit / surplus (-) of obligations	**134 089**	**169 630**

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

in thousands of €	Defined-benefit obligation	Plan assets	Net liability / asset (-)
As at 1 January 2013	**328 008**	**-160 113**	**167 896**
Current service cost	10 812		10 812
Past service cost	-16		-16
Gains (-) / losses from settlements	1 094		1 094
Interest expense / income (-)	11 054	-5 309	5 746
Net benefit expense / income (-) recognized in profit and loss	**22 943**	**-5 309**	**17 635**
Components recognized in EBIT			*11 889*
Components recognized in financial result			*5 746*
Remeasurements			
Return on plan assets, excluding amounts included in interest expense / income (-)		-5 518	-5 518
Gain (-) / loss from change in demographic assumptions	205		205
Gain (-) / loss from change in financial assumptions	-15 680		-15 680
Experience gains (-) / losses	-741		-741
Changes recognized in equity	**-16 216**	**-5 518**	**-21 734**
Contributions			-
Employer contributions / direct benefit payments		-22 752	-22 752
Employee contributions	135	-135	-
Payments from plans			
Benefit payments	-26 461	26 461	-
Settlement payments	-14 361	14 361	-
Disposals	**-1 062**	**623**	**-439**
Foreign-currency translation effect	**-9 567**	**3 051**	**-6 516**
As at 31 December 2013	**283 419**	**-149 330**	**134 089**
As at 1 January 2014	**283 419**	**-149 330**	**134 089**
Current service cost	10 777		10 777
Past service cost	2 203		2 203
Interest expense / income (-)	11 130	-5 856	5 274
Net benefit expense / income (-) recognized in profit and loss	**24 110**	**-5 856**	**18 254**
Components recognized in EBIT			*12 980*
Components recognized in financial result			*5 274*
Remeasurements			
Return on plan assets, excluding amounts included in interest expense / income (-)		-10 288	-10 288
Gain (-) / loss from change in demographic assumptions	7 699		7 699
Gain (-) / loss from change in financial assumptions	30 134		30 134
Experience gains (-) / losses	873		873
Changes recognized in equity	**38 706**	**-10 288**	**28 418**
Contributions			
Employer contributions / direct benefit payments		-28 482	-28 482
Employee contributions	132	-132	-
Payments from plans			
Benefit payments	-25 722	25 722	-
Acquisitions	**8 991**		**8 991**
Foreign-currency translation effect	**18 140**	**-9 779**	**8 360**
As at 31 December 2014	**347 776**	**-178 146**	**169 630**

The past service cost mainly relates to the post-retirement medical care plan in Ecuador. In the income statement, current and past service cost, including gains or losses from settlements are included in the operating result (EBIT), and interest expense or income is included in interest expense, under interest element of interest-bearing provisions.

Reimbursement rights arising from reinsurance contracts covering retirement pensions, death and disability benefits in Germany amount to € 0.3 million (2013: € 0.3 million).

Estimated contributions and direct benefit plans for 2015 are as follows:

Estimated contributions and direct benefit payments in thousands of €	**2015**
Pension plans	25 955
Total	**25 955**

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

in thousands of €	**2013**	**2014**
Belgium		
Bonds		
Euro Government Bonds	20 421	15 093
Euro Corporate Bonds	18 145	27 576
Equity		
Euro Equity	26 907	28 204
Non-Euro Equity	15 322	17 877
Cash	**3 653**	**4 395**
Total Belgium	**84 448**	**93 145**
United States		
Bonds		
USD Long Duration Bonds	34 432	45 711
USD Fixed Income	4 326	8 367
USD Guaranteed Deposit	5 270	5 445
Equity		
USD Equity	14 575	17 726
Non-USD Equity	6 052	7 241
Total United States	**64 655**	**84 489**
Other		
Bonds	**225**	**512**
Total Other	**225**	**512**
Total	**149 328**	**178 146**

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

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

Actuarial assumptions	**2013**	**2014**
Discount rate	4.0%	3.1%
Future salary increases	3.4%	3.3%
Underlying inflation rate	2.5%	2.5%
Health care cost increases (initial)	6.8%	6.5%
Health care cost increases (ultimate)	5.0%	5.0%
Health care (years to ultimate rate)	7	6

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

Discount rates	2013	2014
Belgium	3.1%	1.8%
United States	4.7%	3.9%
Other	5.3%	4.7%

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

	2013	2014
Life expectancy of a man aged 65 (years) at balance sheet date	19.3	21.5
Life expectancy of a woman aged 65 (years) at balance sheet date	21.3	23.9
Life expectancy of a man aged 65 (years) ten years after balance sheet date	20.0	22.4
Life expectancy of a woman aged 65 (years) ten years after balance sheet date	21.9	24.8

Healthy mortality for the US plans was updated for disclosure as at 31 December 2014 to the sex distinct RP 2014 (with blue collar adjustments if relevant) and projected generationally with scale MP 2014.

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	19 505	5.9%
Salary growth rate	0.50%	Increase by	9 514	2.9%
Health care cost	0.50%	Increase by	291	0.1%
Life expectancy	Increase by 1 year	Increase by	3 627	1.1%

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

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

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.
Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the 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 USA 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:

Belgium	11.03
United States	13.54
Other	9.18
Total	11.92

Other long-term employee benefits

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

Cash-settled share-based payment employee benefits

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

Following inputs to the model are used for all grants: share price at balance sheet date: € 26.35 (2013: € 25.72), expected volatility of 39% (2013: 39%), expected dividend yield of 3.0% (2013: 3.0%), vesting period of 3 years, contractual life of 10 years, employee exit rate of 4% in Asia (2013: 6%) and 3% in other countries (2013: 3%), and an exercise factor of 1.40 (2013: 1.40). Inputs for risk-free interest rates vary by grant and are based on the return of Belgian OLO[1]’s with a term equal to the maturity of the SAR grant under consideration.

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

USA SAR Plan details by grant in €	**Exercise price**	**Fair value as at 31 Dec 2013**	**Fair value as at 31 Dec 2014**
Grant 2007	25.03	2.91	-
Grant 2008	28.76	3.54	2.66
Grant 2009	16.58	9.25	9.60
Grant 2010	37.05	3.31	2.83
Grant 2011	83.43	1.60	1.21
Grant 2012	27.63	6.22	5.73
Grant 2013	22.09	8.24	7.88
Exceptional grant 2013	22.51	9.22	8.80
Grant 2014	25.66	-	7.18
Grant 2015[2]	25.45	-	7.46

Other SAR Plans details by grant in €	**Exercise price**	**Fair value as at 31 Dec 2013**	**Fair value as at 31 Dec 2014**
Grant 2007	30.17	3.87	3.37
Grant 2008	28.33	4.80	4.52
Grant 2009	16.66	9.37	9.73
Grant 2010	33.99	4.37	4.17
Grant 2011	77.00	1.73	1.34
Grant 2012	25.14	6.68	6.23
Grant 2013	19.20	9.05	9.02
Exceptional grant 2013	21.45	9.56	9.11
Grant 2014	25.38	-	7.08
Grant 2015[2]	26.06	-	7.05

At 31 December 2014, the total liability for the USA SAR plan amounted to € 0.8 million (2013: € 0.8 million), while the total liability for the other SAR plans amounted to € 0.9 million (2013: € 0.5 million).

The Group recorded a total loss of € 0.2 million (2013: loss of € 0.7 million) during the year in respect of SARs.

Short-term employee benefit obligations

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

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

6.16. Provisions

in thousands of €	Restruc-turing	Claims	Environ-ment	Investments	Other	Total
As at 1 January 2014	**13 008**	**5 386**	**42 698**	**-**	**3 330**	**64 422**
Additional provisions	1 246	3 741	505	-	7 253	12 745
Unutilized amounts released	-2 662	-1 919	-8 043	-	-1 277	-13 901
Increase in present value	-	-	-	72	641	713
Charged to the income statement	**-1 416**	**1 822**	**-7 538**	**72**	**6 617**	**-443**
New consolidations	-	-	-	8 200	12 738	20 938
Amounts utilized during the year	-5 939	-2 114	-2 192	-	-30	-10 275
Exchange gains (-) and losses	136	122	121	-	1 216	1 595
As at 31 December 2014	**5 789**	**5 216**	**33 089**	**8 272**	**23 871**	**76 237**
Of which						
current	*5 656*	*2 935*	*3 776*	-	*8 126*	*20 493*
non-current	*133*	*2 281*	*29 313*	*8 272*	*15 745*	*55 744*

The decrease of provisions for restructuring mainly relates to the shutdown of a plant in Surrey, Canada and to previously announced programs in EMEA. Most of the restructuring programs are expected to be finalized in the course of 2015.

Provisions for claims mainly relate to various product quality claims and product warranties in several entities. Most of the pending claim cases are expected to be settled in the coming year.

The environmental provisions mainly relate to sites in EMEA. The expected soil sanitation costs are reviewed at each balance sheet date, based on an external expert assessment. Timing of settlement is uncertain as it is often triggered by decisions on the destination of the premises. As part of real estate transactions the environmental clean-up requirements have been transferred to the buyer. The corresponding provisions have been released as unutilized amounts. Further reductions were following the reassessment of risks recognized in prior years.

The provision for investments relates to a put option for a non-controlling interest in an investment (see notes 6.13. ‘Retained earnings and other Group reserves’ and 7.2. ‘Effect of business combinations’).

The new consolidations in other provisions mainly relate to the effects of the long-term secured wire rod supply contract (expiring in 2022) that is part of the deal between Bekaert and ArcelorMittal (€ 8.3 million) and a tax provision following the acquisition of the Pirelli steel cord plant in Sumaré (Brazil).

6.17. Interest-bearing debt

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

2014 in thousands of €	**Due within 1 year**	**Due between 1 and 5 years**	**Due after 5 years**	**Total**
Interest-bearing debt				
Finance leases	*76*	*513*	*959*	*1 548*
Credit institutions	*341 293*	*84 353*	508	*426 154*
Bonds	*100 183*	*500 000*	*45 614*	*645 797*
Convertible bonds	-	*278 127*	-	*278 127*
Carrying amount	**441 552**	**862 993**	**47 081**	**1 351 626**
Value adjustments	7 584	-	-	7 584
Total financial debt	**449 136**	**862 993**	**47 081**	**1 359 210**

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

Total financial debt has increased, mainly because of the convertible bond of € 300 million issued in June 2014 for the financing of the Pirelli deal. The characteristics of this bond are such that, in accordance with IAS 39, ‘Financial Instruments: Recognition and Measurement’, it is broken down into two components in the balance sheet: (1) the host contract or plain vanilla debt (i.e. without the conversion option), which is measured at amortized cost and (2) the embedded derivative, i.e. the conversion option, which is measured at fair value through profit or loss.

As a general principle, loans are entered into by Group companies in their local currency to avoid currency risk. If funding is in another currency without an offsetting position on the balance sheet, the companies hedge the currency risk through derivatives (cross-currency interest-rate swaps or forward exchange contracts). Some of these hedging relations are designated as fair value hedges or cash flow hedges. Bonds, commercial paper and debt towards credit institutions are unsecured, except for a new factoring program that has been set up with KBC and BNP Paribas Fortis for NV Bekaert SA.

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

Net debt calculation

The debt calculation of the Group reflects the amount to be repaid as a result of hedging with a derivative, rather than the amount presented as a financial liability in the balance sheet. The Eurobond issued by Bekaert Corporation (US) in 2005 has been swapped to a USD debt by means of CCIRSs, which are either designated as fair value hedges or as cash flow hedges. The Bekaert debt calculation therefore eliminates ‘value adjustments’ included in the carrying amount of this bond as a result of the spot revaluation, for the part designated as a cash flow hedge, and of the fair value adjustment, for the part designated as a fair value hedge. The derivative representing the conversion option (€ 7.9 million) embedded in the convertible bond is not included in the net debt. The table below summarizes the calculation of the net debt.

in thousands of €	2013	2014
Non-current interest-bearing debt	688 244	910 074
Value adjustments	-6 245	7 584
Current interest-bearing debt	321 907	441 552
Total financial debt	**1 003 906**	**1 359 210**
Non-current financial receivables and cash guarantees	-21 421	-19 551
Current loans	-6 440	-13 998
Short-term deposits	-10 172	-14 160
Cash and cash equivalents	-391 857	-458 542
Net debt	**574 016**	**852 959**

6.18. Other non-current liabilities

Carrying amount in thousands of €	2013	2014
Other non-current amounts payable	187	815
Derivatives (cf. note 7.3.)	2 400	7 921
Total	**2 587**	**8 736**

The derivatives relate to the embedded financial instrument of the convertible bond which was issued in the course of 2014 (cf. notes 6.17. and 7.3.).

6.19. Other current liabilities

Carrying amount in thousands of €	2013	2014
Other amounts payable	8 229	5 849
Derivatives (cf. note 7.3.)	9 964	49 240
Advances received	8 717	5 106
Other taxes	34 979	34 303
Accruals and deferred income	20 597	20 078
Total	**82 486**	**114 576**

The derivatives include mainly forward exchange contracts (€ 7.6 million (2013: € 7.9 million)) and CCIRSs (€ 41.4 million (2013: € 2.0 million)). Other taxes mainly relate to VAT payable, employment-related taxes withheld and other non-income taxes payable. The accrued interest on outstanding interest-bearing debt is the most significant item of the accruals (€ 13.1 million (2013: € 14.2 million)).

7. Miscellaneous items

7.1. Notes to the cash flow statement

Summary in thousands of €	**2013**	**2014**
Cash from operating activities	305 763	186 949
Cash from investing activities	-71 966	-225 347
Cash from financing activities	-192 416	87 945
Net increase or decrease in cash and cash equivalents	**41 381**	**49 547**

The cash flow statement is presented using the indirect method, as opposed to the direct method. The latter method focuses on classifying gross cash receipts and gross cash payments by category.

Cash from operating activities

Gross cash flows from operating activities increased by € 27.0 million, mainly due to better operating performance and lower income taxes paid. The evolution of non-cash items reflects increases in depreciation and amortization, higher impairment losses and lower additions to provisions. Information about movements in provisions can be found in note 6.15. 'Employee benefit obligations' and note 6.16. 'Provisions'. Negative goodwill relates to the business combination with ArcelorMittal in Costa Rica, Brazil and Ecuador.

Investing items mainly include gains on disposals of land and buildings in Belgium and machinery in Canada, which are presented as part of the proceeds from disposal of property, plant and equipment under 'other investing cash flows'. The 'Movements in other current assets and liabilities' are largely due to the accrued insurance indemnification for the fire in Rome (Georgia, USA).

The following table presents more details about selected operating items:

Details of selected operating items in thousands of €	**2013**	**2014**
Non-cash items included in operating result		
Depreciation and amortization	151 071	164 610
Impairment losses on assets	8 650	16 962
Gains (-) and losses on step acquisitions	-	-1 804
Employee benefits: set-up / reversal (-) of amounts not used	13 499	16 242
Provisions: set-up / reversal (-) of amounts not used	15 771	-1 156
Negative goodwill	-	-10 893
CTA recycled on business disposals	-463	1 041
Equity-settled share-based payments	4 356	2 845
Total	**192 884**	**187 847**
Investing items included in operating result		
Gains (-) and losses on business disposals	-718	122
Gains (-) and losses on disposals of intangible assets	295	-
Gains (-) and losses on disposals of PP&E	903	-8 179
Total	**480**	**-8 057**
Amounts used on provisions and employee benefit obligations		
Employee benefits: amounts used	-33 230	-34 177
Provisions: amounts used	-12 099	-10 275
Total	**-45 329**	**-44 452**
Income taxes paid		
Current income taxes	-64 381	-57 276
Increase or decrease (-) in net income taxes payable	12 874	11 449
Total	**-51 507**	**-45 827**
Other operating cash flows		
Movements in other current assets and liabilities	-9 382	-20 228
Other	2 856	1 034
Total	**-6 526**	**-19 194**

Cash from investing activities

The cash-outs on new business combinations were almost exclusively due to the acquisition of the Pirelli steel cord activities (see note 7.2. 'Effect of business combinations'). The Brazilian joint ventures generated higher dividend income than in 2013. Bekaert acquired intellectual property from Pirelli for an amount of € 15 million. After a temporary slow-down in 2013, capital expenditure programs for PP&E were stepped up again in all regions.

The proceeds from disposal of property, plant and equipment in 2014 mainly relate to the sale of land and buildings in Aalter (Belgium), and plant, machinery and equipment in Surrey (Canada).

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

Details of selected investing items in thousands of €	**2013**	**2014**
Other investing cash flows		
Proceeds from disposal of intangible assets	3 166	-
Proceeds from disposal of property, plant and equipment	1 308	15 846
Total	**4 474**	**15 846**

Cash from financing activities

The main event in the financing activities was the issuance of a € 300 million convertible bond in June 2014, in order to finance the acquisition of the Pirelli steel cord activities. The Company launched a share buy-back program totaling € 52 million to anticipate the potential dilution that could arise upon conversion of all bonds; another € 20 million worth of shares were bought back mainly in view of the stock option plans. Dividends were paid out to minority partners in China, Ecuador, Peru and Chile. Since dividends paid to the Chilean partners were largely ploughed back as capital contributions into the ropes activities, both were netted in the cash flow statement presentation. A portfolio restructuring was initiated in 2014 through which Bekaert raised its interest in the ropes activities co-owned with the Chilean partners from 52% to 65% early 2015 (see note 7.6. 'Events after the balance sheet date'). The following table presents more details about selected financing items:

Details of selected financing items in thousands of €	**2013**	**2014**
Other financing cash flows		
New shares issued following exercise of subscription rights	1 048	779
Capital paid in by minority interests	-	4 222
Increase (-) or decrease in current and non-current loans and receivables	5 484	-8 776
Increase (-) or decrease in current financial assets	94 455	-2 896
Other financial income and expenses	2 018	-11 548
Total	**103 005**	**-18 219**

7.2. Effect of business combinations

Business combinations (1): the ArcelorMittal deal in Costa Rica, Brazil and Ecuador

On 10 December 2013, Bekaert announced the signing of an agreement with ArcelorMittal including the start-up of a Dramix® plant in Costa Rica, the acquisition of the majority of the shares of the ArcelorMittal steel wire plant in Costa Rica, and raising its share from 45% to 100% in the Cimaf ropes plant in Brazil. The deal was finalized on 30 April 2014 when Bekaert and ArcelorMittal signed the Closing Memoranda which confirm:

- the acquisition by Bekaert, through its Bekaert Ideal Holding, of the majority of the shares (73%) of the ArcelorMittal steel wire plant in Costa Rica (renamed BIA Alambres Costa Rica SA);
- the set-up of the same shareholding structure in the new Dramix® plant in Costa Rica (Bekaert Costa Rica SA) and in Bekaert's steel wire entity in Ecuador (Ideal Alambrec SA);
- the acquisition by Bekaert of the remaining shares of the Cimaf ropes plant, by which Bekaert obtains full ownership. This entity has been renamed Bekaert Cimaf Cabos Ltda.

By this strategic transaction, Bekaert intends to better serve customers from various sectors in the region with a broader steel wire product portfolio in the construction, mining, oil & gas, agricultural, fencing and industrial markets. The deal builds on existing partnerships in the region with ArcelorMittal and the Kohn family.
In accordance with IFRS 3 (revised 2008), when a business combination is achieved in stages, also known as a step acquisition, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, and any resulting gain or loss is recognized in profit or loss. In this case, the fair value of the Group's previously held 45% interest in the Cimaf Ropes plant was extrapolated from the equity valuation agreed between the partners. This extrapolation established the fair value at € 9.7 million. The carrying amount of the Group's interest in the Cimaf Ropes plant at the acquisition date amounted to € 7.9 million. This resulted in a gain on step acquisition of € 1.8 million, which is presented in 'non-recurring items' in the income statement.

In accordance with IFRS 3, any amounts arising from interests in the acquiree prior to the acquisition date that have been recognized in the Group's other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if the interests were disposed of. This resulted in a loss of € 1.4 million from a reclassification of cumulative translation adjustments, which is also presented in 'non-recurring items' in the income statement.

Goodwill is measured as the difference between:

(a) the sum of the following elements:
   - the purchase consideration;
   - the amount of any non-controlling interests in the acquiree;
   - the fair value of the Group's previously held equity interest in the acquiree; and

(b) the net balance of the fair value of the identifiable assets acquired and the liabilities assumed.

Since the purchase consideration consisted of the Ideal Alambrec shares, it is measured at the fair value of the non-controlling interest disposed.

The accounting for the business combination resulted in a negative goodwill (€ -10.9 million), which was recognized as a gain in 'non-recurring items' of the income statement. The negative goodwill reflects the future efforts that will be needed to regain market leadership.

The non-controlling interest arising on the acquirees have been measured at their share in the fair value of the net assets acquired.

The table below presents the net assets acquired by balance sheet caption, showing the effect of fair value adjustments applied in accordance with IFRS 3, ‘Business Combinations’, and the goodwill calculation. It also clarifies the amount shown in the consolidated cash flow statement as ‘new business combinations’, i.e. nil, since no cash was exchanged between the parties in this deal.

Total in thousands of €	**Acquiree's carrying amount before combination**	**Fair value adjustments**	**Fair value**
Intangible assets	13	-13	-
Property, plant and equipment	15 053	24 205	39 258
Deferred tax assets	615	2 531	3 146
Inventories	15 504	-131	15 373
Trade receivables	1 596	-	1 596
Provisions	-	-8 293	-8 293
Deferred tax liabilities	-1 261	-7 817	-9 078
Current employee benefit obligations	-554	-	-554
Other current liabilities	-22	-	-22
Total net assets acquired in a business combination	**30 944**	**10 482**	**41 426**
Equity method investment held prior to business combination	-7 927	-1 804	-9 731
Non-controlling interests arising on the acquirees	-5 544	1 637	-3 907
Non-controlling interests disposed	-4 981	-11 914	-16 895
Goodwill			-10 893
Consideration paid in cash			**-**
Cash acquired			-
New business combinations	**-**	**-**	**-**

The positive fair value adjustments on property, plant and equipment mainly relate to the land and buildings held by Bekaert Cimaf Cabos Ltda and BIA Alambres Costa Rica SA. The fair value adjustments on inventories mainly consist of write-downs of slow moving and obsolete inventories to net realizable value. A provision has been recognized for the effects of the long-term secured wire rod supply contract that is part of the deal between Bekaert and ArcelorMittal.

The effect on consolidated sales and on the result for the period is shown below:

in thousands of €	**Date of acquisition**	**Net sales for the period**	**Result for the period**
Total for the acquired companies	30 April 2014	27 016	9 330

The result for the period includes € 11.3 million non-recurring income relating to the business combination accounting. The acquisition-related costs amounted to € 0.025 million, mainly fees for legal advice, and were included in administrative expenses.

The pro forma revenue and profit or loss as if the acquisition took place on 1 January 2014 cannot be estimated reliably without undue effort.

Business combinations (2): the commercial partnership with Maccaferri for underground solutions

On 17 June 2014, Bekaert announced the signing of an agreement with Maccaferri, a global supplier of advanced solutions to the civil, geotechnical and environmental construction markets, to establish a 50/50 sales and distribution company for underground construction reinforcement solutions. It is the intention of both parties to promote on a global basis the use of advanced reinforcement solutions for underground projects such as road, railway, metro, utility and mining tunnels, as well as hydro power stations. The company will combine the sales and distribution of Bekaert's Dramix® steel fibers for the reinforcement of concrete in underground construction projects such as shotcrete and precast applications, with Maccaferri's complementary underground solutions, such as steel arches, concrete chemicals and glass fiber soil consolidation elements. Through the company, which was established on 1 October 2014, Bekaert mainly acquired two valuable intangible assets: (1) the customer relations and trademarks of Maccaferri with a fair value established at € 1.2 million and (2) the synergies from the transfer of production volumes with a fair value established at € 4.8 million. The valuation of both intangibles was done by independent experts, who used a DCF (Discounted Cash Flow) approach to determine an equity value (EV) which was then cross-checked with a market approach on the basis of comparable EV/EBIT multiples. The agreement includes the closing down of Maccaferri's steel fibers plant in Spain. Furthermore, production equipment and spare parts were acquired with a fair value of € 0.4 million. The purchase consideration for Bekaert consisted of a contribution in kind, i.e. its customer portfolio, and a deferred consideration mainly depending on commercial targets to be achieved in each of the three years after the business combination date. The initial accounting for the business combination shows a minor goodwill of € 0.1 million.

The table below presents the net assets acquired by balance sheet caption, showing the effect of fair value adjustments applied in accordance with IFRS 3, 'Business Combinations', and the goodwill calculation. It also clarifies the amount shown in the consolidated cash flow statement as 'new business combinations'. The cash acquired results from the partner's capital contribution and from the net proceeds from assets exchanged with the partner.

The non-controlling interest arising on the acquirees have been measured at their share in the fair value of the net assets acquired.

Total in thousands of €	**Acquiree's carrying amount before combination**	**Fair value adjustments**	**Fair value**
Intangible assets	22 210	-16 200	6 010
Property, plant and equipment	2 148	-2 015	133
Deferred tax assets	-	5 506	5 506
Inventories	277	-	277
Cash and cash equivalents	966	-	966
Total net assets acquired in a business combination	**25 601**	**-12 709**	**12 892**
Non-controlling interests arising on the acquirees	-9 400	-2 753	-12 153
Deferred consideration			-810
Goodwill			71
Consideration paid in cash			**-**
Cash acquired	966		966
New business combinations			**966**

In addition to this, a liability of € 8.2 million has been recognized in consolidation in respect of the put option granted to Maccaferri to sell all its shares to Bekaert as from 1 January 2023 at fair value. In accordance with IAS 32, 'Financial Instruments: Presentation', the liability is initially recognized through equity, whereas subsequent changes in fair value are recognized through income statement.

The fair value measurement of this liability is classified as level 3, considering that unobservable inputs are used in the valuation method, which is a discounted cash flow model. The two main inputs in the valuation model are:

- The fair value of the underlying shares in Bekaert Maccaferri Underground Solutions BVBA at exercise date of the put option, which was derived from the enterprise value agreed between the parties in the business combination.
- The rate applied to discount back this amount to its present value at the closing date.

The contribution of the newly established company to the consolidated sales and the result for the period is shown below:

in thousands of €	Date of acquisition	Net sales for the period	Result for the period
Bekaert Maccaferri Underground Solutions BVBA	1 October 2014	6 343	-43

The effects of the business combination on the consolidated sales and on the result for the period generated in other Group entities, mainly the manufacturing entities supplying goods to the new commercial joint venture, cannot be estimated reliably without undue effort. The pro forma revenue and profit or loss as if the acquisition took place on 1 January 2014 cannot be estimated reliably without undue effort.

The acquisition-related costs amounted to € 0.1 million, mainly consisting of professional fees for valuation experts and legal services, and were included in administrative expenses.

Business combinations (3): the acquisition of Pirelli's steel cord plants

On 28 February 2014, Bekaert announced the signing of an agreement with Pirelli, the global tire manufacturer, for the acquisition of Pirelli's steel cord activities for a total enterprise value of € 255 million. As part of this transaction, Bekaert and Pirelli will enter into a long-term supply agreement of tire cord to Pirelli. The acquisition agreement includes Pirelli's manufacturing sites in Figline Valdarno (Italy), Slatina (Romania), Izmit (Turkey), Yanzhou (China) and Sumaré (Brazil). The transaction is estimated to add approximately € 300 million to Bekaert's consolidated sales on an annual basis.

On 18 December 2014, Bekaert and Pirelli successfully closed the acquisition by Bekaert of the Pirelli steel cord plants in Figline Valdarno (Italy), Slatina (Romania) and Sumaré (Brazil). Due to delays in regulatory approvals, the acquisition of the Pirelli plants in Izmit (Turkey) and Yanzhou (China) could not be closed before year-end 2014. On 6 February 2015, Bekaert completed the acquisition of the Pirelli steel cord plant in Izmit (Turkey) – see note 7.6. 'Events after the balance sheet date'. The closing of the acquisition of the Pirelli tire cord plant in Yanzhou (China) will occur when the respective regulatory approvals have been obtained.

The initial accounting for the business combination presented in these financial statements is evidently partial and provisional. It is partial, since it only covers the acquisition of three out of the five plants included in the deal. It is also provisional, as time was too short to finalize the fair value assessment of the identifiable assets acquired and the liabilities assumed in the Pirelli plants in Italy, Romania and Brazil.

The fair value adjustments on property, plant and equipment are based on external appraisals for land and buildings and on internal appraisals for plant, machinery and equipment. The deferred tax liabilities arising from these adjustments have been recognized at the applicable tax rates in the respective jurisdictions. No fair value assessments have been made yet for any other assets acquired and liabilities assumed. Non-controlling interests are arising on the 20% interests held by Continental AG in the Romanian company, i.e. – by its new name – Bekaert Slatina SRL. The total purchase consideration for all shares held by Pirelli in the steel cord entities in Italy, Romania and Brazil amounted to € 110.6 million and was paid in cash. After cash acquired, the net cash-out amounted to € 109.5 million. The initial accounting resulted in a preliminary goodwill of € 0.7 million.

Bekaert also paid € 15.0 million to Pirelli for the acquisition of intellectual property, mainly manufacturing know-how and patents, all of which have been capitalized as intangible assets and will be amortized over 10 years.

Since the acquisition was closed shortly before the year-end (i.e. at the start of the Christmas close-down), Bekaert has not recognized any subsequent transactions, the effect of which was deemed immaterial, through profit or loss in 2014.

The non-controlling interest arising on the acquirees have been measured at their share in the fair value of the net assets acquired.

Total in thousands of €	**Acquiree's carrying amount before combination**	**Fair value adjustments**	**Fair value**
Intangible assets	2	-	2
Property, plant and equipment	75 870	38 303	114 173
Deferred tax assets	1 835	-	1 835
Other non-current assets	634	-	634
Inventories	19 611	-	19 611
Trade receivables	78 290	-	78 290
Advances paid	1 981	-	1 981
Other receivables	6 134	-	6 134
Short-term deposits	550	-	550
Cash and cash equivalents	1 103	-	1 103
Other current assets	4 603	-	4 603
Non-current employee benefit obligations	-9 099	-	-9 099
Non-current provisions	-4 421	-	-4 421
Non-current interest-bearing debt	-2 383	-	-2 383
Deferred tax liabilities	-3 420	-12 082	-15 502
Current interest-bearing debt	-29 115	-	-29 115
Trade payables	-38 808	-	-38 808
Current employee benefit obligations	-4 320	-	-4 320
Current provisions	-24	-	-24
Income taxes payable	-1 466	-	-1 466
Other current liabilities	-4 712	-	-4 712
Total net assets acquired in a business combination	**92 845**	**26 221**	**119 066**
Non-controlling interests arising on the acquirees	-8 630	-567	-9 197
Goodwill			713
Consideration paid in cash			**-110 582**
Cash acquired	1 103	-	1 103
New business combinations	**-**	**-**	**-109 479**

The acquisition-related costs amounted to € 3.2 million, mainly consultancy fees, and were included in administrative expenses.

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, Indian rupee and Venezuelan bolivar (cf. cumulative translation adjustments in note 6.13. 'Retained earnings and other Group reserves'). Since there is no impact on the cash flows, the Group usually does not hedge against such risk.

Transactional currency risk

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

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

Foreign currency risk in the financing area results from financial liabilities in foreign currencies. In line with its policy, Group Treasury hedges these risks 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 Eurobonds and intercompany loans mainly in euro and US dollar.

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

Currency sensitivity analysis

Currency sensitivity relating to the operating activities

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

Currency pair - 2014 in thousands of €	**Annualized volatility in %**	**Total exposure**	**Total derivatives**	**Open position**
AUD/USD	14.30%	2 887	-2 494	393
CAD/USD	10.45%	2 559	-	2 559
CNY/EUR	10.11%	5 284	-	5 284
CZK/EUR	3.37%	-6 376	1 478	-4 899
EUR/CNY	10.11%	-16 649	-1 084	-17 733
EUR/GBP	8.89%	-683	-	-683
EUR/INR	11.70%	352	-	352
EUR/RUB	50.88%	-1 541	-	-1 541
GBP/CZK	9.04%	1 528	-	1 528
GBP/EUR	8.89%	4 494	-870	3 624
IDR/USD	13.97%	-1 493	-	-1 493
JPY/CNY	12.83%	4 675	-2 575	2 099
JPY/EUR	12.30%	-64	-213	-277
NZD/USD	15.47%	595	-658	-64
USD/CAD	10.45%	7 669	-	7 669
USD/CLP	15.01%	3 685	-	3 685
USD/CNY	3.30%	35 314	-15 167	20 147
USD/COP	18.02%	-4 557	-	-4 557
USD/EUR	9.79%	31 650	-13 727	17 923
USD/INR	10.79%	-6 761	-	-6 761
USD/MYR	12.03%	-1 626	-	-1 626
USD/MXN	9.81%	-765	-	-765

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

If rates had weakened/strengthened by the above estimated possible changes with all other variables constant, the result for the period before taxes would have been € 0.5 million lower/higher (2013: € 1.4 million).

Currency sensitivity in relation to hedge accounting

Some derivatives are also part of effective cash flow hedges to hedge the currency risk relating to the Eurobond issued in 2005. Exchange rate fluctuations in the currencies involved (US dollar and euro) affect the hedging reserve in shareholders' equity and the fair value of these hedging instruments. If the euro had weakened/strengthened by the above estimated possible changes, with all other variables constant, the hedging reserve in shareholders' equity would have been € 0.04 million higher/lower (2013: € 0.3 million).

Interest-rate risk

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

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

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

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

	Long-term				
2014	**Fixed rate**	**Floating rate**	**Total**	**Short-term**	**Total**
US dollar	5.24%	-	5.24%	1.11%	1.88%
Chinese renminbi	5.76%	-	5.76%	4.73%	5.33%
Euro	3.16%	-	3.16%	0.33%	3.06%
Other	8.41%	3.00%	8.05%	5.53%	6.09%
Total	**3.67%**	**3.00%**	**3.67%**	**2.01%**	**3.01%**

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

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 2014 amounted to € 1 359.2 million (2013: € 1 003.9 million). The following table shows the currency and interest rate profile, i.e. the percentage distribution of the total financial debt by currency and by type of interest rate (fixed, floating, capped).

Currency and interest rate profile	Long-term			Short-term	
2014	**Fixed rate**	**Floating rate**	**Capped rate**	**Floating rate**	**Total**
US dollar	6.70%	-	-	29.70%	36.40%
Chinese renminbi	2.80%	-	-	2.00%	4.80%
Euro	48.40%	-	-	1.70%	50.10%
Other	1.80%	0.20%	-	6.70%	8.70%
Total	**59.70%**	**0.20%**	**-**	**40.10%**	**100.00%**

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

On the basis of the annualized daily volatility of the 3-month Interbank Offered Rate in 2014 and 2013, the reasonable estimates of possible interest rate changes, with a 95% confidence interval, are set out in the table below for the main currencies.

Currency	Interest rate at 31 Dec 2014	Annualized volatility in %	Range interest rate
Chinese renminbi[1]	3.75%	16.45%	3.13%-4.37%
Euro	0.08%	80.17%	0.02%-0.14%
US dollar	0.26%	15.15%	0.22%-0.30%

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

[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 € 0.7 million higher/lower (2013: € 0.5 million higher/lower).

Interest-rate sensitivity in relation to hedge accounting

Changes in market interest rates in relation to derivatives that are part of effective cash flow hedges to hedge interest movements affect the hedging reserve in shareholders' equity and the fair value of these hedging instruments. Applying the estimated possible increases of the interest rates to these hedging transactions, with all other variables constant, the hedging reserve in shareholders' equity would not have been changed (2013: € 0.03 million higher). Applying the estimated possible decreases of the interest rates to these hedging transactions, with all other variables constant, the hedging reserve in shareholders' equity would not have been changed (2013: € 0.03 million lower).

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 2014, 64.8 % (2013: 64.4 %) 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 € 70.6 million (2013: € 68.1 million) at floating interest rates with fixed margins. A credit facility of € 50 million matures in 2016 and a credit facility of USD 25 million matures in 2015. At year-end, nothing was outstanding under these facilities (2013: nil). In addition, the Group has a commercial paper and medium-term note program available for a maximum of € 123.9 million (2013: € 123.9 million). At the end of 2014, no commercial paper notes were outstanding (2013: none). At year-end, none of the Group's outstanding debt was subject to debt covenants (2013: none). In 2014, the Group entered into a factoring agreement and has the possibility to borrow up to € 40 million for two months withdrawals, but no withdrawals were done before year-end.

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

2014 in thousands of €	**2015**	**2016**	**2017-2019**	**2020 and thereafter**
Financial liabilities - principal				
Trade payables	*-389 254*	-	-	-
Other payables	*-179 433*	*-815*	-	-
Interest-bearing debt	*-449 136*	*-282 823*	*-580 170*	*-47 081*
Derivatives - gross settled	*-607 477*	*-12 988*	-	-
Financial liabilities - interests				
Interest-bearing debt	*-38 855*	*-30 604*	*-49 726*	*-2 168*
Derivatives - net settled	*-1 796*	-	-	-
Derivatives - gross settled	*-9 453*	*-1 279*	-	-
Total undiscounted cash flow	**-1 675 404**	**-328 509**	**-629 896**	**-49 249**

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

All instruments held at the reporting date and for which payments had been contractually agreed are included. Forecasted data relating to future, new liabilities has 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

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

Fair value hedges

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

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

The Group has designated cross-currency interest-rate swaps with an aggregate notional amount of € 33.3 million (2013: € 29.3 million) as fair value hedges as at 31 December 2014, and an aggregate fair value of € - 2.2 million (2013: € 2.7 million). The change in fair value of the hedging instruments during 2014 resulted in a loss of € 4.8 million (2013: € 0.5 million gain) which was recognized in other financial income and expenses. The remeasurement of the hedged items resulted in a gain of € 4.8 million (2013: € 0.5 million loss), which was also recognized in other financial income and expenses. Interest expense adjustments arising from fair value hedges amounted to a gain of € 0.9 million (2013: gain of € 0.8 million).

Cash flow hedges

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

As at 31 December 2014, the Group has designated cross-currency interest-rate swaps and interest-rate swaps with an aggregate notional amount of € 74.5 million (2013: € 83.7 million) as cash flow hedges, and an aggregate fair value of to € -5.5 million (2013: € 2.8 million). During 2014, losses totaling € 7.9 million (2013: € 4.0 million gains) resulting from the change in fair values of cross-currency and interest-rate swaps were taken directly to equity (hedging reserve). These changes represent the effective portion of the hedge relationship. A total amount of € 8.6 million was credited to equity (hedging reserve) against other financial income and expenses to offset the unrealized exchange gains (2013: losses of € 3.1 million) recognized on the remeasurement of the Eurobond at closing rate. Interest expense adjustments arising from cash flow hedges amounted to a loss of € 0.8 million (2013: a loss of € 0.8 million).

Hedges of a net investment

Throughout 2014 and 2013, the Group has not concluded or settled any net investment hedges.

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 and, hence, the fair value gain or loss on the financial instruments is expected to offset the foreign-exchange result arising from the remeasurement of the intercompany loans. The Group has entered into cross-currency interest-rate swaps with an aggregate notional amount of € 523.9 million (2013: € 472.8 million) and an aggregate fair value of € -12.1 million (2013: € 19.4 million). The major currencies involved are US dollars, Canadian dollars and Russian rubles. Forward exchange contracts represented a notional amount of € 385.9 million (2013: € 310.6 million) with a fair value of € -4.6 million (2013: € -7.8 million). During 2014, a loss of € 28.3 million (2013: loss of € 3.7 million) resulting from changes in the fair values of cross-currency interest-rate swaps and forward exchange contracts was recognized under other financial income and expenses. A gain of € 41.2 million (2013: loss of € 4.2 million) has been recognized under unrealized exchange results arising on the remeasurement of the intercompany loans at spot rate. Realized exchange losses on hedged intercompany loans amounting to € 16.6 million (2013: € 0.7 million gains) have been recognized in other financial income and expenses. Interest expense adjustments arising from cross-currency interest-rate swaps used as economic hedges for currency risk amounted to a loss of € 4.8 million (2013: € 6.1 million loss).

- To manage its interest-rate exposure, the Group uses interest-rate swaps, forward rate agreements and interest-rate options to convert its floating-rate debt to a fixed and/or capped rate debt. Except for an interest-rate swap for USD 25.0 million, none of these interest-rate derivatives were designated as hedges as defined in IAS 39. As at 31 December 2014, the interest-rate exposure of debt was hedged using interest-rate swaps for a total gross amount of € 32.9 million (2013: € 29.0 million). No forward rate agreements and no interest rate options were outstanding at 31 December 2014 (2013: none). At year-end, the fair value of the interest-rate swaps amounted to € -0.2 million (2013: € -1.5 million). During 2014, a gain of € 1.4 million (2013: € 1.3 million gain) resulting from the changes in fair values was recognized under other financial income and expenses. Interest expense adjustments arising from interest-rate swaps used as economic hedges amounted to a loss of € 1.4 million (2013: € 1.4 million loss).

- The Group uses forward exchange contracts to limit currency risks on its various operating and financing activities. Since the Group has not designated its forward exchange contracts as cash flow hedges, the fair value change is recorded immediately under other financial income and expenses. As at 31 December 2014, the notional amount of the forward exchange contracts relating to commercial transactions was € 44 million (2013: € 41.8 million). The fair value at year-end amounted to € -0.4 million (2013: € 0.4 million), with a loss of € 0.6 million (2013: € 0.4 million gain). A gain of € 0.04 million (2013: € 7.5 million loss) was incurred from unrealized exchange losses on receivables and payables. It should be noted that the forward exchange contracts also relate to forecasted commercial transactions, for which there is no offsetting position on the balance sheet. Realized exchange results on hedged operating and financial payables and receivables amounted to a gain of € 0.8 million (2013: € 4.0 million gain).

- In June 2014, the Company issued a convertible bond of € 300 million. The characteristics of this convertible bond are such that its conversion option constitutes an embedded derivative which, in accordance with IAS 39, is separated from the host contract. The fair value of the conversion derivative amounted to € 7.9 million at 31 December 2014 (vs. € 21.3 million at issue date), as a result of which a gain of € 13.4 million was recognized in other financial income. Since the host contract (the plain vanilla debt without the conversion option) is recognized at amortized cost using the effective interest method, this gain is partly offset by interest expense adjustments of € 3.2 million.

Derivatives

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

2014 in thousands of €	**Due within one year**	**Due between one and 5 years**	**Due after more than 5 years**
Interest-rate swaps	53 537	-	-
Forward exchange contracts	429 921	-	-
Cross-currency interest-rate swaps	491 685	32 256	-
Conversion derivative	-	300 000	-
Total	**975 143**	**332 256**	**-**

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

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

Fair value of current and non-current derivatives	**Assets**		**Liabilities**	
in thousands of €	**2013**	**2014**	**2013**	**2014**
Financial instruments				
Forward exchange contracts				
Held for trading	*543*	*2 637*	*7 931*	*7 625*
Interest-rate swaps				
Held for trading	-	-	*1 515*	*235*
In connection with cash flow hedges	-	-	*885*	*141*
Cross-currency interest-rate swaps				
Held for trading	*21 473*	*21 521*	*2 033*	*33 631*
In connection with fair value hedges	*2 671*	-	-	*2 235*
In connection with cash flow hedges	*3 638*	-	-	*5 373*
Conversion derivative				
Held for trading	-	-	-	*7 921*
Total	**28 325**	**24 158**	**12 364**	**57 161**
Non-current	14 760	5 944	2 022	7 921
Current	13 565	18 214	10 342	49 240
Total	**28 325**	**24 158**	**12 364**	**57 161**

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

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

Effect of enforceable netting agreements in thousands of €	**Assets**		**Liabilities**	
	2013	**2014**	**2013**	**2014**
Total derivatives recognized in balance sheet	28 325	24 158	12 364	57 161
Enforceable netting	-5 372	-15 576	-5 372	-15 576
Net amounts	**22 953**	**8 582**	**6 992**	**41 585**

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

2014 in thousands of €	**Hedged item**	**Hedging instrument**	**Other**	**Recognized in profit or loss**
Fair value hedges	Fair value changes	Fair value changes	Interest expense adjustments	
Currency and interest-rate risk on financing cash flows	*4 829*	*-4 815*	*909*	*923*
Cash flow hedges				
Interest expense adjustments and amortization of discontinued hedges (recycled from equity)	-	-	*-797*	*-797*
	Underlying risk	**Financial derivative**		
Held for trading	Unrealized exchange results	Fair value changes	Realized exchange results	
Currency risk on financing cash flows	*41 152*	*-28 305*	*-16 626*	*-3 779*
Currency risk on operating and investing cash flows	*40*	*-608*	*796*	*228*
			Interest expense adjustments	
Interest-rate risk	-	*1 358*	*-6 243*	*-4 885*
Conversion derivative	-	*13 379*	*-3 215*	*10 164*
Total	**46 021**	**-18 991**	**-25 176**	**1 854**

Of the total income statement effect in 2014, € 9.6 million is recognized in other financial income and expenses, € 1.6 million in other operating revenues and expenses (i.e. realized exchange results on operating cash flows) and € -9.3 million in interest expense.

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

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

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

2014 in thousands of €	**Hedged item**	**Hedging instrument**	**Other**	**Recognized in equity (OCI)**
Cash flow hedges	Spot price changes	Fair value changes		
Currency and interest-rate risk on financing cash flows	*8 582*	*-7 896*	-	*686*
Amortization of discontinued hedges (recycled to profit or loss)	-	-	*69*	*69*

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

Additional disclosures on financial instruments by class and category

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

Cash and cash equivalents, short-term deposits, trade and other receivables, bills of exchange received, loans and receivables primarily have short terms to maturity; hence, their carrying amounts at the reporting date approximate the fair values. 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

2014 in thousands of €	Category in accordance with IAS 39	Carrying amount 2014	Amounts recognized in accordance with IAS 39 at Amortized cost	 Fair value through equity	 Fair value through profit or loss	Amounts recognized in accordance with IAS 17	Fair value 2014
Assets							
Cash and cash equivalents	L&R	458 542	458 542	-	-	-	458 542
Short-term deposits	L&R	14 160	14 160	-	-	-	14 160
Trade receivables	L&R	707 569	707 569	-	-	-	707 569
Bills of exchange received	L&R	114 118	114 118	-	-	-	114 118
Other receivables	L&R	106 627	106 627	-	-	-	106 627
Loans and receivables	L&R	42 523	42 523	-	-	-	42 523
Available-for-sale financial assets	AfS	9 979	981	8 998	-	-	9 979
Derivative financial assets							
- without a hedging relationship	FAFVTPL	24 157	-	-	24 158	-	24 157
- with a hedging relationship	Hedge accounting	-	-	-	-	-	-
Liabilities							
Interest-bearing debt							
- finance leases	n.a.	1 548	-	-	-	1 548	1 548
- credit institutions	FLMaAC	426 154	426 154	-	-	-	426 154
- bonds	Hedge accounting	100 184	69 107	-	31 076	-	100 594
- bonds	FLMaAC	823 740	823 740	-	-	-	868 376
Trade payables	FLMaAC	390 943	390 943	-	-	-	390 943
Other payables	FLMaAC	143 497	143 497	-	-	-	143 497
Derivative financial liabilities							
- without a hedging relationship	FLFVTPL	49 411	-	-	49 411	-	49 411
- with a hedging relationship	Hedge accounting	7 750	-	5 515	2 235	-	7 750
Aggregated by category in accordance with IAS 39							
Loans and receivables	L&R	1 443 539	1 443 539	-	-	-	1 443 539
Available-for-sale financial assets	AfS	9 979	981	8 998	-	-	9 979
Financial assets - hedge accounting	Hedge accounting	-	-	-	-	-	-
Financial assets at fair value through profit or loss	FAFVTPL	24 157	-	-	24 158	-	24 157
Financial liabilities measured at amortized cost	FLMaAC	1 784 334	1 784 334	-	-	-	1 828 970
Financial liabilities - hedge accounting	Hedge accounting	107 934	69 107	5 515	33 311	-	108 344
Financial liabilities at fair value through profit or loss	FLFVTPL	49 411	-	-	49 411	-	49 411

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

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 matching the maturities of the contracts. 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 2014 (see note 6.17. 'Interest-bearing debt') 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 main inputs in the valuation model for this conversion option are the Bekaert share price (level 1), the reference swap rate and Bekaert's credit spread (level 2), as well as the volatility of the Bekaert share (level 3). Consequently, the conversion option is classified as a level-3 financial instrument.

Inputs to the option pricing model

Contractual provisions		
Issue size (in thousands of €)	300 000	
Issue price	100%	
Initial conversion premium	32.5%	
Coupon	0.75%	

	At issue date	At 31 Dec 2014
Level 1 inputs		
Share price	€ 27.97	€ 26.35
Level 2 inputs		
Reference swap rate	0.54%	0.25%
Credit spread	210 bps	200 bps
Level 3 inputs		
Volatility	25.40%	22.00%

Outcome of the model
in thousands of €

Fair value of the convertible debt	300 000	286 379
Fair value of the plain vanilla debt	278 700	278 458
Fair value of the conversion option	21 300	7 921

The carrying amount (i.e. the fair value) of the conversion derivative has evolved as follows:

Derivative liability w.r.t. the conversion option
in thousands of €

At issue of the convertible debt (10 June 2014)	21 300
(Gain) /loss in fair value	-13 379
At 31 December 2014	7 921

The following table shows the sensitivity of the fair value calculation to the most significant level-3 input.

Sensitivity analysis in thousands of €	**Change**	**Impact on derivative liability**	
Volatility	3.5%	increase by	3 900
	-3.5%	decrease by	-3 900

The fair value of all financial instruments measured at amortized cost in the balance sheet, either in accordance with IAS 39 or with IAS 17, 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:

2014 in thousands of €	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets - hedge accounting				
Derivative financial assets	-	-	-	-
Financial assets at fair value through profit or loss				
Derivative financial assets	-	*24 157*	-	*24 157*
Available-for-sale financial assets				
Equity investments	*8 495*	*503*	-	*8 998*
Total assets	**8 495**	**24 660**	**-**	**33 155**
Financial liabilities - hedge accounting				
Interest-bearing debt	-	*31 076*	-	*31 076*
Derivative financial liabilities	-	*7 750*	-	*7 750*
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	-	*41 490*	*7 921*	*49 411*
Total liabilities	**-**	**80 316**	**7 921**	**88 237**

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

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 2013.

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

Gearing ratio

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

Gearing in thousands of €	**2013**	**2014**
Net debt	574 016	852 959
Equity	1 503 876	1 566 212
Net debt to equity ratio	**38.2%**	**54.5%**

7.4. Contingencies and commitments

As at 31 December, the important contingencies and commitments were:

in thousands of €	2013	2014
Contingent liabilities	14 264	22 548
Commitments to purchase fixed assets	12 718	19 129
Commitments to invest in venture capital funds	6 669	5 038

The contingent liabilities mainly relate to environmental obligations. Most of them are covered by bank 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).

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

Future payments in thousands of €	2013	2014
Within one year	12 338	13 871
Between one and five years	22 899	26 016
More than five years	4 024	1 018
Total	**39 261**	**40 905**

Expenses in thousands of €	2013	2014
Vehicles	9 498	9 850
Industrial buildings	2 854	3 063
Equipment	2 385	2 770
Offices	4 135	3 394
Land	387	377
Other	832	952
Total	**20 091**	**20 406**

2014 in years	**Weighted average lease term**
Vehicles	4
Industrial buildings	2
Equipment	3
Offices	4
Land	1
Other	1

2013 in years	**Weighted average lease term**
Vehicles	4
Industrial buildings	3
Equipment	4
Offices	4
Land	5
Other	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 €	**2013**	**2014**
Sales of goods	26 863	36 930
Purchases of goods	11 264	19 654
Royalties and management fees received	10 891	10 125
Interest and similar income	152	169
Dividends received	12 509	19 881

Outstanding balances with joint ventures in thousands of €	**2013**	**2014**
Trade receivables	12 446	11 251
Other current receivables	-	443
Trade payables	2 315	3 892
Other current payables	-	185

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 and the Senior Vice Presidents (see last page of the Financial Review).

Key Management remuneration in thousands of €	**2013**	**2014**
Number of persons	33	40
Short-term employee benefits		
Basic remuneration	*6 284*	*7 043*
Variable remuneration	*249*	*4 227*
Remuneration as directors of subsidiaries	*989*	*936*
Post-employment benefits		
Defined-benefit pension plans	*609*	*712*
Defined-contribution pension plans	*541*	*967*
Share-based payment benefits	2 913	2 376
Total gross remuneration	**11 585**	**16 261**
Average gross remuneration per person	351	407
Number of options and stock appreciation rights granted[1]	442 000	251 500

[1] *The number for 2013 includes an exceptional grant of options and stock appreciation rights.*

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

7.6. Events after the balance sheet date

- A fifth and final offer of 364 700 options was made on 18 December 2014 under the terms of the SOP 2010-2014 stock option plan. 349 810 of those options were accepted, and were granted on 16 February 2015. Their exercise price is € 26.055. The granted options represent a fair value of € 2.3 million.

- Under the terms of the USA SAR plans, a regular offer of 40 200 Stock Appreciation Rights was made on 18 December 2014. 36 000 of those rights were accepted, and will be granted when the acceptance term expires on 31 March 2015. Their exercise price is € 25.45. The granted rights represent a fair value of € 0.3 million.

- Under the terms of the other SAR plans, a regular offer of 44 700 Stock Appreciation Rights was made on 18 December 2014. All of those rights were accepted, and were granted on 16 February 2015. Their exercise price is € 26.055. The granted rights represent a fair value of € 0.3 million.

- On 30 January 2015, Bekaert and its Chilean partners, through Matco Cables SpA, have established the Bekaert Rope Group, through which they respectively hold 65% and 35% of all ropes activities in Canada, Chile, Peru, Brazil and the US. Bekaert raised its interests from 52% to 65% on average in Prodinsa SA (Chile), Procables SA (Peru) and Wire Rope Industries Ltd (Canada), and sold a 35% non-controlling interest in Bekaert Cimaf Cabos Ltda (Brazil) and Wire Rope Industries USA Inc (USA) to Matco Cables SpA.

- On 5 February 2015, Bekaert announced the signing of an agreement with Arrium Ltd of Australia through which Bekaert intends to acquire the ropes business of Arrium Ltd. The deal includes all of the personnel and assets of the business located in Newcastle (Australia). The transaction is estimated to add € 40 million to Bekaert's consolidated sales on an annual basis and has an enterprise value of approximately € 60 million.
  On 2 March 2015, Bekaert and their Chilean partners (through Matco Cables SpA) successfully closed the deal and integrated the entity in the Bekaert Rope Group.

- On 5 February 2015, Bekaert has acquired 100% of the shares of the former Pirelli steel cord entity in Izmit, Turkey. The financials of this entity will be included in the consolidated statements of Bekaert as from 1 February 2015. The deal closing in Turkey follows the ownership transfer of the steel cord plants in Figline (Italy), Slatina (Romania), and Sumaré (Brazil) as announced on 18 December 2014. The agreement also includes Pirelli's steel cord activities in Yanzhou (China). The closing of the acquisition of this fifth entity will occur when the respective regulatory approvals have been obtained.

- On 27 February 2015, Bekaert and Groz-Beckert have signed an agreement regarding the sale of Bekaert's Carding Solutions activities to Groz-Beckert, a global company with headquarters in Albstadt, Germany. The transaction covers the carding production facilities in Belgium, India, China and the US and the global sales and services network. The activity platform currently employs 350 employees and generates an annual revenue of € 26 million.

7.7. Services provided by the statutory auditor and related persons

During 2014, the statutory auditor and persons professionally related to him performed additional services for fees amounting to € 1 040 924.

These fees essentially relate to further assurance services (€ 46 375), tax advisory services (€ 872 647) and other non-audit services (€ 121 902).

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

The audit fees for NV Bekaert SA and its subsidiaries amounted to € 1 693 989.

7.8. Subsidiaries, joint ventures and associates

Companies forming part of the Group as at 31 December 2014

Subsidiaries

Industrial companies	*Address*	*%*
EMEA		
Bekaert Bohumín sro	Bohumín, Czech Republic	100
Bekaert Carding Solutions NV	Deerlijk, Belgium	100
Bekaert Combustion Technology BV	Assen, Netherlands	100
Bekaert Figline Srl	Milano, Italy	100
Bekaert Hlohovec as	Hlohovec, Slovakia	100
Bekaert Izmit Celik Kord Sanayi ve Ticaret AS	Izmit, Turkey	100
Bekaert Petrovice sro	Petrovice, Czech Republic	100
Bekaert Sardegna SpA	Assemini, Italy	100
Bekaert Slatina SRL	Slatina, Romania	80
Bekaert Slovakia sro	Sládkovičovo, Slovakia	100
Bekintex NV	Wetteren, Belgium	100
Cold Drawn Products Ltd	Bradford, United Kingdom	100
Industrias del Ubierna SA	Burgos, Spain	100
OOO Bekaert Lipetsk	Gryazi, Russian Federation	100
Solaronics SA	Armentières, France	100
North America		
Bekaert Canada Ltd	Surrey, Canada	100
Bekaert Corporation	Wilmington (Delaware), United States	100
Wire Rope Industries Ltd	Pointe-Claire, Canada	52
Wire Rope Industries USA Inc	Wilmington (Delaware), United States	100
Latin America		
Acma SA	Santiago, Chile	52
Acmanet SA	Talcahuano, Chile	52
Bekaert Cimaf Cabos Ltda	São Paulo, Brazil	100
Bekaert Costa Rica SA	San José-Santa Ana, Costa Rica	58
Bekaert Sumaré Ltda	Sumaré, Brazil	100
BIA Alambres Costa Rica SA	San José-Santa Ana, Costa Rica	58
Ideal Alambrec SA	Quito, Ecuador	58
Industrias Chilenas de Alambre - Inchalam SA	Talcahuano, Chile	52
Procables SA	Callao, Peru	50
Prodinsa SA	Maipú, Chile	52
Productora de Alambres Colombianos Proalco SAS	Bogotá, Colombia	80
Productos de Acero Cassadó SA	Callao, Peru	38
Vicson SA	Valencia, Venezuela	80
Asia Pacific		
Bekaert Ansteel Tire Cord (Chongqing) Co Ltd	Chongqing, China	50
Bekaert Binjiang Advanced Products Co Ltd	Jiangyin (Jiangsu province), China	90
Bekaert Binjiang Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	90
Bekaert Carding Solutions Pvt Ltd	Pune, India	100
Bekaert (China) Technology Research and Development Co Ltd	Jiangyin (Jiangsu province), China	100
Bekaert (Huizhou) Steel Cord Co Ltd	Huizhou (Guangdong province), China	100
Bekaert Industries Pvt Ltd	Taluka Shirur, District Pune, India	100
Bekaert-Jiangyin Wire Products Co Ltd	Jiangyin (Jiangsu province), China	82
Bekaert Mukand Wire Industries Pvt Ltd	Pune, India	100
Bekaert New Materials (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	100
Bekaert (Qingdao) Wire Products Co Ltd	Qingdao (Shandong province), China	100
Bekaert (Shandong) Tire Cord Co Ltd	Weihai (Shandong province), China	100
Bekaert Shenyang Advanced Products Co Ltd	Shenyang (Liaoning province), China	100
Bekaert Southern Speciality Wire Sdn Bhd	Kuala Lumpur, Malaysia	55
Bekaert Southern Wire Sdn Bhd	Kuala Lumpur, Malaysia	55
Bekaert Toko Metal Fiber Co Ltd	Tokyo, Japan	70
Bekaert (Xinyu) New Materials Co Ltd	Xinyu City (Jiangxi province), China	75
China Bekaert Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	90
PT Bekaert Indonesia	Karawang, Indonesia	100
PT Bekaert Southern Wire	Karawang, Indonesia	55
Shanghai Bekaert-Ergang Co Ltd	Shanghai, China	70
Wuxi Bekaert Textile Machinery and Accessories Co Ltd	Wuxi (Jiangsu province), China	100

Sales offices, warehouses and others	Address	%
EMEA		
Barnards Unlimited	Bradford, United Kingdom	100
Bekaert AS	Vejle, Denmark	100
Bekaert Carding Solutions Ltd	Bradford, United Kingdom	100
Bekaert Carding Solutions SAS	Armentières, France	100
Bekaert Emirates LLC	Dubai, United Arab Emirates	49
Bekaert France SAS	Antony, France	100
Bekaert Ges mbH	Vienna, Austria	100
Bekaert GmbH	Neu-Anspach, Germany	100
Bekaert Ltd	Bradford, United Kingdom	100
Bekaert Maccaferri Underground Solutions BVBA	Aalst (Erembodegem), Belgium	50
Bekaert Middle East LLC	Dubai, United Arab Emirates	49
Bekaert Norge AS	Frogner, Norway	100
Bekaert Poland Sp z oo	Warsaw, Poland	100
Bekaert (Schweiz) AG	Baden, Switzerland	100
Bekaert Svenska AB	Gothenburg, Sweden	100
Bekaert Tarak Aksesuarlari ve Makineleri Ticaret AS	Istanbul, Turkey	100
Lane Brothers Engineering Industries	Bradford, United Kingdom	100
Leon Bekaert SpA	Trezzano Sul Naviglio, Italy	100
OOO Bekaert Wire	Moscow, Russian Federation	100
Rylands-Whitecross Ltd	Bradford, United Kingdom	100
Scheldestroom NV	Zwevegem, Belgium	100
Sentinel Garden Products Ltd	Bradford, United Kingdom	100
Sentinel Wire Fencing Ltd	Bradford, United Kingdom	100
Sentinel (Wire Products) Ltd	Bradford, United Kingdom	100
Solaronics GmbH	Achim, Germany	100
Tinsley Wire Ltd	Bradford, United Kingdom	100
Twil Company	Bradford, United Kingdom	100
North America		
Bekaert Carding Solutions Inc / Bekaert Solutions de Cardage Inc	Saint John, Canada	100
Bekaert Specialty Films de Mexico SA de CV	Monterrey, Mexico	100
Bekaert Trade Mexico S de RL de CV	Mexico City, Mexico	100
Specialty Films de Services Company SA de CV	Monterrey, Mexico	100
Latin America		
Bekaert Guatemala SA	Ciudad de Guatemala, Guatemala	100
Bekaert Trade Latin America NV	Curaçao, Netherlands Antilles	100
Prodac Contrata SAC	Callao, Peru	38
Prodac Selva SAC	Ucayali, Peru	38
Prodalam SA	Santiago, Chile	52
Prodinsa Ingeniería y Proyectos SA	Santiago, Chile	52
Asia Pacific		
Bekaert Advanced Products (Shanghai) Co Ltd	Shanghai, China	100
Bekaert Japan Co Ltd	Tokyo, Japan	100
Bekaert Korea Ltd	Seoul, Korea	100
Bekaert Management (Shanghai) Co Ltd	Shanghai, China	100
Bekaert Singapore Pte Ltd	Singapore	100
Bekaert Taiwan Co Ltd	Taipei, Taiwan	100
Cempaka Raya Sdn Bhd	Kuala Lumpur, Malaysia	55
PT Bekaert Trade Indonesia	Karawang, Indonesia	100

Financial companies	***Address***	***%***
Acma Inversiones Canada SA	Talcahuano, Chile	52
Acma Inversiones SA	Talcahuano, Chile	52
Becare Ltd	Dublin, Ireland	100
Bekaert Building Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Carding Solutions Hong Kong Ltd	Hong Kong, China	100
Bekaert Coördinatiecentrum NV	Zwevegem, Belgium	100
Bekaert do Brasil Ltda	Contagem, Brazil	100
Bekaert Holding Hong Kong Ltd	Hong Kong, China	100
Bekaert Ibérica Holding SL	Burgos, Spain	100
Bekaert Ideal SL	Burgos, Spain	80
Bekaert Investments NV	Zwevegem, Belgium	100
Bekaert Investments Italia SpA	Trezzano Sul Naviglio, Italy	100
Bekaert North America Management Corporation	Wilmington (Delaware), United States	100
Bekaert Sàrl	Luxemburg, Luxemburg	100
Bekaert Services Hong Kong Ltd	Hong Kong, China	100
Bekaert Southern Wire Pte Ltd	Singapore	55
Bekaert Specialty Wire Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Stainless Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Steel Cord Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Strategic Partnerships Hong Kong Ltd	Hong Kong, China	100
Bekaert Wire Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Wire Rope Industry NV	Zwevegem, Belgium	100
Bekaert Xinyu Hong Kong Ltd	Hong Kong, China	100
Impala SA	Panama, Panama	52
Industrias Acmanet Ltda	Talcahuano, Chile	52
Inversiones Bekaert Andean Ropes Ltda	Santiago, Chile	100
InverVicson SA	Valencia, Venezuela	80
Procables Wire Ropes SA	Maipú, Chile	52
Procercos SA	Talcahuano, Chile	52

Joint ventures

Industrial companies	***Address***	***%***
Latin America		
Belgo Bekaert Arames Ltda	Contagem, Brazil	45
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Vespasiano, Brazil	45
Asia Pacific		
Bekaert Xinyu Metal Products Co Ltd	Xinyu City (Jiangxi province), China	50

Sales offices, warehouses and others	***Address***	***%***
EMEA		
Netlon Sentinel Ltd	Blackburn, United Kingdom	50
Asia Pacific		
Bekaert Engineering (India) Pvt Ltd	New Delhi, India	40
BOSFA Pty Ltd	Port Melbourne, Australia	50

Changes in 2014

1. New investments

Subsidiaries	***Address***	***%***
Acma Inversiones Canada SA	Talcahuano, Chile	52
Bekaert Wire Rope Industry NV	Zwevegem, Belgium	100
Inversiones Bekaert Andean Ropes Ltda	Santiago, Chile	100
Procables Wire Ropes SA	Maipú, Chile	52
Procercos SA	Talcahuano, Chile	52
Prodinsa SA	Maipú, Chile	52

2. Subsidiaries acquired through business combinations

Subsidiaries	***Address***	
Bekaert Cimaf Cabos Ltda	São Paulo, Brazil	From 45% to 100%
Bekaert Figline Srl	Milano, Italy	From 0% to 100%
Bekaert Maccaferri Underground Solutions BVBA	Aalst (Erembodegem), Belgium	From 0% to 50%
Bekaert Slatina SRL	Slatina, Romania	From 0% to 80%
Bekaert Sumaré Ltda	Sumaré, Brazil	From 0% to 100%
BIA Alambres Costa Rica SA	San José-Santa Ana, Costa Rica	From 0% to 58%

3. Changes in ownership without change in control

Subsidiaries	***Address***	
Bekaert Costa Rica SA	San José-Santa Ana, Costa Rica	From 80% to 58%
Bekaert Mukand Wire Industries Pvt Ltd	Pune, India	From 94% to 100%
Ideal Alambrec SA	Quito, Ecuador	From 80% to 58%
Wire Rope Industries USA Inc	Wilmington (Delaware), United States	From 52% to 100%
Wuxi Bekaert Textile Machinery and Accessories Co Ltd	Wuxi (Jiangsu province), China	From 75% to 100%

4. Mergers / conversions

Subsidiaries	***Merged into***
Productos de Acero SA Prodinsa	Prodinsa S.A.

5. Name changes

New name	***Former name***
Wire Rope Industries USA Inc	Wire Rope Industries Inc

6. Closed down

Companies	***Address***
Bekaert Combustion Technology Ltd	Solihull, United Kingdom
Bekaert Faser Vertriebs GmbH	Idstein, Germany
Bekaert Specialty Films Hong Kong	Hong Kong, China

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

Companies	***Company number***
Bekaert Carding Solutions NV	BTW BE 0405.443.271 RPR Kortrijk
Bekaert Coördinatiecentrum NV	BTW BE 0426.824.150 RPR Kortrijk
Bekaert Investments NV	BTW BE 0406.207.096 RPR Kortrijk
Bekaert Maccaferri Underground Solutions BVBA	BTW BE 0561.750.457 RPR Dendermonde
Bekaert Wire Rope Industry NV	BTW BE 0550 983 358 RPR Kortrijk
Bekintex NV	BTW BE 0452.746.609 RPR Dendermonde
NV Bekaert SA	BTW BE 0405.388.536 RPR Kortrijk
Scheldestroom NV	BTW BE 0403.676.188 RPR Kortrijk

Parent company information

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

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

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

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

NV Bekaert SA
President Kennedypark 18
BE-8500 Kortrijk
Belgium
www.bekaert.com

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

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

Condensed income statement

in thousands of € - Year ended 31 December	2013	2014
Sales	386 339	413 834
Operating profit or loss	-4 122	44 843
Financial result	5 644	7 062
Extraordinary result	61 009	18 046
Current and deferred income taxes	1 013	1 303
Result for the period	**63 544**	**71 254**

Condensed balance sheet after profit appropriation

in thousands of € - 31 December	2013	2014
Fixed assets	**2 156 880**	**2 369 972**
Formation expenses, intangible fixed assets	28 327	77 307
Tangible fixed assets	33 298	30 894
Financial fixed assets	2 095 255	2 261 771
Current assets	**282 046**	**376 039**
Total assets	**2 438 926**	**2 746 011**
Shareholders' equity	**505 637**	**530 209**
Share capital	176 773	176 914
Share premium	31 055	31 693
Revaluation surplus	1 995	1 995
Statutory reserve	17 677	17 691
Unavailable reserve	42 507	145 940
Reserves available for distribution, retained earnings	235 630	155 976
Provisions and deferred taxes	**77 635**	**69 421**
Creditors	**1 855 654**	**2 146 381**
Amounts payable after one year	1 145 764	1 045 764
Amounts payable within one year	709 890	1 100 617
Total equity and liabilities	**2 438 926**	**2 746 011**

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 € 413.8 million, an increase of 7 % compared to 2013.

The operating profit was € 44.8 million, compared with a loss of € -4.1 million last year. An increase of the margin, resulting from the application of the extended scope of capitalization of R&D project costs and reversal of provisions, are the main reasons for the increase of the operational profit.

The financial result increased to € 7.1 million compared to a profit of € 5.6 million in 2013, due to a higher dividend income (2014: € 62.6 million compared to 2013: € 48.7 million), the revaluation of treasury shares (2014: € 2.2 million compared to 2013: € 6.7 million) and other financial expenses.

The extraordinary result amounts to € 18.0 million, mainly related to the gain on the disposal of intangible and tangible fixed assets and extraordinary depreciations. Last year's extraordinary result of € 61.0 million mainly related to the gain on the disposal of tangible fixed assets and the depreciation of financial fixed assets.

The combination of the operating profit, the financial and the extraordinary result explain the net profit for the year ended 31 December 2014: € 71.3 million compared with € 63.5 million in 2013.

Environmental programs

The provision for environmental programs decreased to € 23.2 million (2013: € 30.3 million).

Information on research and development

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

Interests in share capital

In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act), the Company has in its Articles of Association set the thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. An overview of the current notifications of participations of 3% or more is presented hereafter. On 31 December 2014, the total number of securities conferring voting rights was 60 111 405.

Notification of 17 December 2014

Holders of voting rights	Number of voting rights	Percentage of voting rights
Stichting Administratiekantoor Bekaert	22 370 001	37.22%
Velge International NV	57 000	0.09%
Berfin SA	108 470	0.18%
Gedecor SA	75 000	0.12%
Millenium 3 SA	130 200	0.22%
Zweve (société de droit commun)	220 000	0.37%
Total	**22 960 671**	**38.21%**

The notifying persons are acting in concert in that they have concluded an agreement (a) aimed either at acquiring control, at frustrating the successful outcome of a bid or at maintaining control, and (b) to adopt, by concerted exercise of the voting rights they hold, a lasting common policy.

Stichting Administratiekantoor Bekaert is not controlled. Velge International NV is controlled by an individual, through Noral SA and its fully owned subsidiary Triplex SA. Berfin SA is controlled by an individual. Gedecor SA is jointly controlled by two individuals. Millenium 3 SA is controlled by an individual, through Charisa SA. Zweve (société de droit commun) is jointly owned by seven individuals.

Notification of 20 August 2014

Holders of voting rights	Number of voting rights	Percentage of voting rights
Stichting Administratiekantoor Bekaert	22 370 001	37.23%
NV Bekaert SA	3 005 875	5.00%
Total	**25 375 876**	**42.23%**

Stichting Administratiekantoor Bekaert is the controlling person of the Company.

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

Proposed appropriation of NV Bekaert SA 2014 result

The after-tax result for the year was € 71 254 650, compared with € 63 544 449 for the previous year.

The Board of Directors has proposed that the Annual General Meeting to be held on 13 May 2015 appropriate the above result as follows:

	in €
Result of the year 2014 to be appropriated	71 254 650
Profit brought forward from previous year	13 868 834
Transfer to statutory reserves	-14 100
Profit carried forward	-37 648 448
Profit for distribution	**47 460 936**

The Board of Directors has proposed that the Annual General Meeting approve the distribution of a gross dividend of € 0.85 per share (2013: € 0.85 per share).

The dividend will be payable in euros on 19 May 2015 by the following banks:
- ING Belgium, BNP Paribas Fortis, KBC Bank, Bank Degroof and Belfius Bank in Belgium;
- Société Générale in France;
- ABN AMRO Bank in the Netherlands;
- UBS in Switzerland.

Appointments pursuant to the Articles of Association

The term of office of the Directors Messrs Bert De Graeve, Leon Bekaert, Roger Dalle, Charles de Liedekerke, Hubert Jacobs van Merlen and Maxime Jadot, and of the independent Director Mr Manfred Wennemer will expire at the close of the Annual General Meeting of 13 May 2015. In light of the retirement age set by the Bekaert Corporate Governance Charter Mr Roger Dalle does not seek re-appointment. The Board of Directors has nominated Mr Gregory Dalle for Board membership.

The Board of Directors has proposed that the General Meeting:

- re-appoint Messrs Bert De Graeve, Leon Bekaert, Charles de Liedekerke, Hubert Jacobs van Merlen and Maxime Jadot as Director for a term of four years, up to and including the Annual General Meeting to be held in 2019;
- re-appoint Mr Manfred Wennemer as independent Director for a term of one year, up to and including the Annual General Meeting to be held in 2016;
- appoint Mr Gregory Dalle as Director, for a term of four years, up to and including the Annual General Meeting to be held in 2019.

Auditor's report

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NV Bekaert SA
Statutory auditor's report
to the shareholders' meeting
on the consolidated financial statements
for the year ended 31 December 2014

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of NV Bekaert SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet shows total assets of 3.957.715 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 87.176 (000) EUR.

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

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

Statutory auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

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

Unqualified opinion

In our opinion, the consolidated financial statements of NV Bekaert SA give a true and fair view of the group's net equity and financial position as of 31 December 2014, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

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

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

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

Diegem, 25 March 2015

The statutory auditor

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

Joël Brehmen

As of end March 2015:

Bekaert Group Executive

Matthew Taylor	Chief Executive Officer
Bruno Humblet	Chief Financial Officer & Executive Vice President Latin America Region
Lieven Larmuseau	Executive Vice President Rubber Reinforcement Platform
Curd Vandekerckhove	Executive Vice President North Asia and South East Asia Regions
Geert Van Haver	Chief Technology & Engineering Officer
Piet Van Riet	Executive Vice President Industrial and Specialty Products Platform
Frank Vromant	Executive Vice President Europe, North America & South Asia Regions
Bart Wille	Chief Human Resources Officer

Senior Vice Presidents

Axel Ampolini	Senior Vice President Bekaert South East Asia
Marco Cipparrone	Senior Vice President Rubber Reinforcement ERMEA
Bruno Cluydts	Senior Vice President Group Business Development
Patrick De Keyzer	Senior Vice President Technology, Rubber Reinforcement Platform
Oliver Forberich	Senior Vice President Bekaert Stainless Technologies
Ton Geurts	Chief Purchasing Officer
Jun Liao	Senior Vice President Rubber Reinforcement North Asia
Patrick Louwagie	Senior Vice President Bekaert Brazil
Rick McWhirt	Senior Vice President - President Rubber Reinforcement North America & President of Bekaert Corporation
Alejandro Sananez	Senior Vice President Latin America
Demet Tunç	Chief Marketing Officer
Michel Vandevelde	Senior Vice President Special Steel Wire
Stijn Vanneste	Senior Vice President Manufacturing Excellence
Henri-Jean Velge	Senior Advisor to the CEO
Geert Voet	Senior Vice President Global Ropes Platform

Company Secretary

Isabelle Vander Vekens

Auditors

Deloitte Bedrijfsrevisoren

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The annual report for the 2014 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). Examples: sales, capital expenditure, number of employees.
Dividend yield	Gross dividend as a percentage of the share price on 31 December.
EBIT	Operating result (earnings before interest and taxation).
EBIT interest coverage	Operating result divided by net interest expense.
EBITDA	Operating result (EBIT) + depreciation, amortization, impairment of assets and negative goodwill.
Equity method	Method of accounting whereby an investment (in a joint venture or an associate) is initially recognized at cost and subsequently adjusted for any changes in the investor's share of the joint venture's or associate's net assets (i.e. equity). The income statement reflects the investor's share in the net result of the investee.
Gearing	Net debt relative to equity.
Joint ventures	Companies under joint control in which Bekaert generally has an interest of approximately 50%. Joint ventures are accounted for using the equity method.
Net capitalization	Net debt + equity.
Net debt	Interest-bearing debt net of current loans, non-current financial receivables and cash guarantees, short-term deposits, cash and cash equivalents. For the purpose of debt calculation only, interest bearing debt is remeasured to reflect the effect of any cross-currency interest-rate swaps (or similar instruments), which convert this debt to the entity's functional currency.
Non-recurring items	Operating income and expenses that are related to restructuring programs, impairment losses, business combinations, business disposals, environmental provisions or other events and transactions that have a one-time effect.
REBIT	EBIT before non-recurring items.
Return on capital employed (ROCE)	Operating result (EBIT) relative to average capital employed.
Return on equity (ROE)	Result for the period relative to average equity.
Subsidiaries	Companies in which Bekaert exercises control and generally has an interest of more than 50%.
Working capital (operating)	Inventories + trade receivables + bills of exchange received + advanced paid - trade payables - advances received - remuneration and social security payables - employment-related taxes.

Statement from the responsible persons

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

- the consolidated financial statements of NV Bekaert SA and its subsidiaries as of 31 December 2014 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

First quarter trading update 2015	13 May 2015
General meeting of shareholders	13 May 2015
Dividend ex-date	15 May 2015
Dividend payable	19 May 2015
2015 half year results	31 July 2015
Third quarter trading update 2015	13 November 2015
2015 results	26 February 2016
2015 annual report available on the Net	25 March 2016
First quarter trading update 2016	11 May 2016
General meeting of shareholders	11 May 2016
Dividend ex-date	12 May 2016
Dividend payable	16 May 2016
2016 half year results	29 July 2016
Third quarter trading update 2016	18 November 2016

What would you like to know about Bekaert ?

www.bekaert.com

Shareholders' Guide 2014: investor's data center on bekaert.com

BEKAERT

better together

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