

ANNUAL REPORT
2016

 **BEKAERT**

better together



Table of Contents



1 STRATEGY AND LEADERSHIP

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

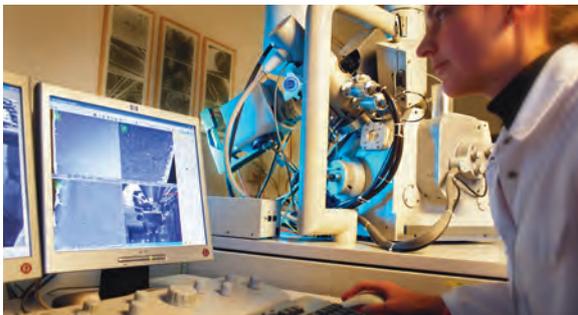


11 INDUSTRY OFFERINGS



12 SEGMENT PERFORMANCE

- 13 EMEA
- 16 North America
- 18 Latin America
- 20 Asia Pacific
- 22 Bridon-Bekaert Ropes Group



23 TECHNOLOGY AND INNOVATION

28 SUSTAINABILITY

- 29 Our responsibility in the workplace
- 31 Our responsibility in the markets and towards the environment
- 33 Our responsibility towards society



35 REPORT OF THE BOARD OF DIRECTORS EX ARTICLE 119 OF THE BELGIAN COMPANIES CODE

- 36 Key figures
- 37 Key figures per segment
- 38 Summary of financial review
- 42 Corporate Governance Statement
- 42 Board of Directors and Executive Management
- 47 Remuneration Report
- 53 Shares
- 58 Control and ERM
- 61 References



Financial review

- 4 Consolidated financial statements
- 9 Notes to the consolidated financial statements
- 104 Parent company information
- 107 Auditor's report
- 109 Addendum



Strategy and leadership



Message from the CEO and the Chairman



“The results of 2016 are a reflection of what we are capable of and have made us more confident and more ambitious about our future’.

Matthew Taylor
CEO

Bert De Graeve
Chairman

Dear Reader,

2016 was a year of continued transformation towards higher performance at Bekaert. We achieved good organic volume growth and lifted our profit margins significantly. Our underlying EBIT increased by 32% to € 305 million, with a margin of more than 8%. This solid performance resulted in strong cash generation with an underlying EBITDA of more than half a billion euro.

We are very pleased with these results. We delivered double-digit growth rates in gross and operating profit, ROCE, share price and proposed dividend; and we keep moving forward along our transformation journey towards achieving the true potential of Bekaert.

Pursuing our Vision – to become the preferred supplier for our steel wire products and solutions, by continuously delivering superior value to our customers around the world – we have taken actions in 2016 that have made us stronger as a company.

- We have made a clear prioritization of where we want to grow and have narrowed our focus on those parts of the business where we can leverage our strengths. We have also taken measures to remove complexity from processes, plant operations and partnership structures.
- We expanded the scope of our global transformational programs and their impact has become clearly visible in our plants, in our market approach, and in our results. They have made us outperform the market environment in all regions and businesses.
 - We accelerated the implementation scope and speed of our global manufacturing excellence program, aimed at increasing competitiveness by optimizing the company's safety, quality, delivery performance and productivity.
 - Moreover, we successfully kicked off a global customer excellence transformation program to drive growth and margin performance. We believe that the value we are creating for our business today is a direct result of creating more value for our customers. We are bringing the customer into the heart of our business, in every location and at every level. We are also gradually improving our business portfolio with products and services that lower the total cost for our customers.
 - In late 2016 we extended the scope of our change programs to supply chain excellence and safety and we expect to start seeing the benefits thereof in the course of 2017.

The worldwide participation of our employees in these programs has added to the collective strength of our company. Together, we are shaping a growth and performance culture which is characterized by strong employee enthusiasm, engagement, and empowerment.

As a result we now leverage our scale and capability in a better way; our margins are improving; we have returned into a value creating position; and we are growing our leading position in target markets all over the world, both through organic and acquisitive growth. In 2016 we concluded the largest merger deal in the history of Bekaert and in the ropes market overall. The Bridon-Bekaert Ropes Group started business at the end of June and we are convinced that the combination of capability and scale will create value over time.

The results of 2016 are a reflection of what we are capable of and have made us more confident and more ambitious about our future. We believe we will repeat in 2017 our current strong performance and we want to build from what we have been achieving. While there will be cycles, and provided there will be no exceptional, unforeseeable circumstances, the improvements we are making within our business will move our underlying EBIT margin trend towards 10% over the next 5 years.

Based upon the financial performance of 2016 and the confidence in the set direction, the Board has decided to propose, to the General meeting of Shareholders in May of 2017, a gross dividend of € 1.10 per share, up 22% from last year. With the dividend increase, 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, energy and irrepressible drive to always improve our capability, as One Bekaert team.

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 currently has fifteen members. Their professional profiles cover different areas of expertise, such as law, business, industrial operations, banking & investment banking, marketing & sales, HR and consultancy.

On 11 May 2016 [the composition of the Board of Directors](#) significantly changed: Emilie van de Walle de Ghelcke, Christophe Jacobs van Merlen and Henri Jean Velge became Director and Celia Baxter, Pamela Knapp and Martina Merz became independent Director. These appointments have added complementarity, independence, competence and diversity of professional experience on the Board.



Barbara Judge, François de Visscher, Bernard van de Walle de Ghelcke, Baudouin Velge, and Manfred Wennemer were not eligible for or did not seek re-election to the Board. Their term of office ended at the General Meeting of Shareholders of 11 May 2016.

Composition Board of Directors

Mr. Bert De Graeve, Chairman
 Mr. Matthew Taylor, CEO
 Ms. Celia Baxter ⁽¹⁾
 Mr. Alan Begg ⁽¹⁾
 Mr. Leon Bekaert
 Mr. Grégory Dalle
 Mr. Charles de Liedekerke
 Mr. Christophe Jacobs van Merlen
 Mr. Hubert Jacobs van Merlen
 Mr. Maxime Jadot
 Ms. Pamela Knapp ⁽¹⁾
 Ms. Martina Merz ⁽¹⁾
 Ms. Emilie van de Walle de Ghelcke
 Mr. Henri Jean Velge
 Ms. Mei Ye ⁽¹⁾

⁽¹⁾ Independent Directors

Bekaert Group Executive

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

The composition of the Bekaert Group Executive has changed in 2016.

On 29 June 2016 the Bridon Bekaert Ropes Group - a merger between Bekaert and Ontario Teachers', the previous owner of Bridon – began business. Bruno Humblet, former Chief Financial Officer and Executive Vice President Bekaert Latin America, was appointed Chief Executive Officer of the Bridon Bekaert Ropes Group. Bruno Humblet has stepped down as a member of the Bekaert Group Executive.

On 1 July 2016 Ms. Beatriz García-Cos Muntañola joined Bekaert as Chief Financial Officer. She has become a member of the Bekaert Group Executive and a member of the Board of Directors of Bridon-Bekaert Ropes Group.

Beatriz García-Cos Muntañola, Spanish national, has obtained a Master degree in Economics and Business Administration from the University of Barcelona in Spain. She started her career as auditor with Audigest SA in Barcelona and worked 13 years at PPG Industries Inc in Rubi, Spain, as Accounting, Tax and Finance Manager before she moved to Vestas Wind Systems in 2006 where she was Finance Director for EMEA and Latin America. Beatriz García-Cos was appointed Chief Financial Officer of the Mining business of Trafigura Pte Ltd in 2012.

Stijn Vanneste has been promoted to Executive Vice President Europe, South Asia and South East Asia and became a member of the Bekaert Group Executive in of April 2016. Stijn Vanneste joined Bekaert in 1995 and has taken up several international management positions in the Group before his most recent position as Senior Vice President Manufacturing Excellence.

The Bekaert Group Executive consists of 9 members and is composed as follows:

- Matthew Taylor, CEO
- Beatriz García-Cos Muntañola, CFO
- Lieven Larmuseau, Executive Vice President Rubber Reinforcement
- Curd Vandekerckhove, Executive Vice President North Asia and Global Operations
- Geert Van Haver, Chief Technology Officer
- Stijn Vanneste, Executive Vice President EMEA, South Asia and South East Asia
- Piet Van Riet, Executive Vice President Industrial & Specialty Products
- Frank Vromant, Executive Vice President Americas
- Bart Wille, Chief HR Officer



From left to right - 1st row: Matthew Taylor. 2nd row: Beatriz García-Cos Muntañola, Lieven Larmuseau, Curd Vandekerckhove, Geert Van Haver. 3rd row: Stijn Vanneste, Piet Van Riet, Frank Vromant, Bart Wille.

The composition of the BGE will change in 2017

After having served Bekaert over the past 8 years, Bart Wille, Chief Human Resources Officer, has decided to leave the company to pursue new opportunities in his career. The nomination of his successor will be announced in due course.

Our strategy

Who we are

Bekaert is a world market and technology leader in steel wire transformation and coating technologies. We pursue to be the preferred supplier for our steel wire products and solutions by continuously delivering superior value to our customers worldwide. Bekaert (Euronext Brussels: BEKB) was established in 1880 and is a global company with almost 30 000 employees worldwide, headquarters in Belgium and € 4.4 billion in annual revenue.

What we do

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

Transforming steel wire and applying unique coating technologies form our core business. Depending on our customers' requirements, we draw wire in different diameters and strengths, even as thin as ultrafine fibers of one micron. We group the wires into cords, ropes and strands, weave or knit them into fabric or process them into an end product. Our products reduce friction, improve corrosion resistance, or enhance adhesion with other materials.

How we work

better together sums up the unique cooperation within Bekaert and between Bekaert and its business partners. We create value for our customers by co-creating and delivering a quality portfolio of steel wire solutions and by offering customized services 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 the trust, integrity and irrepressibility that bring our employees worldwide together as one team, form the fundamentals of 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 vision and core strategies form the foundation of a transformation of our business towards higher level performance. They drive our focus over the coming years and have also been the basis of our priorities and actions in 2016. *Five Must Win Battles* have been launched to give our core strategies a much more immediate focus, with dedicated resources and close progress monitoring. This approach has been very successful in the past two years. *Must Win Battles* receive a special level of attention from throughout the entire organization, we prioritize resources and focus on them, and they feature heavily in individual and team objectives, which is key to their success.

Our Vision - Our Field of Play

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.

» Goal Statement for the Heart

Drive value creation through a One Bekaert Team with the passion to win, operating in a no-harm-to-anyone work environment

» Our Long Term Core Strategies

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

» Goal Statement for the Head

Increase: Revenue
Profit
ROCE

» Our Immediate Must Win Battles

1. Cut the crap
2. Build a winning business portfolio
3. Install manufacturing excellence
4. Build the future for Bekaert in North America
5. Drive customer excellence



Our Values

We act with integrity - We earn trust - We are irrepressible!

Our Vision



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

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

Our Long Term Core Strategies



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

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

Drive the customer into the heart of our business

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

- In 2016 we launched the Bekaert Customer Excellence program (BCE). BCE aims to put customer-centricity at the core of everything we do, from technology to operations to marketing and sales to supply chain management. BCE will help deliver on Bekaert's first two core strategies: 'Drive the customer into the heart of our business' and 'Value driven growth' as it aims to achieve four key objectives:
 - to anchor a customer-centric mindset across the organization
 - to differentiate ourselves in the market
 - drive sustainable profitable growth by providing superior customer value
 - and build a best-in-class commercial organization.

The pilot programs launched in 2016 attest to the value creation capability of the program and its promising potential. In 2017, BCE will start evolving from a program into a new way-of-working that takes commercial excellence to the next level.

Among others, BCE is driving changes in customer service models, so we can address customers' needs more effectively through better account planning tools. The pilot programs also enabled us to bring new product and service offerings to the market faster and through the right channels.

- Customer centricity goes far beyond the commercial relations management between Bekaert sales and customers' purchasing teams. It is a mindset among all employees to always put the customer first. To help our employees better understand their role in driving the customer into the heart of our business, several actions were implemented and events were organized in 2016.
 - A European Customer Week was held with a varied program including information sessions, workshops and customer visits. The intention was to reach every employee in Bekaert's plants and offices in Europe and build a better understanding of who our customers are and how we can all contribute in serving them better.



The European Customer week gave customers a face in our operations, so Bekaert employees understand better who they provide excellence to.

- The Shop Floor Customer Awareness program in India encourages Bekaert teams on the shop floor to get to know their plant's key customers. They build up strong understanding of the key drivers for each customer, and adapt behaviors and practices to ensure that they can maximize the satisfaction of every customer. Customers are aware of this program and have visited the plant in 2016 to witness it. They came away very impressed and in 2017, shop floor teams of Bekaert Ranjangaon and various customer sites will visit each other's operations to further broaden awareness and understanding.
- The Bekaert annual target framework, which sets the objectives, goals, strategies and measures for the company and for every individual employee now clearly deploys the five core strategies into every employee's priorities for the year. As a result, 'driving the customer into the heart of the business', like the other strategies, has become a priority within everybody's personal development actions and performance review.
- Becoming the preferred supplier to our customers around the world is Bekaert's ultimate ambition. Customers put their trust in our ability to provide them with products and services that help them realize their ambitions. We therefore focus both on current and future-oriented excellence actions. The longer term perspective is particularly important in co-creation programs.

On 12 October 2016, Bert De Graeve, Chairman of Bekaert, and Mr Masaaki Tsuya, CEO and Chairman of Bridgestone Corporation, signed a long-term development partnership agreement. This agreement allows Bekaert and Bridgestone to continue to jointly develop product and process innovations to enable the design of new, high performing sustainable tires. The development partnership entails concrete research opportunities for Bekaert's technologists and illustrates the innovation power of our company, as a trusted partner of the largest innovator in the tire industry. The contract was signed in Tokyo during an official State visit to Japan by their Majesties the King and the Queen of the Belgians.



Value driven growth

In implementing this strategy, Bekaert is making a clear prioritization of where we want to grow and how we can provide superior value to differentiate ourselves from the competition. In 2016 we have successfully boosted value creation in the product mix by launching more advanced products which lower the total cost in the value chain. This strategy envisages both organic and acquisitive growth. Moreover, it also drives divestment decisions for activities that do not have the potential to create value over time.

- The impact of high-margin contributing acquisitions and the low-margin or loss generating divested activities of 2015 came to its full effect in 2016. This combined effect added to Bekaert's profit performance and strengthened our market share in our target markets.
- On 28 June 2016 the Bridon-Bekaert Ropes Group started business. The new group was established through a 67/33 joint venture with Ontario Teachers' and merged the global ropes and advanced cords businesses of Bridon and Bekaert. Bridon-Bekaert Ropes Group (BBRG) will leverage the scale and complementary strengths to become the world's premier ropes and advanced cords supplier. The deal was concluded during a major downturn in oil & gas and mining markets and will not immediately lead to accretive margin growth in the Bekaert consolidated statements. However, the shareholders and the management of BBRG strongly believe in the potential of the group and in the strategic actions that are being implemented to improve the business portfolio and footprint, and to create value over time.
- To enable value driven growth, Bekaert strives to dedicate resources and efforts to those areas of the business where we can create value for our customers and for Bekaert. Based on strategic market segmentation and insight, we have created an ambition model which will help us build a winning business portfolio. This total portfolio ambition model enables transparent resource prioritization and direction for capital investments, mergers & acquisitions, R&D, and talent development. It is shaping a long-term perspective within which strategic choices are being made to drive value creating growth.
- One of the key objectives of the above-mentioned Bekaert Customer Excellence (BCE) program is about driving sustainable profitable growth by providing superior customer value. Hence, the program is a major enabler in realizing this strategy. In this respect, BCE focuses on developing quantified value propositions, an enhanced product portfolio, and concrete growth plans for strategic segments.

Technology leadership and speed

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

Leverage scale, reduce complexity and reach lowest total cost

This core strategy is designed to leverage our scale to greater effect, by reducing complexity and focusing on our opportunities and strengths with more standardization at best-in-class levels. We also want to ensure that in the process of providing the best value-creating solutions to our customers, we organize ourselves in a very cost-effective way and provide a total cost reduction through effective process and product innovations.

- The Bekaert Manufacturing system (BMS) is a program designed to ensure manufacturing excellence in all our processes and locations worldwide. This program brings together the collective effort of all Bekaert plants around the world to drive the lowest total cost offering to our customers. By reducing complexity in our way of working and by better leveraging our scale, we can lower operational costs and increase productivity. Hence, we can raise our competitiveness and unlock resources for growth. In 2016, Bekaert accelerated the BMS implementation roll-out. More than 2500 improvement actions were implemented in 20 Bekaert plants worldwide. This program can count on the strong engagement and participation of all employees. The results are clearly visible in the plants and in the results.
- The success of BMS has not gone unnoticed among our partners and joint-ventures. Both Bekaert's joint-ventures with ArcelorMittal in Brazil and the newly established Bridon-Bekaert Ropes Group have kicked off BBMS (Belgo-Bekaert and Bridon-Bekaert Manufacturing System, respectively) to enable similar benefits in their operations.

Engage and empower people

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

- The success of Bekaert's excellence programs, BMS (Bekaert Manufacturing System) and BCE (Bekaert Commercial Excellence) lays not only in the respective program tools and dedicated deployment approach but is also a result of the explicit engagement of our teams around the world. They are making things happen that go beyond initial expectations. In the course of 2016 we also launched a Supply Chain Excellence (SCE) program, which covers the total supply chain, with a primary focus on Sales and Operations Planning (S&OP), inventory management, production planning and master data structure and content.
- Also in 2016, Bekaert kicked off the implementation of BeCare, a new, global safety excellence program. BeCare aims at creating a no-harm, risk-free work environment for all our employees and for anyone working at or visiting our premises. The BeCare program has been designed as a roadmap to realize our safety objectives. This roadmap will help us define and implement the safety practices that benefit all Bekaert locations worldwide and ultimately, lead to better safety performance and a true safety culture.



- The Bekaert annual target framework, which sets the objectives, goals, strategies and measures for the company and for every individual employee now clearly deploys the five core strategies into every employee's priorities for the year. As a result, the company's core strategies are translated into concrete actions and development measures for all Bekaert colleagues.

- To understand the overall engagement level of our managers and their alignment with the Company's strategies, a Pulse Survey was organized at the end of 2016. The excellent response rate (87% of the 1500 managers invited to participate) was a first indication of the very positive results in terms of sustainable engagement. The Bekaert managers especially appreciated the clear communication on the company's strategic direction. They also confirmed that they understand how they can contribute to the results, now and in the future. This Pulse Survey for managers was a first step towards a global, 'all-employee' engagement survey which will be organized in the second half of 2017.
- Early 2016, we upgraded our internal communications platform by creating and launching a new Bekaert Intranet. It is a place where employees can share and obtain knowledge, find relevant information fast, connect with colleagues, collaborate with team members on common development programs, and actively contribute to impactful communications across the company.
- In July 2016, each member of the Global Leadership Team received a Customer Excellence trophy along with the privilege and responsibility to pass it on to a colleague who deserves recognition for his or her outstanding commitment in customer centricity. After two months, each trophy is to be passed on to another colleague, with a motivated nomination praising the next receiver. This way, the 40 trophies originally granted, gradually find their way across regions and functions, and engage our employees to share excellent customer centricity testimonials throughout the organization.



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.

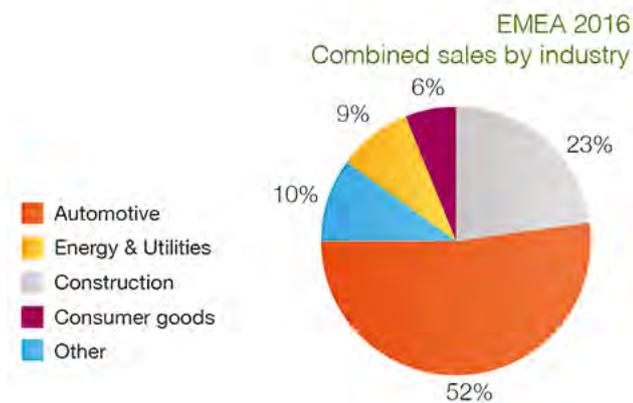


Bekaert serves customers across a multitude of sectors with a unique portfolio of drawn steel wire products, coated to optimally suit the application needs. Bekaert steel wire is used in cars and trucks, in elevators and mines, in tunnels and bridges, at home and in the office, and in machines and offshore.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

Segment performance



EMEA



Combined sales:	€ 1 148 miljoen
Capital expenditures (PP&E):	€ 52 miljoen
Total assets:	€ 881 miljoen
Employees:	7 297

Economic performance in 2016

Europe has seen a stable economic performance in 2016. While the overall GDP growth was about the same in comparison with 2015 – slightly below 2% - the increased economic, financial and political uncertainties did show in the significant discrepancies between countries.

Many countries saw a stabilization or deceleration of their GDP growth in 2016 from 2015's already weak reading. While the impact on economy from terrorist attacks, refugee migration, or political instability has not been proven, these developments have led to increased uncertainty, which dented growth in Turkey, Italy, Greece, France, and other countries in the region.

Eastern European countries generally achieved solid growth rates. Romania and Slovakia for instance, delivered 5% and 3.5% GDP growth respectively. In Russia, recession continued in 2016, although the pace of GDP decline has slowed down to less than -1%.

Amidst the various political and economic headwinds, the European automotive and construction markets - sectors which are crucial for Europe's prosperity and highly relevant for Bekaert's activities - witnessed continued strong demand in 2016. Energy-related markets, however, were heavily affected by the downturn in the oil and gas sector.

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

Our activity performance

Demand from European markets remained solid throughout 2016. This applied to automotive and construction markets in particular, while demand for profiled wires declined as a result of investment delays and cancellations in the oil and gas sector.

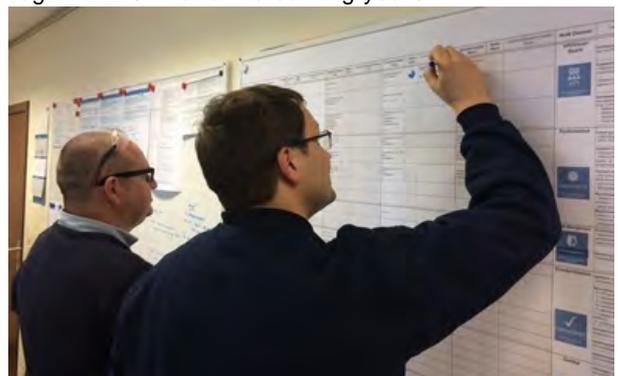
Bekaert's activities in EMEA delivered excellent results with record EBIT, EBITDA and ROCE performance. The strengthened business portfolio after recent acquisitions, divestments and business exits and the increased benefits from various transformation programs drove EMEA's solid, double-digit profit base to a record full-year underlying EBIT margin of 12.2% and € 141 million in absolute numbers, up 10% from last year.

Capital expenditure (PP&E) was € 52 million and included capacity expansions and equipment upgrades in all plants, particularly in Slovakia, Romania and Belgium.

Transforming our business

The global transformational programs supporting Bekaert's vision and strategies are gaining impact in implementation scope and speed. Also in Europe:

- Bekaert's global manufacturing excellence program aims to gain competitiveness by optimizing our safety, quality, delivery performance and productivity. In Europe, the program has been implemented in Zwevegem (Belgium), Hlohovec (Slovakia), Petrovice and Bohumín (Czechia), Izmit and Kartepe (Turkey) and Ubisa (Spain). It will be rolled out across the region in 2017 and the coming years.



- The customer excellence program is projected to drive growth and margin performance and is being rolled out by business cell, across all regions. A supply chain excellence program was launched which focuses on sales & operations planning, inventory management, production planning and master data structure and content.
- A supply chain excellence program was launched which focuses on sales & operations planning, inventory management, production planning and master data structure and content.
- The company's new global safety excellence program, BeCare, kicked off with awareness sessions and trainings to ensure better safety performance and a true safety culture.

Hosting our customers

- Bekaert organized a European Customer Week with a varied program including information sessions, workshops and customer visits in all European plants and offices. The intention was to build a better understanding with all employees of who our customers are and how we can all contribute in serving them better.
- In April 2016, Bekaert hosted its customers at Wire Düsseldorf, the largest fair for steel wire manufacturers, machine builders and customers in Europe.



Celebrating past and future successes

- Bekaert celebrated 15 years of manufacturing presence in Slovakia. Almost 4000 people participated in the celebration which took place at the Trnava City Arena. Bekaert is an important employer in Slovakia and wanted to celebrate the anniversary with all employees and their families.



- Bekaert Combustion Technologies in Assen (Netherlands) and Bekaert Advanced Cords Aalter (Belgium) – now part of Bridon-Bekaert Ropes Group – both celebrated their 50th anniversary in 2016.



Capital market event 2016

In June 2016, Matthew Taylor, CEO, several members of the Bekaert Group Executive and of the EMEA regional management, and the Bekaert Investor Relations team hosted the financial analysts who cover Bekaert in their research at a capital market event in Romania.

The program included a full business update, information on the Bekaert manufacturing excellence program, a status update on the establishment of Bridon-Bekaert Ropes group, and a presentation on tire market developments by a guest speaker of Continental AG. On the second day of the event, all participants traveled to Slatina to visit the Bekaert tire cord plant and the neighboring Pirelli tire plant.

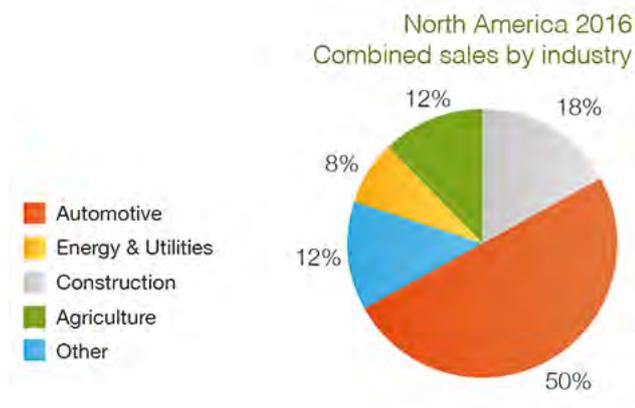
The purpose of a capital market event is to help analysts understand Bekaert's strategy, markets, and performance – so they gain a more in-depth view of the business dynamics which should help them in their analyses and guidance.

First stone laying ceremony of Bekaert's new Headquarters

In April 2016, Chairman Bert De Graeve and Mayor Marc Doutreluingne laid the first stone of Bekaert's new Headquarters. The ceremony took place on the construction site in Zwevegem. The new building will house 175 employees who are now located in 4 different office blocks in Zwevegem and Kortrijk. The adjacent neogotic building is being renovated. We project a finalization of the construction works by mid 2017 .



North America



Combined sales:	€ 512 million
Capital expenditures (PP&E):	€ 21 million
Total assets:	€ 300 million
Employees:	1 344

Economic environment in 2016

GDP growth of the US slowed in 2016, primarily due to lower investments stemming from low oil prices and to the declining competitiveness of US exports as a result of the strengthened US dollar.

Despite facing challenges at the domestic level along with a rapidly transforming global landscape, the US economy is still the largest in the world and an important player in industries such as automobiles, aerospace, machinery, telecommunications and chemicals.

Automotive markets performed well throughout the year and are projected to remain strong on the wave of growing demand for products 'made in America' – a development which is driving investments in domestic production capacity, among which in the automotive and energy-related sectors.

Our activity performance

Bekaert's activities in North America recorded strong organic volume growth driven by the volume increase from the plant reconstruction in Rome, Georgia (US).

Underlying EBIT was almost doubled compared with last year as a result of better capacity utilization driven by higher volumes and the effects from actions put in place to raise our competitiveness in target markets. Profit margins have not yet reached the desired levels but the effects of the implemented measures are clearly visible. Cash generation (underlying EBITDA) was 60% better than in the previous year and ROCE rose to almost 12%.

Capital expenditure (PP&E) amounted to € 21 million and related mainly to investments in tire cord activities.

Building the future for Bekaert in North America

Over the past decade, the market, the customers, legislation and the competitors have changed significantly in the North American region. These changes made our business model less competitive than it had been in the past. Profitability declined to unacceptable levels and the Bekaert North American team started a program in 2016 to reverse this situation. Their ambition is to build the future for Bekaert in North America. Their approach is a synopsis of all other global 'must win battles' implemented in Bekaert. The team has a focused and ambitious growth agenda and is building a world-class organization underpinned by manufacturing excellence, customer excellence, partnering excellence, and a strong passion to win. The first successes of this approach are visible in the results of 2016, which gave a big boost to the team in continuing their challenging journey.

Investing for the future

The Bekaert plant in Rogers (Arkansas) is implementing a major expansion plan to meet the projected growing demand from the tire manufacturers based in the US, driven by their expansion investments and preference to source domestically produced tire cord. In order to accommodate for the projected growth, Bekaert has decided to add an additional 50% tire cord production capacity to the Rogers plant. The expansion will be gradually implemented and will add over 100 new jobs.

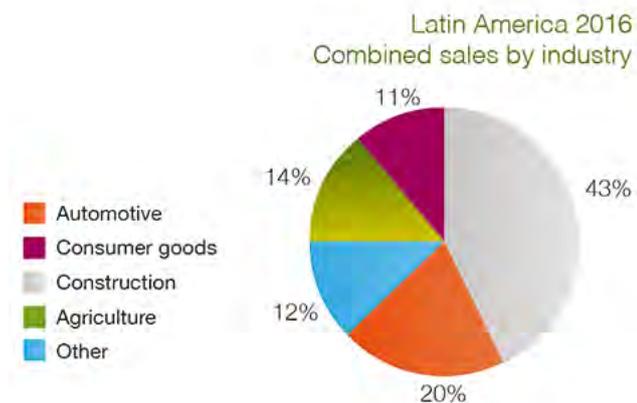
In September 2016 Bekaert Orrville (Ohio) held a ground breaking ceremony for their expansion investment which aims for improved safety, reduction of waste, enhanced service and quality, and energy efficiencies.



BMS, the Bekaert Manufacturing System, has been rolled out in Van Buren (Arkansas), Orrville (Ohio) and Rome (Georgia) and will be implemented in the other North American plants in the near future. BCE, the Bekaert Customer Excellence program, is being implemented in regional as well as global business cells. Also the implementations of the newly launched Supply Chain Excellence program and of BeCare, the Safety Excellence program, include pilot implementations in the US.



Latin America



Combined sales:	€ 1 320 million
Consolidated sales:	€ 682 million
Capital expenditures (PP&E):	(*) € 14 million
Total assets:	(*) € 464 million
Employees:	7 144

(*) consolidated entities

Economic environment in 2016

After five years of deceleration, economic growth in Latin America turned negative in 2016. Prolonged recessions in Brazil and Venezuela and weakened economies in Ecuador and Argentina largely explain the aggregate performance in the region. While these four countries contracted in 2016, the region suffered a generalized slowdown – not only due to its exposure to external shocks, such as the low oil and commodity prices and heightened exchange rate volatility, but also due to some structural weaknesses, which undermined the region's growth potential.

Venezuela's economic depression continues to drag on the region's growth. Political instability, lower oil output and prices, the total collapse of the bolivar, and a shortage of foreign currency are causing a variety of difficulties with little sign of an immediate upturn.

Peru, Colombia and Chile had stable or contracting GDP numbers at already low levels. While prices for copper and other commodities have surged in the last quarter of 2016, the full year averages were low and continued to affect the mining and public infrastructure markets across Latin America.

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

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

Our activity performance

Bekaert's consolidated sales in Latin America were down 4% as a result of negative currency effects and the volume losses in Venezuela caused by shutdown periods in the plants which fell short of raw materials.

Bekaert's activities outperformed the market in most countries.

EBIT and ROCE increased by about 50% and the EBITDA margin of 13% drove strong cash generation. These excellent figures were the result of:

- a strengthened business portfolio in the region, particularly in Ecuador and Brazil;
- strong demand and a very well operating distribution model in Chile;
- better pricing and cost competitiveness in Peru.

Bekaert invested € 14 million in property, plant and equipment across the region, particularly in Ecuador and Chile.

Bekaert's combined sales declined slightly (-1%) as a result of the average currency impact of the Brazilian real, despite its steep climb in the second half of 2016. The results of our joint ventures in Brazil outperformed the weak economic conditions in the country and their contribution to Bekaert's net result was equal to 2015.

Transforming our business

Bekaert's subsidiaries in Latin America are on the implementation radar of the global excellence programs that aim to drive value creation across all regions and platforms. The Bekaert manufacturing excellence program (Bekaert Manufacturing System or BMS) is in implementation in Ecuador, Peru, Chile and Brazil. The Bekaert Customer Excellence program (BCE) is being rolled out with specific attention for the particularities of the local markets and distribution models. Vicson of Venezuela is leading the pilot implementation of the global safety program BeCare in the region.

The success of BMS has not gone unnoticed to our partners and joint ventures. Bekaert's joint ventures with ArcelorMittal in Brazil have kicked off BBMS (Belgo-Bekaert Manufacturing System) to enable similar benefits in the plants within the partnership.

Changes in shareholding in 2017

We are in discussions of bringing Bekaert's wholly-owned subsidiary in Sumaré (Brazil), a high-margin tire cord subsidiary acquired from Pirelli, into the BMB (Belgo-Mineira Bekaert) joint venture partnership with ArcelorMittal. Bekaert holds 44.5% of the shares in the joint venture and would – upon reaching an agreement and receiving regulatory approvals – no longer report the results of the Sumaré plant in its consolidated statements.

Ecuador: reconstruction after the earthquake

Ecuador was struck with a devastating earthquake in April 2016. It killed hundreds of people and affected about a quarter-million in total who faced the loss or material damage to their homes or work place.

The destruction in the region was so extensive due to the poor quality of buildings which could not withstand the power of this earthquake.

In Ecuador, there is a lot of informal building, including constructions without permits. People would for instance add on floors to a rather weak construction base.

In order to address this market segment with construction guidance and qualitative materials, IdealAlambrec-Bekaert developed more than 5 years ago a detailed 'Construction Manual' with architectural plans and detailed guidance for 15 standard social houses.

All specifications meet the strict earthquake resistance standards. IdealAlambrec-Bekaert also produces a wide range of the steel wire reinforcement products needed and has a broad network of customers and distributors offering the other construction materials.

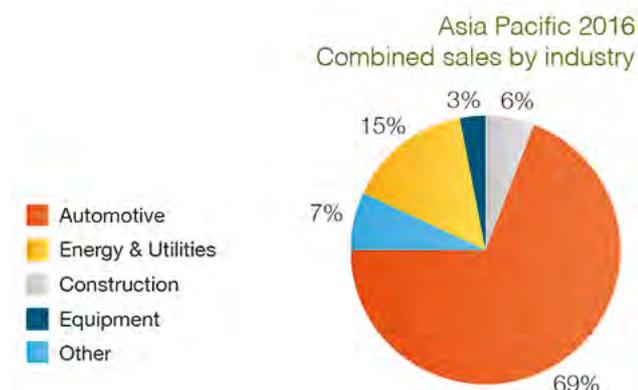


The Ecuadorian Government decided to reconstruct social houses with tougher buildings codes and earthquake-resistant enforcement. They invited potential partners to help provide the materials and the technical guidance. IdealAlambrec-Bekaert was the only company who could provide an immediate solution with the readily available construction manual, the construction kits, the training services and a broad network of on-site technical help. Some 15 000 kits were supplied in 2016 for an equal number of houses and for 150 additional houses IdealAlambrec-Bekaert acted as the contractor.

The business opportunity was not the only focus. Bekaert donated 10 houses to heavily affected families. Read more in our Sustainability Chapter.



Asia Pacific



Combined sales:	€ 1 052 million
Capital expenditures (PP&E):	€ 59 million
Total assets:	€ 1 115 million
Employees:	10 563

Economic environment in 2016

China's economic growth rate slightly decelerated from 2015 but fell within the government's target of between 6.5 and 7% and outpaced most other major economies. Other regional players such as India and Indonesia expanded their GDP rates on the wave of global growth and increased domestic demand.

Strong automotive markets boosted the growth across the region. Demand from solar markets was strong in the first half of the year, but contracted significantly in the third quarter due to changes in feed-in tariffs in China since July 2016.

India's economic reform resulted in an impressive 7.5% GDP-rate, despite of the demonetization program which temporarily shocked the economy at the end of 2016. Domestic industrial production output was strong throughout the year.

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

Our activity performance

Bekaert delivered 8.5% organic volume growth in Asia Pacific, compared with 2015. Our activities achieved strong margin growth across the region: underlying EBIT increased by 72% to € 119 million, reflecting a margin of 11.3%. Underlying EBITDA was € 222 million, 25% higher than last year and representing a margin of 21%. ROCE almost doubled to more than 12%.

This robust performance across the whole region was the result of high capacity utilization, M&A activity, an immediate return from capital investments, and significant benefits from various transformation programs. The growing share of high value-adding products in our sales portfolio and the effects of the divested low margin activities, added to the robust profit numbers.

The successful pilot of Bekaert's customer excellence program in China led to a better prioritization of the capacity available to serve growth accounts with a higher value adding product portfolio. Bekaert's operations in Indonesia and India performed strongly throughout the year. We have implemented actions to turn around the low performance of the Malaysian activities. At the same time, we are adding tire cord capacity across Asia to meet increased demand from automotive markets.

Bekaert invested significantly across the region and recorded a total of € 59 million investments in PP&E in 2016, including expansion investments in tire cord activities in China, India and Indonesia.

Transforming for the future

The Bekaert Manufacturing System (BMS) has been successfully implemented in Karawang (Indonesia) and in various manufacturing plants in China: Weihai, Jiangyin, Shenyang and Qingdao. The program continues and will be rolled out in the other Asian plants in the near future.

Transforming also includes restructuring measures for activities without profitable growth potential: we started to phase out the Shah Alam plant in Malaysia and moved certain product lines to the Ipoh facility, also in Malaysia.

We also decided to close the small tire cord plant in Huizhou, Guangdong province (China). Investment restrictions in Huizhou had put a burden on the plant's potential to grow scale and improve cost effectiveness to the level of our other operations. Therefore the decision was taken to stop operations there, and invest in other existing locations in the country.

PT Bekaert Indonesia celebrates expansion inauguration

In March 2016, PT Bekaert Indonesia (PTBI), Bekaert's manufacturing plant in Indonesia, celebrated the inauguration of its *Garuda 5* expansion program and the plant's 20th anniversary. The ceremony took place in the presence of HRH Princess Astrid of Belgium, who was presiding over the Belgian Economic Mission to Indonesia, and Bert De Graeve, Chairman of the Board of Directors of Bekaert. The celebration was attended by Belgian and Indonesian governmental, diplomatic and business association representatives, and by customers and other business partners of Bekaert in Indonesia.



Bekaert-Bridgestone: co-creation at the global level

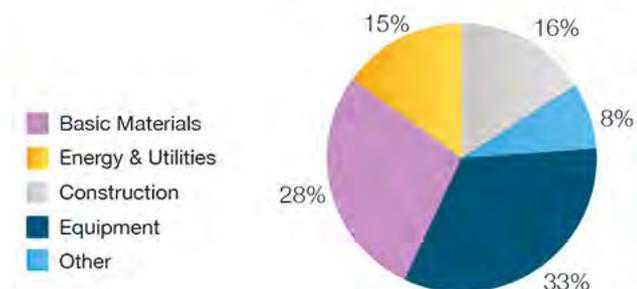
Bekaert and Bridgestone signed a long-term development partnership agreement by which both parties will continue to jointly develop product and process innovations to enable the design of new, high performing sustainable tires. The development partnership entails concrete research opportunities for Bekaert's technologists and illustrates the innovation power of our company, as a trusted partner of the largest innovator in the tire industry. The contract was signed in Tokyo during an official ceremony organized at the occasion of the State Visit to Japan of their Majesties the King and the Queen of the Belgians.



Bekaert was awarded Bridgestone's first 'Development Contribution Award'. This award praises the development partner who has achieved major technical developments that create value for Bridgestone's product portfolio.

Bridon-Bekaert Ropes Group

Bridon-Bekaert Ropes Group 2016
Combined sales by industry



Combined sales:	€ 319 million
Capital expenditures (PP&E):	€ 14 million
Total assets:	€ 613 million
Employees:	2 514

Economic environment in 2016

Most ropes markets continued to be depressed in 2016. This applied to the oil & gas sector and to mining markets, although the latter started to show signs of demand pick-up at the end of 2016, supported by increased commodity prices.

Other markets relevant for the ropes business are – amongst others – the equipment sector (crane and hoisting), forestry and fishing, and construction markets.

Our activity performance

Bekaert achieved 34% sales growth in the ropes and advanced cords segment as a result of the integration of the Bridon activities in the Bridon-Bekaert Ropes Group. Depressed market conditions in the oil & gas sector affected the sales volumes and the overall capacity utilization in most ropes plants. Ropes volumes picked up modestly in the fourth quarter and the advanced cords business performed well throughout the year.

The management of BBRG is implementing actions to strengthen its market position and gradually leverage the benefits of its increased scale through improvements in the manufacturing footprint and the global business portfolio.

This includes the closure of the Bridon-Bekaert ScanRope AS manufacturing plant in Tønsberg (Norway) and the realignment measures at the Belton facility in Texas (US).

Bridon-Bekaert Ropes Group begins business

Bekaert and Ontario Teachers', the previous owner of Bridon, successfully closed the definitive merger of their ropes and advanced cords businesses on 28 June 2016 and established a joint venture in which Bekaert holds 67% and Ontario Teachers' 33%. Bridon-Bekaert Ropes Group combines the ropes and advanced cords capabilities of approximately 2 500 employees, 18 manufacturing entities across 10 countries, market-focused R&D, and a global sales and services network. The combination of the businesses will leverage the scale and complementary strengths of Bekaert and Bridon and will pursue value creation for customers and for the new group.

Despite the prevailing difficult market and business conditions for ropes, the Board of Directors and the Management team of BBRG strongly believe in the future potential of the merged business. BBRG is taking actions to leverage its competencies and scale, improve the profitability of the business, and serve its customers around the world with unmatched quality and service.



Global transformation at BBRG

The success of the Bekaert Manufacturing System (BMS) has not gone unnoticed to the ropes business. Therefore BBRG will kick off BBMS (Bridon-Bekaert Manufacturing System) in early 2017 to enable similar benefits in the plants within the business.

Technology and innovation

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

Transforming steel wire and applying unique coating technologies form our core business. To strengthen our technological leadership in these competencies, Bekaert invests intensively in research and development, and sees innovation as a constant, driving factor in all our activities and processes.



Innovation in practice: continuously redeploying our core competencies

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

Even after more than 135 years of expertise, there is still much to be discovered in our search for the optimal bulk and surface properties of steel wire. By maximizing the synergies between the competencies of our technologists and those of our research and business partners, we can make a real difference and draw infinite possibilities.

Innovation in a nutshell

- In 2016 we invested € 64 million in R&D.
- An international team of more than 450 R&D specialists develops new products and process innovations.
- Bekaert operates two main technology centers, one in Belgium and one in China, and various development centers worldwide. The establishment of the Bridon-Bekaert Ropes Group in 2016 added Bridon's UK-based technology center for steel and synthetic rope development and testing.



Two of the most enduring wire and rope pioneers joined forces in 2016 to become the world's premier ropes and advanced cords supplier: Bridon-Bekaert, the Ropes Group. The Group's technology center invests in expertise, unique testing equipment and forensic laboratories to fast-track the development of innovative new technologies.

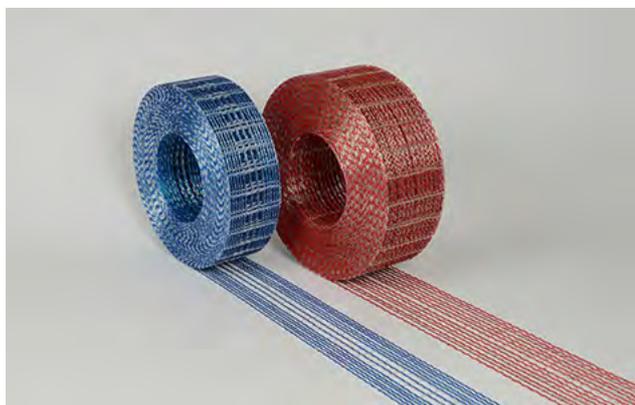
- Bekaert revised its intellectual property (IP) protection strategy and rolled it out in the course of 2016. IP protection at Bekaert consists of patent and design protection, trade secrets, non-disclosure agreements and more. It covers products and brands, processes and equipment, as well as exclusive development and test programs in collaboration with customers, suppliers and research partners. Successful IP protection makes Bekaert a trusted partner of its customers around the world.
- At the end of 2016 Bekaert had close to 1500 patents and patent applications in its portfolio, including 300 patent rights of Bridon-Bekaert Ropes Group.

R&D as a driver for value creation

We continuously strive to renew our product portfolio with innovative products and solutions that add value to our customers by enhancing the quality performance or ease of installation; and by lowering the total cost and/or the environmental impact of our customers' products and production processes.

Some examples:

- In 2016 Bekaert successfully launched Murfor® Compact, a new type of high-performance masonry reinforcement. It's a sturdy mesh of high tensile strength steel cords, supplied on a roll for thin joint masonry and glued brickwork. The strong structure of the reinforcement controls cracks and strengthens masonry. This lightweight product is easy to handle and install. Long lengths also speed up the installation and improve efficiency. Moreover, Murfor® Compact has environmental benefits too: as the reinforcement can be cut to size, there is very little material loss.



Murfor® Compact was used as masonry reinforcement for the new Bekaert headquarters in Zwevegem (Belgium).

- Also for the construction market, Bekaert developed Fortifix®, an interlayer steel cord structure for non-structural road renovations. Fortifix® enables a quick and correct installation. The interlayer can be easily rolled out, either by hand or machine, on both rough and smooth surfaces. This solution not only provides a high service-life, it is also 100% recyclable.

Fortifix® benefits the sustainability of road repair projects. The interlayer can be ground with the asphalt and removed by using magnets. As a result, Fortifix® offers savings in both transport and disposal costs. It also results in major environmental benefits, as it reduces the use of energy and resources.

- Murfor® Compact and Fortifix® are excellent proof of Bekaert's competence to use developments and technologies from one sector as a basis for innovations in another sector. These product developments build on our experience to integrate our steel cord and steel wire into 2D or 3D structures that can be designed according to the requirements.
- Further progress has been made in the development of our new generation guardrail. Through a unique combination of Bekaert wire products embedded in a thermoplastic matrix, guardrail systems with optimal energy dissipation will be protecting us on the road in the near future.

Together with a selected external partner, the potential of the Bekaert solution was further validated in a number of specific guardrail designs, focusing on minimizing the injury severity level during a crash, but also offering a more controlled containment of heavier vehicles like buses and trucks. Based on the promising results of these simulations, certified crash tests have been scheduled in 2017.

- 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 finishing performance. In 2016, Bekaert continued its investments and efforts in maturing the modeling capabilities.
- Bekaert's super-tensile and ultra-tensile steel cord ranges for tire reinforcement allow tire makers to produce tires with a lower weight, thinner plies, and lower rolling resistance. Moreover, ultra-tensile steel cord is, when considering the total cost of ownership, less expensive than the conventional steel cord it replaces. For the end user this results in reduced CO₂ emission and lower fuel consumption. The highest tensile strength cords made by Bekaert currently enable a decrease of cord weight by over 30% compared to normal tensile strength cords. In 2016, Bekaert successfully continued the market penetration of these higher value-adding steel cord types in China. Tire manufacturers recognize the value as it allows them to design high-end quality tires at a lower total cost.
- For tire manufacturers, the fatigue level of steel cord that reinforces the tire is paramount. Therefore, Bekaert aligns its fatigue test methods with tire manufacturers on a continuous basis. In 2016, Bekaert extended its expertise on fatigue. Thanks to a very strong cooperation between the teams from our tire cord producing plants and the Bekaert Technology Centers, processes have been adjusted to increase the fatigue levels and stringent standards have been defined with our customers for the approval of samples and mass production.

- Bridon-Bekaert Ropes Group introduced a new range of polymer core ropes and extreme pressure-resistant lubricants NXG (next generation) ropes and Brilube® Extreme for deep water applications. In deep waters, lubricant components may break down due to high pressures, especially when the core of the steel ropes loosens. This all may lead to accelerated corrosion, a shorter rope life, environmental impact and increased operating costs. Bridon-Bekaert Ropes Group developed high pressure resistant low friction polymer grades that give improved support within the rope construction, limit water ingress into the rope core, and act as a medium to carry other property enhancers. This is in conjunction with Brilube® Extreme, a next generation lubricant. This lubricant was developed by Bridon-Bekaert Ropes Group and selected lubricant manufacturers to meet extreme deep water conditions, wider operating temperature range and ever increasing environmental regulations. The Brilube® lubricants are used both in rope manufacture, custom rope assembly and service dressing.



Awards & Recognition

- The Bekaert Dramix® 5D steel fiber range received an Italian Concrete Technology Award (ICTA) within the category 'Product Innovation for Materials and Admixtures for Concrete'. The jury – composed of journalists and technical specialists – praised the technical ingenuity of the product.
- The London Lee Tunnel project won the prestigious Concrete Society Award – and Dramix® shared in the honor. The deepest tunnel ever built in the UK was completed and opened in 2016 after 5 years of boring and construction works.
- Bekaert was honored by Bridgestone with the first 'Development Contribution Award'. This award praises the development partner who has achieved major technical developments that create value for Bridgestone's product portfolio. It is a clear illustration of the power of customer-centric developments and it exemplifies strong customer relations.



Endo Masato of Bekaert Japan (left) receives the award from Mr Mochizuki (right), Vice President and Officer of Bridgestone.

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.

Co-creation and open innovation

There is an increasing trend in co-development projects with our strategic customers, suppliers and a network of academic research institutes and universities. We also consider corporate venturing: we scout companies with emerging technologies to potentially partner with. These partnerships can include investments, license agreements or joint development agreements. Our related investments are minority interests in young start-up companies with innovative technologies that could benefit from and add to Bekaert's core competencies. Additionally, we constantly search for new business opportunities.

In 2016, Bekaert evaluated options to develop superconductor wires and decided to invest in a start-up company so we could benefit from complementary strengths and realize progress faster in a true *better together* spirit.

The partnership aims to develop innovative wire solutions for existing large scale applications, such as superconductor wires for MRI scanners, or upcoming new applications in the energy sector.

Bekaert seeks international partnerships with universities and research institutes. In 2016, we continued to cooperate with academic institutions, technology clusters and research partners from different countries in order to have long and short term access to external expert capacity, to integrate external innovation and accelerate development projects. Cf map below.



Equipped for excellence

Bekaert's in-house engineering department plays a key role in the optimization and standardization of our production processes and machinery. This department designs, manufactures, installs and services the critical equipment for our production plants worldwide.

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

Building the factory of the future

Our engineers and technicians use their broad experience to create the "Bekaert factory of the future", by working on high performing, innovative equipment at a low operational cost, machines that require minimal change-over time, and ensuring maximum automation and robotics. Spool handling logistic pilot projects are running in plants in the US, Slovakia and China. Strong efforts are taken to automate equipment, allowing machine operators to optimally use their expertise on tasks with added value. The new machines are intelligent and human centered, alerting operators on performance and product quality.

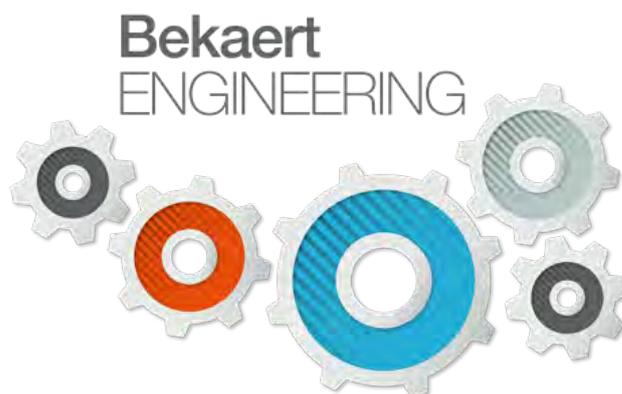
Factory automation and manufacturing execution system are enablers to optimize productivity. The interconnection and digitalization show in the increased use of sensors and robotics. Advanced sensors and measuring tools are increasingly being integrated into Bekaert's manufacturing equipment in order to control the specification tolerances during various production steps. This enhances Bekaert's product quality testing capability in all critical process stages.

Bekaert Engineering is systematically exploring new techniques such as additive manufacturing (e.g. 3D Printing), micro-EDM (electrical discharge machining) and modeling and simulation technologies.

Modeling and simulation technology enables us to shorten the development time of our equipment drastically. Compared to systematic trial and error, it brings us much closer to a 'first time right' design and execution.

Engineering in a nutshell

- Bekaert's in-house engineering department employs an international team of 550 engineers and technicians.
- The engineering teams are located in Belgium, China, India, Slovakia and Brazil. The Belgian team focuses on the design of new equipment while the production of standard equipment is done in China. The teams in India, Slovakia and Brazil provide assembly and maintenance services to the Bekaert plants worldwide.
- As Bekaert is expanding worldwide, Bekaert Engineering is aligning its satellite engineering facilities closer to these plants to ensure optimal and speedy support for the production facilities.
- Bekaert's engineering team is constantly looking for opportunities for total cost reduction and come up with disruptive innovative engineering solutions for new products and processes. Bekaert Engineering also ensures excellent assembly, installation and maintenance services, and coordinates the global spare parts management.



Sustainability

To us, sustainability is about economic success, the safety and development of employees, environmental stewardship, and social progress. This way, Bekaert translates sustainability into a benefit for all our stakeholders.

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

Bekaert's Sustainability Report 2016 was conducted according to the GRI G4 Guidelines of the GRI Sustainability Reporting Framework. The certification approval of the 2016 report was still pending on 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 2016 has also been recognized by its inclusion in the Ethibel Excellence Index (ESI) Europe - a reference benchmark for top performers in terms of corporate social responsibility based on Vigeo's research - as well as in Kempen SRI.

In 2016, Bekaert was awarded a silver recognition level from Ecovadis, an independent sustainability rating agency whose methodology is built on international CSR standards. This places Bekaert among the top 30% of performers evaluated by Ecovadis. In response to growing interest throughout the supply chain to report on the carbon footprint of operations and logistics, Bekaert also participates in the Climate Change and Supply Chain questionnaires of the Carbon Disclosure Project (CDP).

Monitoring and reporting scope

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

Our responsibility in the workplace

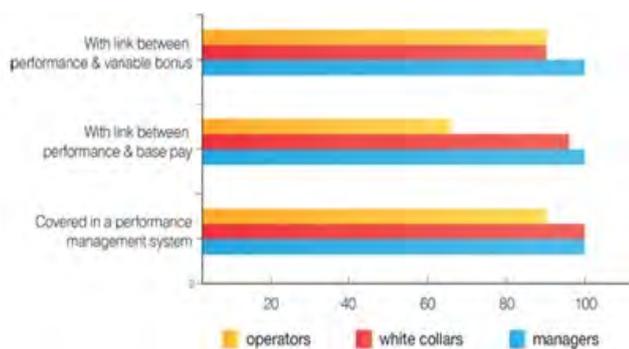
Learning and development

We attach great importance to providing challenging career and personal development opportunities to our employees. Training programs not only include technical and function specific training, but also leadership modules that help our people develop and cooperate in a global business environment.

In order to stimulate high performance, commitment, and continuous development of all employees, the 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. In 2016, we have further improved the performance management process including two-way personal development reviews, transparency, feedforward and leadership behavior.

Employee related data

- On average, more than 37 hours of training per employee took place in 2016. ⁽¹⁾
- Percentage of employees who received a performance review: ⁽²⁾



⁽¹⁾ BBRG excluded

⁽²⁾ Ex-Bekaert entities within BBRG included. Ex-Bridon entities are in the process of implementing similar reporting data by 2017.

BeCare: no harm to anyone @Bekaert

In 2016 Bekaert started the implementation of a new global safety excellence program, BeCare. We want a no-harm, risk-free work environment for all our employees and for anyone working at or visiting our premises.

The BeCare program, which is partly integrated within the manufacturing excellence program, has been designed as a roadmap to realize our safety objectives. This roadmap helps us define and implement the safety practices that will benefit all employees, contractors and visitors in all Bekaert locations worldwide.

The program is working on several dimensions, such as safety practices and tools to reduce risk exposure and behavioral safety.

In the course of 2016, the BeCare program has been rolled out in 2 pilot plants. It will be further deployed in all regions in the current and coming years. To facilitate and speed up this further worldwide roll-out, a BeCare Academy has been established that will act as a center of excellence.



A healthy workplace

Because we attach great importance to a healthy working environment, we continued to invest in automated handling equipment and other workplace ergonomics in 2016. Spool handling logistic pilot projects are running in our plants in the USA, Slovakia and China.

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

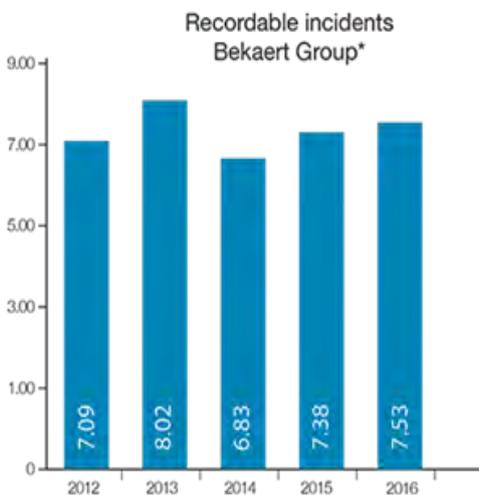
International Health and Safety Week

Bekaert has a long tradition of organizing an annual Health & Safety event worldwide. The central theme for the 2016 edition was “No-harm to anyone @Bekaert”. Bekaert plants worldwide were encouraged to share their best practices and learn from each other. A set of standard safety tools and techniques were deployed in all plants and we organized safety audits and Gemba walks (observation and feedback tours) in all locations. Moreover, all employees worldwide were invited to watch the video message from the CEO.



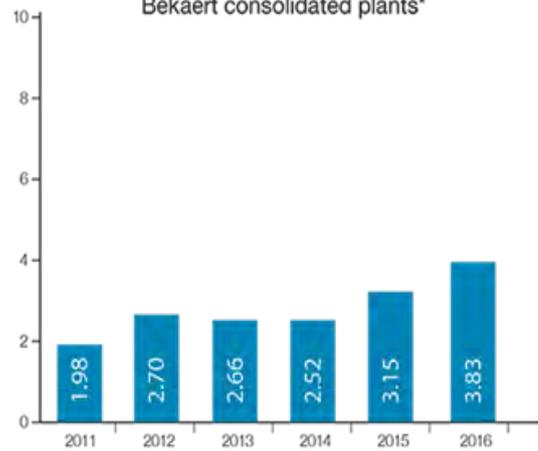
Safety related data

Bekaert has a group-wide OHSAS 18001 certificate. In 2016, 66% of all Bekaert employees were covered by this standard. Of the on average 37 hours of training per employee in 2016, 7 hours were safety-related.



(1) BBRG included (Ex-Bekaert entities full year 2016, ex- Bridon entities as of third quarter 2016).

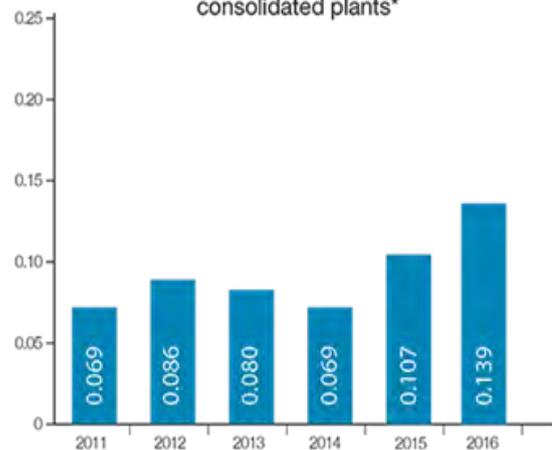
**Repeatability Index
Bekaert consolidated plants***



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

(1) BBRG included (Ex-Bekaert entities full year 2016, ex- Bridon entities as of third quarter 2016).

**Severity Index Bekaert
consolidated plants***



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

(1) BBRG included (Ex-Bekaert entities full year 2016, ex- Bridon entities as of third quarter 2016).

In 2016 both the repeatability and severity index increased, compared to 2015. The worse overall results are due to higher incident levels in certain plants. The BeCare roll-out schedule takes into account the incident history of the locations so that appropriate actions are taken to improve the safety performance overall.

Safety champions in consolidated plants

In 2016 2 plants celebrated more than 6 years without recordable safety incidents. 3 others achieved more than 3 years without recordable safety incidents and 6 plants were more than 1 year incident-free.

Our responsibility in the market place and towards the environment

Our responsibility in the community and the markets

better together in the communities where we are active

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

better together 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 2015, Bekaert's purchasing department stepped up its engagement to enhance sustainability awareness and control with our suppliers. We reached a global spent coverage of 75% in 2016 ⁽¹⁾. We evolved to 80% coverage of our global wire rod spent through key supplier agreements ⁽¹⁾. Key supplier agreements are multi-year partnerships in which sustainability, supply chain integration and innovation are explicit building blocks. In 2016, we kick-started the signing of these key supplier agreements in other categories too. Shared targets and action plans for 2017 were further worked out with key suppliers, enabling us all to drive sustainability forward across the supply chain.

⁽¹⁾Excluding BBRG

Bekaert recognizes the importance of responsible sourcing, in 2016 all suppliers covered by the Conflict Free Sourcing Initiative (CFSI) signed the Bekaert Supplier Code of Conduct and completed the most recent template issued by the CFSI. This is an initiative of the Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSi), that help companies from a range of industries address conflict mineral issues in their supply chain.

We actively cooperate with global customers in sustainability programs. We support their sustainability programs by implementing specific actions in our respective policies and we joined sustainability initiatives and standards to accommodate specific customer requests.

Our responsibility towards the environment

We continuously strive to use fewer materials, cut energy consumption and reduce waste.

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

In the first domain, our ambition is to develop eco-friendlier production processes for our plants worldwide. In 2016:

- The LED program replacing all traditional lighting by LED lights in production areas worldwide, has been further rolled out. We achieved annual energy reductions savings of 63 GWh. The program is expected to be completed by end 2017.
- Excluding China, 25% of electricity needs came from renewable energy sources. Including China (where power from renewable sources is scarce), 15% was from renewable sources. The success rate in sourcing from renewable energy sources largely depends on the availability of these sources and of data thereon.
- We have continued to make progress in the treatment of used hydrochloric acid. A significant number of Bekaert plants outsource the treatment of used hydrochloric acid to external contractors. These contractors convert the waste acid into iron chloride coagulants used for water treatment. Lab scale tests have now been conducted to convert the used hydrochloric acid into an iron chloride solution, which will facilitate reuse by contractors. Alternatively, the consumed hydrochloric acid is recuperated on-site, after treatment by a regeneration unit which converts the waste acid into iron oxides and fresh hydrochloric acid. The latter can be reused in the production process.

Secondly, prevention and risk management play an important role in Bekaert's environmental policy.

- Bekaert's global procedure to ensure precautionary measures against soil and ground water contamination (ProSoil) was further fine-tuned with concrete action plans in the course of 2016.
- Responsible use of water is also an ongoing priority. In 2016 we expanded programs that aim to reduce water usage in the long term. We thoroughly analyzed and evaluated our water balance in order to set a standard for Bekaert worldwide.
- In 2016, 95% of the Bekaert plants worldwide were ISO 14001 certified. ISO 14001 is part of the ISO 14000 internationally recognized standards providing practical tools to companies who wish to manage their environmental responsibilities. ISO 14001 focuses on environmental systems. Bekaert's full worldwide certification is an ongoing goal; it is an element in the integration process of newly acquired entities and of companies that are added to the consolidation perimeter. Bekaert also received a group-wide certification for ISO 14001 and ISO 9001. The ISO 9000 family addresses various aspects of quality management.

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

Some examples:

- Fortifix[®], an interlayer steel cord structure for non-structural road renovations. This solution not only provides a high service-life, it is also 100% recyclable.
- Customized drying and heating systems based on gas and electrical infrared drying technologies that increase efficiency and reduce energy. These systems are used in various sectors and applications such as the paper and board industry or converting and metal processing applications.

- Water-based coated low carbon wires as a substitute to solvent lacquered products.
- Sawing wire, which allows manufacturers in the photovoltaic industry to cut polysilicon ingots into wafers for the production of solar cells with a minimum loss of material.
- Bekaert's super-tensile and ultra-tensile steel cord ranges for tire reinforcement allow tire makers to produce tires with a lower weight, thinner plies, and lower rolling resistance. For the end user this results in reduced CO₂ emission and lower fuel consumption. The highest tensile strength cords made by Bekaert currently enable a decrease of cord weight by over 30% compared to normal tensile strength cords.
- Bridon-Bekaert Ropes Group introduced a new range of polymer core ropes and extreme pressure-resistant lubricants NXG (next generation) ropes and Brilube[®] Extreme for deep water applications. In deep waters, lubricant components may break down due to high pressures, especially when the core of the steel ropes loosens. This all may lead to accelerated corrosion, a shorter rope life, environmental impact and increased operating costs. Bridon-Bekaert Ropes Group developed high pressure resistant polymer grades that give improved support within the rope construction, limit water ingress into the rope core, and act as a medium to carry other property enhancers. This is in conjunction with Brilube[®] Extreme, a next generation lubricant. This lubricant was developed by Bridon-Bekaert Ropes Group and selected lubricant manufacturers to meet extreme deep water conditions and ever increasing environmental regulations. The Brilube[®] lubricants are used both in rope manufacture, custom rope assembly and service dressing.

Our responsibility towards society

Our funding and other community-building activities are focused on education projects. 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 is the key to a sustainable future. Accordingly, we support initiatives worldwide that focus on helping the communities we are active in through education and learning.

Our joint ventures in Brazil have a long tradition of supporting educational projects. In 2016 a science education project was set up to create interest in science and awareness for the environment amongst students. A science exhibition where children could perform 50 experiments in physics, mathematics and biology and an environmental award that promotes ecological awareness are part of the project.



Since the devastating earthquake in the Manabí region of Ecuador in April 2016, the IdealAlambrec-Bekaert plant (Ecuador) supported the education program of 50 technical college students. In the first phase, our technicians gave 50 hours of construction training to 2 local professors, focusing on earthquake resistant construction methods in sensitive areas. In the second phase, the teachers passed on their knowledge with the help of our technicians to 50 students. About 1 200 training hours were given in total.

Bekaert continued the support to the National 4-H Council and became a silver sponsor. 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. In April 2016, 4-H launched its Grow True Leaders campaign to empower youth with the opportunity to share their voice and show how they are making a difference in their communities.

In China, Bekaert has continued building strong relationships with various schools. At Weihai Xiyuan Zhongxin Kindergarten, Bekaert funded a Science Discovery Playroom designed to help children develop their logical thinking. Bekaert has also continued its support of program for the Shanghai Pudong Lianying Primary School. The Lianying School Library Enrichment Project was initiated by volunteers of the Bekaert Management Co. Ltd in Shanghai in 2013. Bekaert has continued to support the project by volunteering and donating books. Bekaert also participates with the school in joint events centered around safety knowledge and learning English.



Supporting social community initiatives

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

When the Manabí region in Ecuador was struck with a devastating earthquake in April 2016, the IdealAlambrec-Bekaert plant was contracted by the Government as the primary business partner in a major housing reconstruction program. The business opportunity wasn't the only focus of our local teams. Bekaert Latin America together with the IdealAlambrec-Bekaert plant in Quito (Ecuador) donated 10 houses to affected families in the area. The donated homes are compliant with the Ecuadorian construction regulations regarding earthquake resistance. Technical supervision was also present throughout the construction process in order to ensure standards were met. Representatives from the Ecuadorian Government assisted in ensuring the houses were provided to people who needed them the most.



Employees from our IdealAlambrec-Bekaert plant also volunteered in collecting relief supplies and donated cash contributions for a total amount of USD 30 000.

In Colombia, Bekaert cooperated with Œuvre Belgo-Colombienne pour l'Enfance (OB-CE), a Belgian organization which is dedicated to supporting children in high risk areas throughout Colombia. In 2016, Proalco-Bekaert donated and installed fences to the Los Llanerito Kindergarten, located in Villavicencio.



In the Thiruvallur district in India we continued our yearly health camp initiative that was launched in 2012 to address the health care needs of the local people.

Report of the Board



Bert De Graeve



Matthew Taylor



Celia Frances Baxter



Alan Begg



Leon Bekaert



Gregory Dalle



Charles de Liedekerke



Christophe Jacobs van Merlen



Hubert Jacobs van Merlen



Maxime Jadot



Pamela Knapp



Martina Mertz



Emilie van de Walle de Ghelcke



Henri Jean Velge



Mei Ye

Key figures

Combined key figures

in millions of €	2015	2016	Delta
Sales	4 402	4 351	-1.2%
Capital Expenditure (PP&E)	194	170	-12.4%
Personnel as at 31 December	27 148	28 863	6.3%

Consolidated financial statements

in millions of € €

Income statement

	2015	2016	Delta
Sales	3 671	3 715	1.2%
EBIT	219	260	18.4%
EBIT-underlying	231	305	31.7%
Interests and other financial results	-96	-111	15.3%
Income taxes	-36	-62	71.1%
Group share joint ventures	18	25	38.9%
Result for the period	105	112	6.6%
attributable to the Group	102	105	3.4%
attributable to non-controlling interests	4	7	93.9%
EBITDA-underlying	436	513	17.7%
Depreciation PP&E	190	192	0.8%
Amortization and impairment	31	30	-4.3%
Negative goodwill	-	-	-

Balance sheet

	2015	2016	Delta
Equity	1 512	1 598	5.7%
Non-current assets	1 922	2 137	11.2%
Capital expenditure (PP&E)	171	159	-7.1%
Balance sheet total	3 882	4 304	10.9%
Net debt	837	1 068	27.6%
Capital employed	2 448	2 650	8.2%
Working capital	813	843	3.7%
Employees as at 31 December	23 777	25 572	7.5%

Ratios

EBITDA on sales	12.0%	13.0%
Underlying EBITDA on sales	11.9%	13.8%
EBIT on sales	6.0%	7.0%
Underlying EBIT on sales	6.3%	8.2%
EBIT interest coverage	4.0	3.9
ROCE	8.7%	10.0%
ROE	6.9%	7.2%
Financial autonomy	38.9%	37.1%
Gearing (Net debt on equity)	55.4%	66.8%
Net debt on EBITDA	1.9	2.2

Joint ventures and associates

in millions of €

	2015	2016	Delta
Sales	731	636	-13.0%
Operating result	75	75	-
Net result	55	64	16.4%
Capital expenditure (PP&E)	23	12	-47.8%
Depreciation	17	16	-5.9%
Employees as at 31 December	3 371	3 291	-2.4%
Group's share net result	18	25	38.9%
Group's share equity	111	142	27.9%

Key figures per share

NV Bekaert SA

	2015	2016	Delta
Number of shares as at 31 December	60 125 525	60 347 525	0.37%
Market capitalization as at 31 December (in millions of €)	1 107	2 322	36.1%

Per share

in €

	2015	2016	Delta
EPS	1.82	1.87	2.7%
Gross dividend*	0.90	1.10	22.2%
Net dividend*	0.66	0.77	17.2%

Valorization

in €

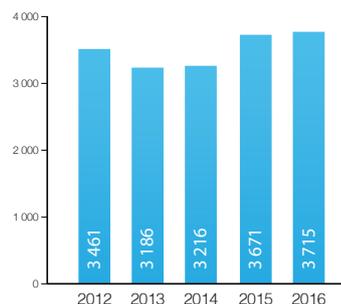
	2015	2016	Delta
Price as at 31 December	28.39	38.49	35.6%
Price (average)	26.12	37.07	41.9%

* The dividend is subject to approval by the General Meeting of Shareholders 2017

** FTE: Full time equivalent

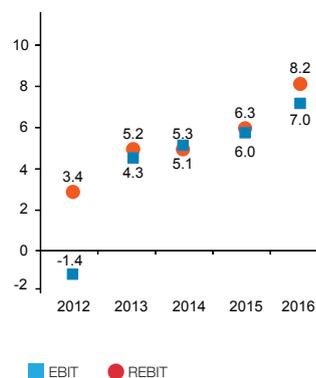
Consolidated sales

in millions of €



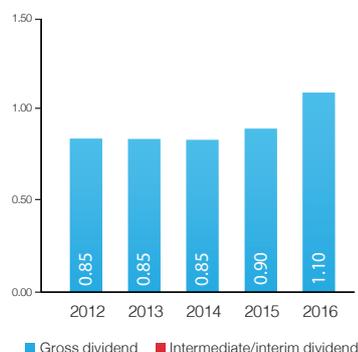
EBIT on sales

in %

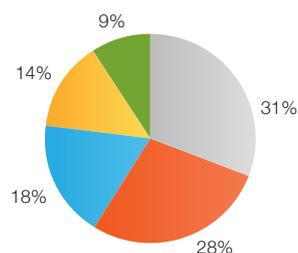


Gross dividend*

in €



Consolidated sales by segment



EMEA
Asia Pacific
Latin America
North America
BBRG

Key figures per segment

EMEA

Underlying	2015	2016
EBIT on sales	10.9%	12.2%
EBITDA on sales	15.6%	17.4%
ROCE	19.3%	22.1%

EMEA
€ 1 148 million
Combined sales

27%

North America

Underlying	2015	2016
EBIT on sales	2.6%	5.1%
EBITDA on sales	4.6%	7.6%
ROCE	7.0%	11.7%

North America
€ 512 million
Combined sales

12%

Latin America

Underlying	2015	2016
EBIT on sales	6.5%	9.8%
EBITDA on sales	9.6%	13.0%
ROCE	11.1%	16.6%

Latin America
€ 1 320 million
Combined sales

30%

Asia Pacific

Underlying	2015	2016
EBIT on sales	6.8%	11.3%
EBITDA on sales	17.5%	21.1%
ROCE	6.5%	12.2%

Asia Pacific
€ 1 052 million
Combined sales

24%

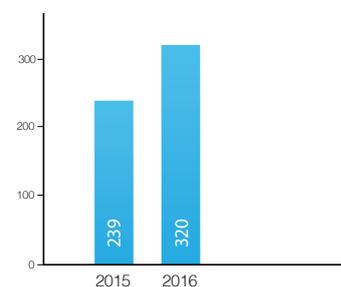
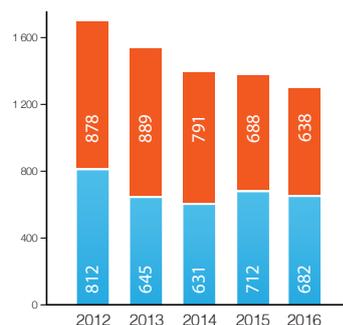
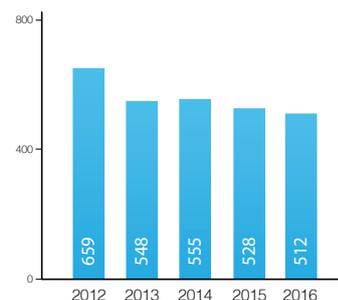
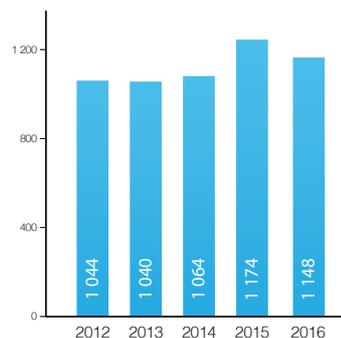
BBRG

Underlying	2015	2016
EBIT on sales	12.3%	4.1%
EBITDA on sales	18.2%	10.8%
ROCE	12.6%	3.4%

Bridon-Bekaert Ropes Group
€ 319 million
Combined sales

7%

Sales



■ Joint ventures and associates (in millions of €)
■ Consolidated companies (in millions of €)

Summary of financial review

Notes

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

⁽¹⁾ Definitions of financial parameters are described in the Financial Review of this Annual Report.

The 2015 comparative information has been restated in line with IAS19 and ESMA guidelines which came into effect in 2016. The restatement elements and effects are summarized in the Financial Review of this Annual Report.

Underlying EBIT bridge

Bekaert's underlying EBIT increased by 32% to € 305 million, reflecting a margin of 8.2%. This was the result of solid volume growth, positive pricing and product-mix and inventory adjustments, and significant cost savings. These margin enhancing effects were partially offset by the integration of the Bridon activities in the Bridon-Bekaert Ropes Group, adverse currency effects, low margins in Venezuela due to volume losses and currency evolutions, and various other impacts.

Sales and financial review

Sales

Bekaert achieved consolidated sales of € 3.7 billion in 2016, an increase of 1% compared with last year. Volume growth drove up consolidated sales by 4%⁽¹⁾. This growth was largely offset in Bekaert's top line by the lower wire rod prices (-1%) and price-mix effects (-2%). The net effect of mergers, acquisitions and divestments was +2.5% while adverse currency movements accounted for -2.5%.

⁽¹⁾ 2.7% volume growth when including the -1.4% effect of the shutdown period of the Venezuelan operations due to raw material shortages. The latter impact was limited to -0.4% at the consolidated sales level and is included in 'currency movements'.

Fourth quarter sales were up 9% compared with the last quarter of 2015. Mergers and acquisitions accounted for 6% and the organic sales growth was 3%, driven by strong volume growth in Asia Pacific. Currency effects were almost neutral after a steep climb of the Brazilian real and the Chilean peso in recent months.

Combined sales⁽²⁾ totaled € 4.4 billion for the year, slightly down (-1%) from 2015 due to flat organic growth, a limited net effect of mergers, acquisitions and divestments (+1%) and unfavorable exchange rate movements (-2%).

⁽²⁾ Combined sales are sales of consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

Dividend

The Board of Directors confirms its confidence in the strategy and future perspectives of the company and will propose that the General Meeting of Shareholders on 10 May 2017 approve the distribution of a gross dividend of € 1.10 per share, compared with € 0.90 per share last year. The dividend will, upon approval by the General Meeting of Shareholders, become payable as of 15 May 2017.

Summary financial review

Financial results

Bekaert achieved an operating result (EBIT-Underlying) of € 305 million (versus € 231 million in 2015⁽¹⁾). This equates to a margin on sales of 8.2% (versus 6.3% in 2015). The one-off adjustments amounted to € -45 million (€ -12 million in 2015) and included restructuring costs in Turkey, Malaysia and Bridon-Bekaert Ropes Group (totaling € -27.1 million), impairment losses on PP&E Huizhou, China (€ -16.2 million), M&A related fees (€ -8.6 million) and various one-off gains (€ +7 million). Including these one-offs, EBIT was € 260 million, representing an EBIT margin on sales of 7.0% (versus € 219 million or 6.0%). Underlying EBITDA was € 513 million (13.8% margin) compared with € 436 million (11.9%) and EBITDA reached € 481 million, representing an EBITDA margin on sales of 13.0% (vs 12.0%).

Selling and administrative expenses increased by € 18 million to € 315 million due to the impact of mergers, acquisitions and divestments (€ 23 million) and costs related to the customer excellence program (€ 7.8 million), effects which were partly offset by overhead cost reductions such as the reduction of costs related to the manufacturing excellence program (€ -6.7 million savings compared with last year) and the positive impact from currency movements. Research and development expenses decreased from € 65 million to € 64 million. Other operating revenues and expenses mainly reflect the one-off elements referred to above.

Interest income and expenses amounted to € -73 million, significantly higher than last year (€ -62 million) as a result of the gross debt increase (by € 320 million) related to the Bridon merger. Other financial income and expenses amounted to € -37.5 million (versus € -33.8 million) and was the result of an adverse non-cash impact of € -42.7 million related to the fair value adjustment of the conversion option of the previous bond in line with the evolution of the share price, and the fair value adjustment of the option under the new convertible bond which resulted in a positive impact of € +5.3 million. Other financial income and expenses reduced by € 16 million in the second half of 2016 due to the repayment of USD-loans in Vicson, Venezuela, which resulted in the release of a provision set up for this purpose.

Taxation on profit amounted to € 62 million, compared with € 36 million in 2015. The increase was due to higher profitability and to the significant share of non-deductible (non-cash) items, mainly from the convertible bond exchange which drove a higher effective tax rate.

The share in the result of joint ventures and associated companies increased from € 18 million to € 25 million. The results of the joint ventures in Brazil were stable while the loss-generating entities in Xinyu (China) were deconsolidated as per year-end 2015.

The result for the period thus totaled € 112 million, compared with € 105 million in 2015. The result attributable to non-controlling interests increased from € 4 million to € 7 million. After non-controlling interests, the result for the period attributable to the Group was € 105 million, compared with € 102 million last year. Earnings per share amounted to € 1.87, up from € 1.82 in 2015.

Balance sheet

As at 31 December 2016, shareholders' equity represented 37.1% of total assets, down from 38.9% in 2015. The gearing ratio (net debt to equity) was 66.8% (versus 55.4%).

Net debt was € 1 068 million, down from € 1 148 million as at 30 June 2016 and up from € 837 million as at year-end 2015. The significant reduction since 30 June 2016 was primarily driven by strong cash generation. The increase versus 31 December 2015 includes the effect on net debt of the Bridon merger (€ 279 million). Net debt on underlying EBITDA was 2.1, compared with 1.9 on 31 December 2015. Excluding the net debt effect of the Bridon merger, net debt on underlying EBITDA dropped to 1.5, reflecting strong cash generation.

Cash flow statement

Cash from operating activities amounted to € 400 million, a decrease from € 584 million in 2015. The improved cash generation was offset by higher taxation and the operating working capital reduction was less than in 2015.

Cash flow attributable to investing activities amounted to € -107 million (versus € -363 million): € -159 million related to capital expenditure (PP&E) and € +41 million to the net impact of acquisitions and divestments.

Cash flows from financing activities totaled € -302 million (versus € -268 million in 2015) and were driven by the repayment of interest-bearing debt, dividend payments and interest expenses.

Investment update and other information

Net debt increased to € 1 068 million, up from € 837 million as at year-end 2015 and down from € 1 148 million as at 30 June 2016. Net debt on underlying EBITDA was 2.1, compared with 1.9 on 31 December 2015. Excluding the net debt effect of the Bridon merger, net debt on underlying EBITDA dropped to 1.5, reflecting a significant underlying reduction primarily driven by strong cash generation.

Bekaert has announced today the decision to close the manufacturing plant in Huizhou, Guandong Province (China). Investment restrictions in Huizhou had put a burden on the plant's potential to grow its scale and cost effectiveness to the level of our other operations. Therefore the decision was taken to stop operations in Huizhou.

The Bridon-Bekaert ScanRope AS manufacturing plant in Tønsberg (Norway) has been closed. The plant's activity level had been heavily affected by the downturn in oil and gas markets which set in early 2015.

On 17 February 2017, the management of Bridon-Bekaert Ropes Group has announced the realignment of the Bridon-Bekaert ropes plant in Belton, Texas (US). A workforce reduction combined with equipment upgrades will align the operations with future needs and opportunities.

We are in discussions of bringing Bekaert's wholly-owned subsidiary in Sumaré (Brazil), a high-margin tire cord subsidiary acquired from Pirelli, into the BMB (Belgo-Mineira Bekaert) joint venture partnership with ArcelorMittal. Bekaert holds 44.5% of the shares in the joint venture and would – upon reaching an agreement and receiving regulatory approvals – no longer report the results of the Sumaré plant in its consolidated statements.

In 2016, 392 049 treasury shares were disposed of in connection with the exercise of stock options and the sale to members of the Bekaert Group Executive in the context of the Personal Shareholding Requirement Plan. As a result, the company currently owns 3 885 446 treasury shares.

Segment reports

EMEA

Bekaert's activities in EMEA delivered excellent results with record EBIT, EBITDA and ROCE performance.

Compared with a strong 2015, demand from European markets remained solid. This applied to automotive and construction markets in particular, while demand for profiled wires declined as a result of investment delays and cancellations in the oil and gas sector. Sales were lower in the second half of the year due to the usual seasonal effects.

The strengthened business portfolio after recent acquisitions, divestments and business exits and the increased benefits from various transformation programs drove EMEA's solid, double-digit profit base to a record full-year underlying EBIT margin of 12.2% and € 141 million in absolute numbers, up 10% from last year.

The one-off adjustments amounted to € -5 million and were mainly related to restructuring costs in Turkey.

Capital expenditure (PP&E) was € 52 million and included capacity expansions and equipment upgrades in all plants, particularly in Slovakia, Romania and Belgium.

Bekaert anticipates continued good demand from most markets except oil and gas. The European activities have made a strong start to the year but do project some temporary margin pressure due to the time needed to pass fast increasing raw material prices on to the market. Moreover, we remain cautious about the potential impact of growing uncertainty in Europe, following Britain's choice to leave the European Union.

North America

Bekaert's activities in North America recorded an organic volume growth of 8%, driven by the volume increase from the plant reconstruction in Rome, Georgia (US).

This growth was more than offset on the sales level due to the lower wire rod prices (-4.4%) passed on to our customers; unfavorable mix effects (-5.2%) from firm growth in lower priced product groups; and the effect of business divestments (-1%). Automotive, agriculture and industrial steel wire markets performed well, while decreased demand from the oil and gas sector drove sales of profiled wires down.

Underlying EBIT was almost doubled compared with last year as a result of better capacity utilization driven by higher volumes and the effects from actions put in place to raise our competitiveness in target markets. Profit margins have not yet reached the desired levels but the effects of the implemented measures are clearly visible. Cash generation (underlying EBITDA) was 60% better than in the previous year and ROCE rose to almost 12%. In 2016 there were no one-off adjustments, as opposed to 2015 which included € +14 million impact from the final insurance settlement proceeds related to the Rome fire.

Capital expenditure (PP&E) amounted to € 21 million and related mainly to investments in tire cord activities.

Bekaert projects more effects from the transformation programs in the course of 2017. We also expect to see the first benefits from the ongoing capacity investments aimed at meeting a growing demand for products 'made in America'. We do remain cautious about the effects on margins of US trade policy and related tariff changes.

Latin America

In Latin America, consolidated sales were down 4% as a result of the volume losses in Venezuela caused by shutdown periods due to raw material shortages (-2%) and unfavorable currency movements (-2%).

Fourth quarter sales were up 2.5% compared with the same period last year as a result of positive currency effects following the steep rise of the Brazilian real and the Chilean peso in recent months. Significant fluctuations of local currencies against the USD explain the counterbalancing effects of wire rod prices (+7%) and the price-mix from sales in local currency (-7%) in the fourth quarter, year-on-year.

Bekaert's activities in Latin America outperformed the market in most countries. EBIT and ROCE increased by about 50% as a result of: a strengthened business portfolio in the region, particularly in Ecuador and Brazil; strong demand in Chile throughout 2016; and better pricing and cost competitiveness in Peru. The EBITDA margin of 13% drove strong cash generation.

Bekaert invested € 14 million in property, plant and equipment across the region, particularly in Ecuador and Chile. We expect a continued weak economy in Brazil and general economic uncertainty across the region. We anticipate increasing pressure from Chinese imports as a result of stronger local currencies and perceive some difficulty in timely pushing increased wire rod prices into the market.

We are in discussions of bringing Bekaert's wholly-owned subsidiary in Sumaré (Brazil), a high-margin tire cord subsidiary acquired from Pirelli, into the BMB (Belgo-Mineira Bekaert) joint venture partnership with ArcelorMittal. Bekaert holds 44.5% of the shares in the joint venture and would – upon reaching an agreement and receiving regulatory approvals – no longer report the results of the Sumaré plant in its consolidated statements. This would affect the overall margin level of the segment as the entity's profitability is above average.

Notwithstanding the economic and ownership evolutions, we expect to maintain the benefits of our strong market positions, sustained cost savings and an increased impact from the implementation of our transformation programs.

Bekaert's combined sales decline (-1%) was mainly due to the average currency impact of the Brazilian real (-4% year-on-year), despite the steep climb of the currency in the second half of 2016. The results of our joint ventures in Brazil outperformed the weak economic conditions in the country and their contribution to Bekaert's net result was equal to 2015.

Asia Pacific

Bekaert achieved 8.5% organic volume growth in Asia Pacific, compared with 2015. Strong demand from automotive markets throughout the year boosted the growth. The wire rod price impact was limited in the aggregate (+1.5%) after significant price drops in the first half of the year, followed by a steep climb in the second half. Price erosion and currency movements totaled -4% each. The net effect of mergers, acquisitions and divestments was less than +1%.

Bekaert's activities in Asia Pacific achieved a robust performance in the last quarter of the year. The organic sales growth of 10% compared with the same period of 2015 stemmed from increased volumes (+5%) and sharp wire rod price increases (+10%), tempered by price erosion and mix effects (-5%). Demand from solar markets picked up as from the second half of November, after the sudden drop in the third quarter which was driven by changes to feed-in tariffs in China in July 2016. Sawing wire accounted for 12% of Bekaert's sales in Asia Pacific in 2016.

Our activities achieved strong margin growth across the region: underlying EBIT increased by 72% to € 119 million, reflecting a margin of 11.3%. Underlying EBITDA was € 222 million, 25% higher than last year

and representing a margin of 21%. ROCE almost doubled to more than 12%.

This robust performance across the whole region was the result of high capacity utilization, M&A activity, and significant benefits from various transformation programs. As announced before, Bekaert started to phase out the Shah Alam plant in Malaysia and the move of certain product lines to the Ipoh facility, also in Malaysia.

We also decided to close the small tire cord plant in Huizhou, Guandong province (China). Investment restrictions in Huizhou have put a burden on the plant's potential to grow scale and improve cost effectiveness to the level of our other operations. Therefore the decision was taken to stop operations in Huizhou, and invest in other existing locations in the country.

Bekaert invested significantly across the region and recorded a total of € 59 million investments in PP&E in 2016, including expansion investments in tire cord activities in China, India and Indonesia.

The one-off adjustments (€ -19 million) reflect the asset impairments of the Huizhou plant in China and the costs related to the closure of the Shah Alam plant in Malaysia.

We expect the high run rate in our tire markets to continue into 2017, and project solar markets to make a strong start to the year, in anticipation of new changes to feed-in tariffs, upon which we expect strong volatility in demand. We expect our transformation programs will enable us to sustain the higher revenue and profitability trends in 2017.

Bridon-Bekaert Ropes Group

Bekaert achieved 34% sales growth in the ropes and advanced cords segment. The integration of the Bridon activities accounted for an increase of 37%. Unfavorable currency effects (-2%) and a slight organic sales decline (-1%) tempered the growth. Depressed market conditions in the oil & gas sector affected the sales volumes and the overall capacity utilization in most ropes plants. Ropes volumes picked up modestly in the fourth quarter and the advanced cords business performed well throughout the year.

We project continued difficult market circumstances in oil & gas markets in the near future. We do expect improved results from Bridon-Bekaert Ropes Group in the course of 2017. The management is implementing actions to strengthen its market position and gradually leverage the benefits of its increased scale through improvements in the manufacturing footprint and the global business portfolio. This includes the closure of the Bridon-Bekaert ScanRope AS manufacturing plant in Tønsberg (Norway) and the recent announcement of the realignment measures at the Belton facility in Texas (US).

The one-off adjustments accounted for € -22 million: € 9 million from M&A transaction fees and € 13 million related to asset impairments and restructuring costs, mainly regarding the closure of the ScanRope facility.

Corporate governance statement

Board of Directors and Executive Management

In accordance with the original Belgian Code on Corporate Governance published in 2004, the Board of Directors has, on 16 December 2005, adopted the Bekaert Corporate Governance Charter.

Following the publication of the 2009 Belgian Code on Corporate Governance, the Board of Directors has, on 22 December 2009, adopted the 2009 Code as the reference code for Bekaert and revised the Bekaert Corporate Governance Charter. The Bekaert Corporate Governance Charter was further revised by the Board of Directors on 13 November 2014 and on 28 July 2016 (the "Bekaert Charter").

Bekaert complies in principle with the Belgian Corporate Governance Code, and explains in the Bekaert Charter and in this Corporate Governance Statement why it departs from some of its provisions.

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

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

Board of Directors

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

Five of the Directors are independent in accordance with the criteria of Article 526ter of the Belgian Companies Code and provision 2.3 of the Belgian Corporate Governance Code: Celia Baxter (first appointed in 2016), Alan Begg (first appointed in 2008), Pamela Knapp (first appointed in 2016), Martina Merz (first appointed in 2016) and Mei Ye (first appointed in 2014).

The Board met on nine occasions in 2016: there were six regular meetings and three extraordinary meetings. 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 2016:

- continuous monitoring of the debt and liquidity situation of the Group;
- the succession planning at the Board and Executive Management levels;
- the merger of the global ropes and advanced cords businesses of Bekaert and Bridon;
- the business plan for the period 2017-2020;
- the repurchase of the senior unsecured convertible bonds which were issued in 2014 and the issuance of new senior unsecured convertible bonds;
- the new market abuse regime and the new Bekaert Dealing Code;
- a review of Bekaert's strategy;
- the offer of stock options in accordance with SOP2015-2017;
- the performance targets with respect to the performance shares granted in December 2016;
- the Personal Shareholding Requirement Plan for the Chief Executive Officer and the other members of the Executive Management;
- the exceptional grant of performance share units for the Chief Executive Officer and the related performance target, in accordance with the Performance Share Plan 2015-2017;
- Bekaert's safety strategy;
- the repurchase of Company shares;
- the business plan for 2017.

Name	First appointed	Expiry of current Board term	Principal occupation (*)	Number of regular/ extraordinary meetings attended
Chairman				
Bert De Graeve ⁽¹⁾	2006	2019	NV Bekaert SA	6/3
Chief Executive Officer				
Matthew Taylor	2014	2018	NV Bekaert SA	6/2
Members nominated by the principal shareholder				
Leon Bekaert	1994	2019	Director of companies	6/2
Grégory Dalle	2015	2019	Managing Director, Credit Suisse International, Investment Banking and Capital Markets	6/2
Charles de Liedekerke	1997	2019	Director of companies	5/3
François de Visscher ⁽³⁾	1992	2016	President, de Visscher & Co. LLC (United States)	2/1
Christophe Jacobs van Merlen ⁽²⁾	2016	2020	Managing Director, Bain Capital Private Equity (Europe), LLP (UK)	4/2
Hubert Jacobs van Merlen	2003	2019	Director of companies	6/3
Maxime Jadot	1994	2019	CEO and Chairman of the Executive Board, BNP Paribas Fortis (Belgium)	6/2
Bernard van de Walle de Ghelcke ⁽³⁾	2004	2016	Of Counsel, Linklaters LLP (Belgium)	2/1
Emilie van de Walle de Ghelcke ⁽²⁾	2016	2020	Legal Counsel, Sofina (Belgium)	4/2
Baudouin Velge ⁽³⁾	1998	2016	Managing Partner, Interel (Belgium)	2/1
Henri Jean Velge ⁽²⁾	2016	2020	Director of Companies	4/2
Independent Directors				
Celia Baxter ⁽²⁾	2016	2020	Director of companies	4/2
Alan Begg	2008	2018	Director of companies	6/2
Lady Barbara Judge CBE ⁽³⁾	2007	2016	Chairman of the UK Pension Protection Fund (United Kingdom) Chairman Emeritus of the UK Atomic Energy Authority (United Kingdom)	2/1
Pamela Knapp ⁽²⁾	2016	2020	Director of Companies	4/2
Martina Merz ⁽²⁾	2016	2020	Director of Companies	4/2
Manfred Wennemer ⁽³⁾	2009	2016	Director of companies	2/1
Mei Ye	2014	2018	Independent director of and advisor to companies	6/3

⁽¹⁾ Bert De Graeve was first appointed as Board Member in 2006. In 2014 he became Chairman of the Board.

⁽²⁾ As of the Annual General Meeting in May 2016.

⁽³⁾ Until the Annual General Meeting in May 2016.

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

Committees of the Board of Directors

The Board of Directors has established three advisory Committees.

Audit and Finance Committee

The Audit and Finance Committee is composed as required by Article 526bis §2 of the Companies Code: all of its four members are non-executive Directors and one member, Ms Pamela Knapp, is independent. Ms Knapp's competence in accounting and auditing is demonstrated by her former position as Chief Financial Officer of the Power Transmission and Distribution Division of Siemens (from 2004 to 2009) and her position as Chief Financial Officer of GfK SA (from 2009 to 2014). The Committee is chaired by Mr Hubert Jacobs van Merlen.

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

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

Name	Expiry of current Board term	Number of regular and extraordinary meetings attended
Hubert Jacobs van Merlen	2019	4/3
Bert De Graeve	2019	4/3
Pamela Knapp ⁽¹⁾	2020	2/3
Christophe Jacobs van Merlen ⁽¹⁾	2020	2/3
Lady Barbara Judge CBE ⁽²⁾	2016	2/0
Baudouin Velge ⁽²⁾	2016	2/0

(1) As of the Annual General Meeting in May 2016.

(2) Until the Annual General Meeting in May 2016.

The Committee had four regular meetings and three extraordinary meetings in 2016. In addition to its statutory powers and its powers under the Bekaert Charter, the Committee discussed the following main subjects:

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

Nomination and Remuneration Committee

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

Name	Expiry of current Board term	Number of meetings attended
Bert De Graeve	2019	2
Celia Baxter ⁽¹⁾	2020	1
Alan Begg	2018	2
Lady Barbara Judge CBE ⁽²⁾	2016	1

(1) As of the Annual General Meeting in May 2016.

(2) Until the Annual General Meeting in May 2016.

One of the Directors nominated by the principal shareholder is invited to attend the Committee meetings without being a member.

The Committee met twice in 2016. In addition to its statutory powers and its powers under the Bekaert Charter, the Committee discussed the following main subjects:

- the recruitment of new Directors;
- the recruitment of a new Chief Financial Officer;
- the variable remuneration for the Chief Executive Officer and the other members of the Executive Management for their performance in 2015;
- the base remuneration for the Chief Executive Officer and the other members of the Executive Management for 2016;
- the Personal Shareholding Requirement Plan for the Chief Executive Officer and the other members of the Bekaert Group Executive;
- positioning of the remuneration for the members of the Executive Management;
- target setting for 2016;
- the long term incentive grants;
- positioning of the remuneration for the non-executive Directors.

Strategic Committee

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

Name	Expiry of current Board term	Number of meetings attended
Bert De Graeve	2019	4
Leon Bekaert	2019	4
Charles de Liedekerke	2019	4
Maxime Jadot	2019	4
Martina Merz ⁽¹⁾	2020	2
Matthew Taylor	2018	4
Manfred Wennemer ⁽²⁾	2016	2

(1) As of the Annual General Meeting in May 2016.

(2) Until the Annual General Meeting in May 2016.

The Committee met four times in 2016 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.

Gender Diversity Law

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

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.

Mr Stijn Vanneste joined the BGE effective 1 April 2016.

Ms Beatriz García-Cos joined Bekaert as Chief Financial Officer and became member of the BGE effective 1 July 2016. She succeeded Bruno Humblet who became Chief Executive Officer of Bridon-Bekaert Ropes Group.

Name	Position	Appointed
Matthew Taylor	Chief Executive Officer	2013
Lieven Larmuseau	Executive Vice President Rubber Reinforcement Business Platforms	2014
Piet Van Riet	Executive Vice President Industrial Products and Specialty Products Business Platforms	2014
Stijn Vanneste	Executive Vice President Europe, South Asia and South East Asia	2016
Frank Vromant	Executive Vice President Americas	2011
Curd Vandekerckhove	Executive Vice President North Asia and Global Operations	2012
Beatriz García-Cos	Chief Financial Officer	2016
Geert Van Haver	Chief Technology and Engineering Officer and Executive Vice President	2014
Bart Wille	Chief Human Resources Officer and Executive Vice President	2013

The composition of the BGE will change in 2017. After having served Bekaert over the past 8 years, Bart Wille, Chief Human Resources Officer, has decided to leave the company. The name of his successor will be announced in due course.

Conduct policies

Statutory conflicts of interest in the Board of Directors

In accordance with Article 523 of the Companies Code, a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he has a direct or indirect conflict of interest of a financial nature with the Company, and should refrain from participating in the discussion of and voting on those items. A conflict of interest arose on three occasions in 2016, and the provisions of Article 523 were complied with on such occasions.

On 23 February 2016 the Board had to determine the remuneration of the Chief Executive Officer (amongst which the proposed short term variable remuneration of € 606 375 for the CEO on account of his 2015 performance). Excerpt from the minutes:

RESOLUTION

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

- *approves the proposed short term variable remuneration payable to the CEO on account of his 2015 performance;*
- *approves the proposed base salary increase for the CEO, to apply as from 1 July 2016;*
- *approves the proposed exceptional grant of 10 000 performance share units for the CEO and the related performance target, in accordance with the Performance Share Plan NV Bekaert SA 2015-2017.*

RESOLUTION

On the motion of the Nomination and Remuneration Committee, the Board acknowledges that no mid-term variable remuneration is payable in respect of the period 2013-2015.

RESOLUTION

On the motion of the Nomination and Remuneration Committee, the Board approves the short term variable remuneration objectives for the CEO in respect of 2016.

RESOLUTION

On the motion of the Nomination and Remuneration Committee, the Board approves the Personal Shareholding Requirement Plan for the CEO and the other BGE members.

On 10 May 2016 the Board had to decide on the indemnification of the civil director's liability of Mr Grégory Dalle by the Company in accordance with paragraph II.7.2 of the Bekaert Charter. Excerpt from the minutes:

RESOLUTION

The Board resolves to fully indemnify Mr Grégory Dalle from and against any and all financial consequences of his civil liability as a Director of the Company, except if such liability results from fraudulent intent or wilful misconduct.

On 17 November 2016 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 resolves to:

- *raise the annual variable pay target for the CEO from 60% to 75% as of the variable pay year 2017;*
- *consider every year, at the discretion of the Board, to add an exceptional long term incentive grant of 10 000 performance shares for the CEO on top of the regular performance shares grant in December.*

RESOLUTION

On the motion of the Nomination and Remuneration Committee, the Board approves the offer of 30 000 options to the CEO.

RESOLUTION

On the motion of the Nomination and Remuneration Committee, the Board approves the proposed performance targets with respect to the performance share units that will be granted in December 2016.

Other transactions with Directors and Executive Management

The Bekaert Charter contains conduct guidelines with respect to direct and indirect conflicts of interest of the members of the Board of Directors and the BGE that fall outside the scope of Article 523 of the Companies Code. Those members are deemed to be related parties to Bekaert and have to report, on an annual basis, their direct or indirect transactions with Bekaert or its subsidiaries. Bekaert is not aware of any potential conflict of interest concerning such transactions occurring in 2016 (cf. Note 7.5 to the consolidated financial statements).

Market abuse

In accordance with provision 3.7 of the Belgian Corporate Governance Code, the Board of Directors has, on 27 July 2006, promulgated the Bekaert Dealing Code. As a result of the EU Market Abuse Regulation, the Board of Directors has, on 28 July 2016, approved a new version of the Bekaert Dealing Code, effective 3 July 2016. The Bekaert Dealing Code is included in its entirety in the Bekaert Charter as Appendix 4. The Bekaert Dealing Code restricts transactions in Bekaert financial instruments by members of the Board of Directors, the BGE, senior management and certain other persons during closed and prohibited periods. The Code also contains rules concerning the disclosure of executed transactions by leading managers and their closely associated persons through a notification to the Company and to the Belgian Financial Services and Markets Authority (FSMA). The Company Secretary is the Dealing Code Officer for purposes of the Bekaert Dealing Code.

Corporate governance statement

1. Description of the procedure used in 2016 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 2016 for the non-executive Directors and Executive Management

Non-executive Directors

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

Non-executive Directors who are members of a Board Committee receive a fee for each Committee meeting attended in person. As an executive Director the Chief Executive Officer does not receive such attendance fee.

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

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

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

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

Expenses that are reasonably incurred in the performance of their duties are reimbursed to Directors, upon submission of suitable justification. In making such expenses, the Directors should take into account the Board Member Expense Policy.

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

Executive managers

The main elements of the Group's executive remuneration policy are a base remuneration, a short-term and a long-term variable remuneration, a pension contribution and various other components. The Group offers competitive total remuneration packages with the objective to attract and retain the best executive and management talent in every part of the world in which the Group is operating.

The remuneration of the executive managers is regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international references.

A strong focus on performance and achievements at Group and individual level is reflected in the short-term variable remuneration program, which is directly linked to the annual business objectives. The Group's long-term variable remuneration program aims at rewarding managers and executives for their contribution to the creation of enhanced shareholder value over time. This program is typically linked to the Company's longer term performance and to the future appreciation of the Company's shares.

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

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

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

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

3. Remuneration of the Directors in respect of 2016

The amount of the remuneration and other benefits granted directly or indirectly to the Directors, by the Company or its subsidiaries, in respect of 2016 is set forth on an individual basis in the table below.

The remuneration of the Chairman for the performance of all his duties in the Company was a set gross amount of € 250 000.

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

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

The remuneration of each Director, except the Chairman and the Chief Executive Officer, for the performance of his duties as a member of a Board Committee was an amount of € 3 000 for each Committee meeting attended in person.

	in €	Set amount	Amount for Board attendance	Amount for Committee attendance	Total
Chairman					
Bert De Graeve		250 000			250 000
Board members					
Celia Baxter		21 000	16 800	3 000	40 800
Alan Begg		42 000	25 200	6 000	73 200
Leon Bekaert		42 000	25 200	12 000	79 200
Grégory Dalle		42 000	25 200	0	67 200
Charles de Liedekerke		42 000	25 200	12 000	79 200
François de Visscher		21 000	8 400	0	29 400
Christophe Jacobs van Merlen		21 000	16 800	12 000	49 800
Hubert Jacobs van Merlen		42 000	25 200	22 000	89 200
Maxime Jadot		42 000	25 200	12 000	79 200
Pamela Knapp		21 000	16 800	12 000	49 800
Lady Barbara Judge CBE		21 000	8 400	11 000	40 400
Martina Merz		21 000	16 800	6 000	43 800
Mei Ye		42 000	25 200	0	67 200
Matthew Taylor		42 000	25 200	0	67 200
Bernard van de Walle de Ghelcke		21 000	8 400	0	29 400
Emilie van de Walle de Ghelcke		21 000	16 800	0	37 800
Baudouin Velge		21 000	8 400	6 000	35 400
Henri Jean Velge		21 000	16 800	0	37 800
Manfred Wennemer		21 000	8 400	6 000	35 400
		Total Directors' Remuneration 1 281 400			

4. Remuneration of the Chief Executive Officer in respect of 2016 in his capacity as a Director

In his capacity as a Director, the Chief Executive Officer is entitled to the same remuneration as the non-executive Directors, except the remuneration for attending Board Committee meetings for which he receives no compensation (cf. the table above). The remuneration received by the Chief Executive Officer as a Director is included in the base remuneration mentioned in the table in section 6 below.

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

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

- a short-term variable remuneration, with objectives related to the annual business plan. The objectives are set at the beginning of the year by the Nomination and Remuneration Committee and are approved by the Board. Those objectives include a weighted average of both Group and individual financial and non-financial targets which are relevant in evaluating annual financial performance of the Group and progress achieved against the agreed strategic objectives; they are evaluated annually by the Board. One third of the annual short-term variable remuneration of the Chief Executive Officer is deferred over a period of twenty-four months; no deferral is applicable for the other members of the BGE.
- a long-term variable remuneration, in the form of:
 - the offer of a variable amount of stock options;
 - the grant of a fixed amount of performance share units which will vest following a vesting period of three years, conditional to the achievement of a pre-set performance target.

Detailed information regarding the criteria, terms and method of performance evaluation for the long-term variable remuneration can be found in section 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 half of this variable remuneration is based on criteria over a period of minimum three years.

6. Remuneration of the Chief Executive Officer in respect of 2016

The amount of the remuneration and other benefits granted directly or indirectly to the Chief Executive Officer, by the Company or its subsidiaries, in respect of 2016 for his Chief Executive Officer role is set forth below.

Matthew Taylor	Remuneration(1)	Comments
Base remuneration	€ 750 226	Includes Belgian base remuneration as well as Belgian and foreign director fees(2)
Short-term variable remuneration	€ 636 694	Annual variable remuneration, based on 2016 performance(3)
Mid-term variable remuneration	€ 181 913	Mid-term variable remuneration, based on 2014-2016 performance(4)
Long-term variable remuneration:		
- Stock option grant	25 000 options	Number of stock options granted
- Performance share units	16 500 units	Number of performance share units granted
Pension	€ 151 594	Defined Contribution Plan
Other remuneration elements	€ 53 083	Includes: company car and risk insurances

(1) In respect of 2016.

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

(3) This does include the deferred annual variable remuneration based on 2016 performance.

(4) The mid-term plan was replaced by the new long term incentive plans end of 2015.

7. Remuneration of the other Bekaert Group Executive members in respect of 2016

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 2016 is set forth below on a global basis.

	Remuneration ⁽¹⁾	Comments
Base remuneration	€ 2 722 139	Includes Belgian base remuneration as well as Belgian and foreign director fees
Short-term variable remuneration	€ 2 016 603	Annual variable remuneration, based on 2016 performance
Mid-term variable remuneration	€ 459 333	Mid-term variable remuneration, based on 2014-2016 performance ⁽²⁾
Long-term variable remuneration:		
- Stock option grant	66 250 options	Number of stock options granted
- Performance share units	22 500 units	Number of performance share units granted
Pension	€ 441 401	Defined Contribution and Defined Benefit Plan
Other remuneration elements	€ 153 264	Includes company car and risk insurances

(1) In respect of 2016.

(2) The mid-term plan was replaced by the new long term incentive plans end of 2015.

8. Stock Options and Performance Share Units for Executive Management granted in 2016

The number of performance share units and the number of stock options granted to the Chief Executive Officer and the other members of the BGE in 2016, and the number of options exercised by them or forfeited in 2016 are set forth on an individual basis in the table below.

The stock options granted to the Chief Executive Officer and the other BGE members in 2016 are based on the SOP2015-2017 plan that was proposed by the Board of Directors and approved by a Special General Meeting in 2015. The plan offers options to acquire existing Company shares. There is one regular offer of options in December in each of the years 2015 through 2017, and the options are granted on the sixtieth day following the date of their offer (i.e. in February of the following year).

The 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 2015 and granted in February 2016 is € 26.375 per share.

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

The stock options that were exercisable in 2016 are based on the initial three grants of the SOP2010-2014 plan and on the predecessor plans to the SOP2010-2014 plan. The terms of the earlier plans are similar to those of the SOP2015-2017 plan, but the options that were granted to employees under the predecessor plans to the SOP2010-2014 plan took the form of subscription rights entitling the holders to acquire newly issued Company shares, while self-employed beneficiaries are entitled to acquire existing shares as in the SOP2010-2014 plan.

The performance share units granted in 2016 to the Chief Executive Officer and the other members of the BGE are based on the Performance Share Plan 2015-2017 that was proposed by the Board of Directors and approved by a Special General Meeting in 2015. The plan offers rights with respect to Company shares to the members of the BGE, the senior management and a limited number of management staff members of the Company and a number of its subsidiaries (the rights, "performance share units" and the shares, "performance shares"). Each performance share unit entitles the beneficiary to acquire one performance share subject to the conditions of the Performance Share Plan 2015-2017. These performance share units will vest following a vesting period of three years, conditional to the achievement of a pre-set performance target. The performance target is set annually by the Board of Directors, in line with the Company strategy. The precise vesting level of the performance share units will depend upon the actual achievement level of the vesting criterion, with no vesting at all if the actual performance is below the defined minimum threshold.

Upon achievement of said threshold, there will be a minimum vesting of 50% of the granted performance share units; full achievement of the agreed vesting criterion will lead to a par vesting of 100% of the granted performance share units, whereas there will be a maximum vesting of 300% of the granted performance share units if the actual performance is at or above an agreed ceiling level.

In between these levels, the vesting will be proportionate. Upon vesting, the beneficiaries will also receive the value of the dividends relating to the previous three years with respect to such (amount of) performance shares to which the effectively vested performance share units relate. It is foreseen that there is one performance share unit grant in each of the years 2015 through 2017, and the aggregate number of performance share units to be offered is determined each year by the Board of Directors on the motion of the Nomination and Remuneration Committee. The performance share units are granted to the beneficiaries for free.

Name	Number of performance share units granted in 2016	Number of stock options granted in February 2016	Number of stock options exercised in 2016	Number of stock options forfeited in 2016
Matthew Taylor	16 500	25 000	-	-
Beatríz García-Cos	5 000	-	-	-
Lieven Larmuseau	2 500	10 000	26 200	-
Geert Van Haver	2 500	10 000	17 000	-
Piet Van Riet	2 500	10 000	10 800	-
Curd Vandekerckhove	2 500	10 000	20 000	-
Stijn Vanneste	2 500	6 250	3 600	-
Frank Vromant	2 500	10 000	13 400	-
Bart Wille	2 500	10 000	10 000	-

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 twelve months.

10. Departure of Executive Managers

No member of the Executive Management left the Group in 2016.

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 2016

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

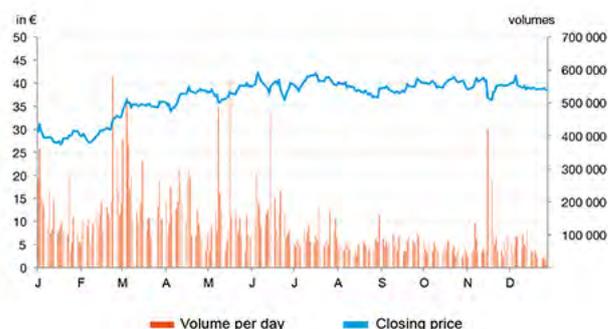
The Bekaert share is listed on NYSE Euronext Brussels as ISIN BE0974258874 (BEKB) and was first listed in December 1972. The ICB sector code is 2727 Diversified Industrials.

Share performance against stock indices

in €	2012	2013	2014	2015	2016
Price as at 31 December	21.875	25.720	26.345	28.385	38.485
Price high	33.500	31.110	30.195	30.000	42.450
Price low	17.210	20.010	21.900	22.580	26.560
Price average closing	22.592	24.926	27.155	26.124	37.065
Daily volume	218 850	126 923	82 813	120 991	123 268
Daily turnover (in millions of €)	5.0	3.1	2.1	3.1	4.5
Annual turnover (in millions of €)	1 313	796	527	804	1 147
Velocity (% annual)	93	54	35	52	53
Velocity (% adjusted free float)	144	90	59	86	88
Free float (%)	61	59.9	55.7	56.7	59.2

Volumes traded

The average daily trading volume was about 123 000 shares in 2016, an increase by 2% compared to 2015. The volume peaked on 26 February, when 578 329 shares were traded.

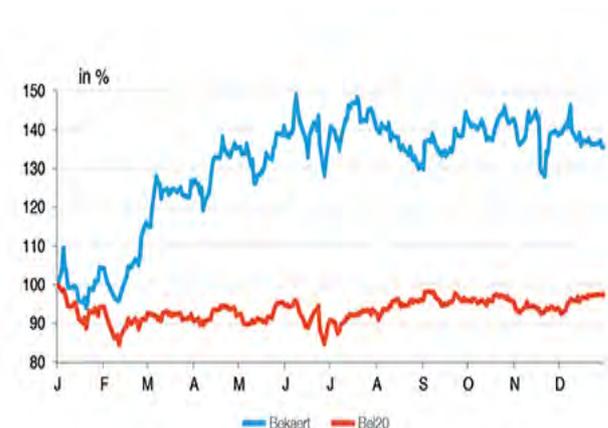


Bekaert versus BEL20®, NEXT100 and NEXT150

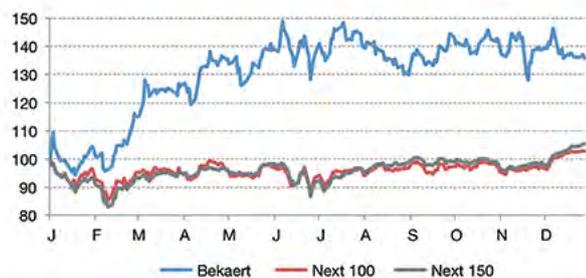
Effective 20 March 2017 Bekaert is ranked 20th in the BEL20® index based upon a market capitalization of € 2.52 billion and a free float market capitalization of € 1.51 billion (59.27%* and within the free float band of 60%), and with an annual velocity at 47% and a weight of 1.24%.

* Denominator excluding treasury shares and shares held by the principal shareholder.

Bekaert versus BEL20® (2016)



Bekaert versus NEXT100 and NEXT150 (2016)



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).

Stichting Administratiekantoor Bekaert (principal shareholder) owns 34.41 % of the shares, while the identified institutional shareholders own 33.25% of the shares. Retail represents 11.33% while Private Banking 6.69% and treasury shares 6.44%. 7.88% is unidentified. Of the total number of Bekaert shares, 0.34% is in registered form.

Capital structure

As of 31 December 2016 the registered capital of the Company amounts to € 177 612 000, and is represented by 60 347 525 shares without par value. The shares are in registered or dematerialized form.

Authorized capital

The authority granted to the Board of Directors by the resolution of the General Meeting of Shareholders of 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) continued in effect until 20 June 2016.

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

Convertible bonds

The Board of Directors has made use of its powers under the authorized capital granted by the General Meeting of Shareholders of 9 May 2012 in connection with the issuance of convertible bonds.

The Board of Directors resolved on 21 May 2014 to issue senior unsecured convertible bonds due 18 June 2018 for an aggregate amount of approximately € 300 000 000 (the "2014 Convertible Bonds"). These convertible bonds carried a coupon of 0.75% per annum and their conversion price amounted to € 37.06 per share.

The Board of Directors has again made use of its powers under the authorized capital when it resolved on 18 May 2016 to issue senior unsecured convertible bonds due June 2021 for an aggregate amount of € 380 000 000 (the "2016 Convertible Bonds"). These convertible bonds carry a zero-coupon and their conversion price amounts to € 51.25 per share. Concurrently with the issuance of the 2016 Convertible Bonds, the Company repurchased through a reverse bookbuilding process or redeemed all outstanding 2014 Convertible Bonds. All repurchased or redeemed 2014 Convertible Bonds were cancelled after settlement by the Company and on 31 December 2016 no 2014 Convertible Bonds were outstanding.

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

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

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

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

The total number of outstanding subscription rights under the SOP2005-2009 stock option plan and convertible into Bekaert shares is 234 486. A total of 222 000 subscription rights were exercised in 2016 under the SOP2005-2009 employee stock option plan, resulting in the issue of 222 000 new Company shares, and an increase of the registered capital by € 655 000 and of the share premium by € 4 709 489.

In addition to the 4 248 710 treasury shares held by it as of 31 December 2015, the Company purchased 28 785 own shares in the course of 2016. A total of 316 042 stock options were exercised in 2016 under the SOP2010-2014 stock option plan and a total of 55 680 stock options were exercised under the SOP2 stock option plan. 371 722 treasury shares were used for that purpose. 20 327 treasury shares were sold to members of Executive Management in the context of the Personal Shareholding Requirement Plan (at a price equal to the closing price at Euronext on the day of the transfer). No treasury shares were cancelled in 2016. As a result, the Company held an aggregate 3 885 446 treasury shares as of 31 December 2016.

The first grant of options under the SOP2015-2017 plan took place on 15 February 2016, when 227 250 options were granted. Each such option will be convertible into one existing Company share at an exercise price of € 26.375.

A second offer of 285 750 options under the SOP2015-2017 plan was made on 15 December 2016, and 273 325 of those options were accepted and were granted on 13 February 2017.

Each option of the second series will be convertible into one existing Company share at an exercise price of €39.426.

A second regular grant of 52 450 performance share units under the Performance Share Plan 2015-2017 was made on 15 December 2016. In addition, an exceptional grant of 10 000 performance share units for the Chief Executive Officer was made on 29 February 2016 and an exceptional grant of 2 500 performance share units for the newly hired Chief Financial Officer was made on 1 July 2016. Each performance share unit entitles the beneficiary to acquire one performance share subject to the conditions of the Performance Share Plan 2015-2017. These performance share units will vest following a vesting period of three years, conditional to the achievement of a pre-set performance target. The precise vesting level of the performance share units will depend upon the actual achievement level of the vesting criterion, with no vesting at all if the actual performance is below the defined minimum threshold. Upon achievement of said threshold, there will be a minimum vesting of 50% of the granted performance share units; full achievement of the agreed vesting criterion will lead to a par vesting of 100% of the granted performance share units, whereas there will be a maximum vesting of 300% of the granted performance share units if the actual performance is at or above an agreed ceiling level. In between these levels, the vesting will be proportionate.

The SOP2015-2017 plan and its predecessor SOP plans comply with the relevant provisions of the Act of 26 March 1999 and with Articles 520ter and 525, last paragraph, of the Companies Code. Detailed information about capital, shares and stock option plans is given in the Financial Review (Note 6.12 to the consolidated financial statements).

Dividend policy

Per share

	in €	2012	2013	2014	2015	2016*
Total gross dividend		0.850	0.850	0.850	0.900	1.100
Net dividend**		0.638	0.638	0.638	0.657	0.770
Coupon number		4	5	6	7	8

* The dividend is subject to approval by the General Meeting of Shareholders 2017.

** Subject to the applicable tax legislation.

The Board of Directors will propose that the Annual General Meeting to be held on 10 May 2017 approve the distribution of a gross dividend € 1.10 per share.

General Meeting of Shareholders

The Annual General Meeting was held on 11 May 2016. An Extraordinary General Meeting was held on the same day. The resolutions of the meetings are available at www.bekaert.com.

Elements pertinent to a take-over bid

Restrictions on the transfer of securities

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

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

Restrictions on the exercise of voting rights

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

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

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

Agreements among shareholders

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

Appointment and replacement of Directors

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

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

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

The appointment process for Directors is led by the Chairman of the Board. The Nomination and Remuneration Committee submits a reasoned recommendation to the full Board which, on that basis, decides which candidates will be nominated to the General Meeting for appointment. Directors can, as a rule, be reappointed for an indefinite number of terms, provided they are at least 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 20 June 2016, but can be extended by the General Meeting.

Within the framework of that authority the Board can also, during a period of three years from 20 June 2016, increase the registered capital, upon receipt by the Company of a notice from the FSMA of a public takeover bid, and provided that:

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

This authority can also be extended by the General Meeting.

The Board of Directors is authorized by Article 12 of the Articles of Association to acquire a maximum number of own shares that, in the aggregate, represent no more than 20% of the issued capital, during a period of five years from 20 June 2016 (that can be extended by the General Meeting), at a price ranging between minimum € 1.00 and maximum 30% above the arithmetic average of the closing price of the Bekaert share during the last thirty trading days preceding the Board's resolution to acquire. The Board is authorized to cancel all or part of the purchased shares during such five-year period.

The Board is also authorized to acquire own shares, if required to prevent a threatened serious harm to the Company, including a public takeover bid. Such authority is granted for a period of three years from 24 April 2015, but can be extended by the General Meeting.

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

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

Change of control

The Company is a party to a number of significant agreements that take effect, alter or terminate upon a change of control of the Company following a public takeover bid or otherwise. To the extent that those agreements grant rights to third parties that affect the assets of the Company or that give rise to a debt or an obligation of the Company, those rights were granted by the Special General Meetings held on 13 April 2006, 16 April 2008, 15 April 2009, 14 April 2010 and 7 April 2011 and by the Annual General Meetings held on 9 May 2012, 8 May 2013, 14 May 2014, 13 May 2015 and 11 May 2016 in accordance with Article 556 of the Companies Code; the minutes of those meetings were filed with the Registry of the Commercial Court of Gent, division Kortrijk on 14 April 2006, 18 April 2008, 17 April 2009, 16 April 2010, 15 April 2011, 30 May 2012, 23 May 2013, 20 June 2014, 19 May 2015 and 18 May 2016 respectively and are available at www.bekaert.com.

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

Other elements

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

Control and ERM

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

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

Control environment

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

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

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

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

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

The recently acquired companies of the Bridon Group are using different systems which are in the process of being aligned to and harmonized in the way of working to the existing Bekaert practices.

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

Risk assessment

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

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

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

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

Control activities

The proper application by the legal entities of the accounting principles as described in the IFRS manual, as well as the accuracy, consistency and completeness of the reported information, is reviewed on an ongoing basis by the control organization (as described above).

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

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

Information and communication

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

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

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

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

Monitoring

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

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

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

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

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

General internal control and ERM

The Board of Directors and the BGE have approved the Bekaert Code of Conduct, which was first issued on 1 December 2004 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 2016 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 regulations;
- creditworthiness of customers; and
- the risk of failure of the banking system in specific countries.

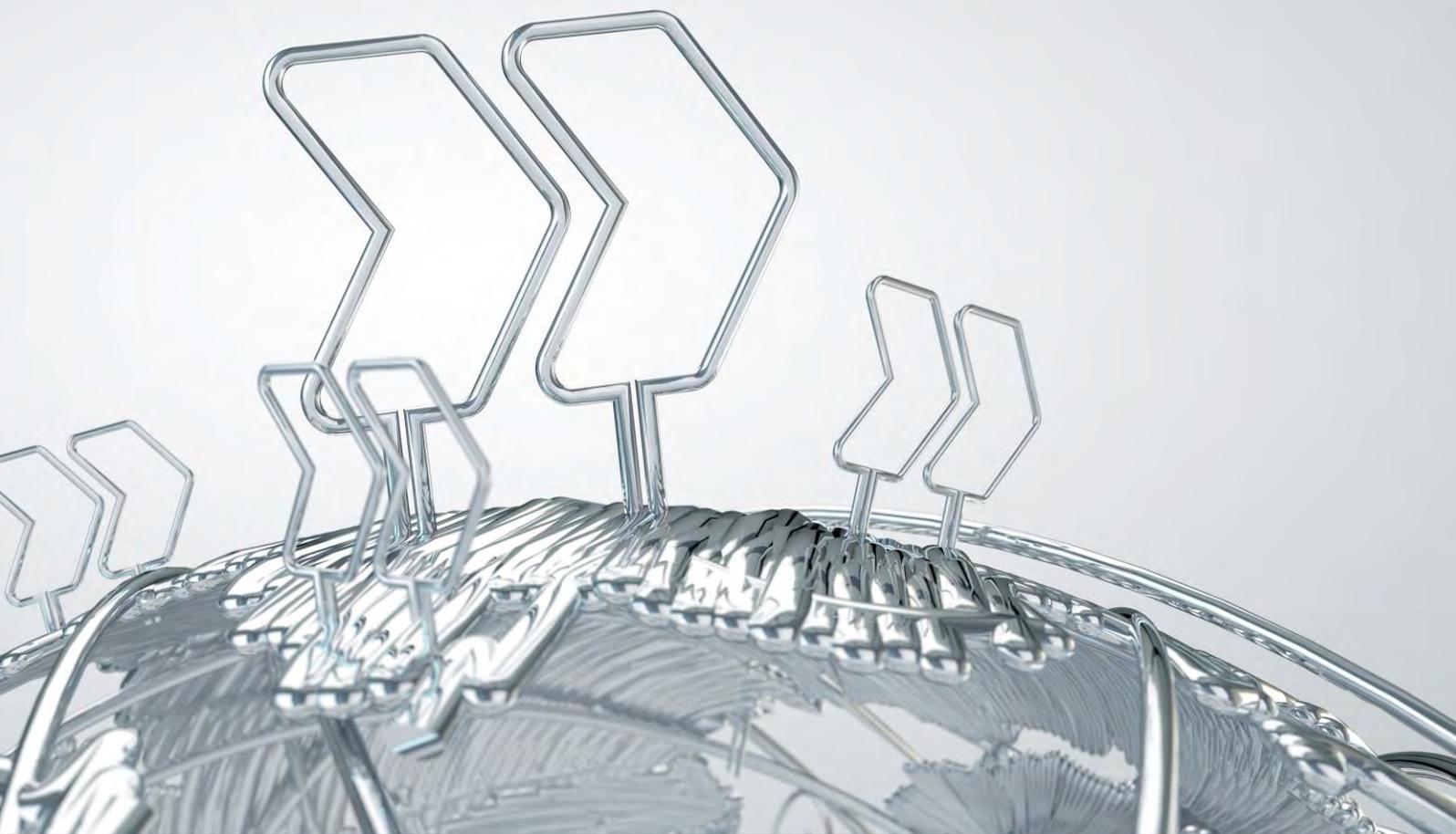
References

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 of the 2016 Annual Report, starting at page 4

A description of the principal risks and uncertainties is included in the Corporate Governance Statement, page 60 of the first part of the 2016 Annual Report. In addition, reference is made to Notes 3 page 23-24 and 7.3 to the consolidated financial statements, pages 83-95 of the Financial Review in the 2016 Annual Report.

2. The significant events occurring after the balance sheet date are described in Note 7.6 to the consolidated financial statements, page 98 of the Financial Review in the 2016 Annual Report.
3. The research and development activities are described in the Chapter Technology & Innovation, page 23 of the 2016 Annual Report. In addition, reference is made to Notes 5.1 and 5.2 to the consolidated financial statements, pages 29-31 of the Financial Review in the 2016 Annual Report.
4. The information concerning the use of financial instruments is included in Note 7.3 to the consolidated financial statements, page 83-95 of the Financial Review in the 2016 Annual Report.



Financial review

Table of contents

Consolidated financial statements	4
Consolidated income statement	4
Consolidated statement of comprehensive income	5
Consolidated balance sheet	6
Consolidated statement of changes in equity	7
Consolidated cash flow statement.....	8
Notes to the consolidated financial statements	9
1. General information	9
2. Summary of principal accounting policies	9
2.1. Statement of compliance.....	9
- New and amended standards and interpretations	9
2.2. General principles	11
- Basis of preparation.....	11
- Principles of consolidation	11
- Foreign currency translation	11
2.3. Balance sheet items	12
- Intangible assets.....	12
- Goodwill and business combinations	13
- Property, plant and equipment.....	13
- Leases	13
- Government grants	14
- Financial assets	14
- Inventories	15
- Share capital.....	15
- Non-controlling interests	15
- Provisions	15
- Employee benefit obligations.....	15
- Interest-bearing debt.....	16
- Trade payables and other current liabilities	16
- Income taxes	16
- Derivatives, hedging and hedging reserves	17
- Impairment of assets	17
2.4. Income statement items	18
- Revenue recognition.....	18
- Underlying performance measures.....	18
2.5. Statement of comprehensive income and statement of changes in equity	18
2.6. Miscellaneous.....	18
- Non-current assets held for sale and discontinued operations	18
- Contingencies	19
- Events after the balance sheet date	19
2.7. Restatement and reclassification effects	20
3. Critical accounting judgments and key sources of estimation uncertainty	23
3.1. Critical judgments in applying the entity's accounting policies	23
3.2. Key sources of estimation uncertainty	24
4. Segment reporting	25
5. Income statement items and other comprehensive income	29
5.1. Operating result (EBIT) by function	29
5.2. Operating result (EBIT) by nature.....	31

5.3.	Interest income and expense	32
5.4.	Other financial income and expenses	32
5.5.	Income taxes	33
5.6.	Share in the results of joint ventures and associates	34
5.7.	Earnings per share	34
6.	Balance sheet items	36
6.1.	Intangible assets	36
6.2.	Goodwill	37
6.3.	Property, plant and equipment	40
6.4.	Investments in joint ventures and associates	42
6.5.	Other non-current assets.....	45
6.6.	Deferred tax assets and liabilities.....	46
6.7.	Operating working capital	49
6.8.	Other receivables	50
6.9.	Cash & cash equivalents and short-term deposits	50
6.10.	Other current assets.....	50
6.11.	Assets classified as held for sale and liabilities associated with those assets.....	51
6.12.	Ordinary shares, treasury shares and equity settled share based payments	52
6.13.	Retained earnings and other Group reserves	57
6.14.	Non-controlling interests.....	60
6.15.	Employee benefit obligations	65
6.16.	Provisions.....	74
6.17.	Interest-bearing debt	75
6.18.	Other non-current liabilities	76
6.19.	Other current liabilities.....	76
7.	Miscellaneous items	77
7.1.	Notes to the cash flow statement	77
7.2.	Effect of business combinations	80
7.3.	Financial risk management and financial derivatives	83
7.4.	Contingencies and commitments	96
7.5.	Related parties	97
7.6.	Events after the balance sheet date	98
7.7.	Services provided by the statutory auditor and related persons	98
7.8.	Subsidiaries, joint ventures and associates.....	99

Parent company information..... 104

Annual report of the Board of Directors and financial statements of NV Bekaert SA..... 104

Proposed appropriation of NV Bekaert SA 2016 result..... 106

Appointments pursuant to the Articles of Association..... 106

Auditor's report..... 107

Consolidated financial statements

Consolidated income statement

in thousands of € - Year ended 31 December	Notes	2015	2016
Sales	5.1.	3 671 081	3 715 217
Cost of sales	5.1.	-3 073 407	-3 025 225
Gross profit	5.1.	597 674	689 992
Selling expenses	5.1.	-156 106	-175 340
Administrative expenses	5.1.	-140 679	-139 558
Research and development expenses	5.1.	-64 597	-63 590
Other operating revenues	5.1.	85 516	24 376
Other operating expenses	5.1.	-102 422	-76 226
Operating result (EBIT)	5.1.	219 386	259 654
EBIT - Underlying	5.1. / 5.2.	231 482	304 952
Interest income	5.3.	8 585	6 325
Interest expense	5.3.	-70 758	-79 493
Other financial income and expenses	5.4.	-33 810	-37 458
Result before taxes		123 403	149 028
Income taxes	5.5.	-36 259	-62 052
Result after taxes (consolidated companies)		87 144	86 976
Share in the results of joint ventures and associates	5.6.	18 320	25 445
RESULT FOR THE PERIOD		105 464	112 421
Attributable to			
<i>the Group</i>		101 722	105 166
<i>non-controlling interests</i>	6.14.	3 742	7 255
Earnings per share			
in € per share	5.7.	2015	2016
Result for the period attributable to the Group			
<i>Basic</i>		1.822	1.869
<i>Diluted</i>		1.814	1.849

The accompanying notes are an integral part of this income statement. 2015 amounts have been affected by minor restatements (see note 2.7. 'Restatement and reclassification effects').

Consolidated statement of comprehensive income

in thousands of € - Year ended 31 December	Notes	2015	2016
Result for the period		105 464	112 421
Other comprehensive income (OCI)	6.13.		
<i>Other comprehensive income reclassifiable to income statement in subsequent periods</i>			
Exchange differences			
Exchange differences arising during the year on subsidiaries		9 056	15 717
Exchange differences arising during the year on joint ventures and associates		-26 131	21 120
Reclassification adjustments relating to entity disposals or step acquisitions		393	-
Inflation adjustments		1 208	1 483
Cash flow hedges			
Fair value changes to hedging instruments		6 034	1 284
Reclassification adjustments for amounts recognized in income statement		-5 859	-542
Available-for-sale investments			
Net fair value gain on available-for-sale investments during the year		-	1 758
Reclassification adjustments relating to impairments or disposals		-2 001	591
Deferred taxes relating to reclassifiable OCI	6.6.	-67	-135
OCI reclassifiable to income statement in subsequent periods, after tax		-17 367	41 276
<i>Other comprehensive income non-reclassifiable to income statement in subsequent periods</i>			
Remeasurement gains and losses on defined-benefit plans		14 473	-9 978
Share of non-reclassifiable OCI of joint ventures and associates		-30	40
Deferred taxes relating to non-reclassifiable OCI	6.6.	-603	-602
OCI non-reclassifiable to income statement in subsequent periods, after tax		13 840	-10 540
Other comprehensive income for the period		-3 527	30 736
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		101 937	143 157
Attributable to			
the Group		91 993	134 687
non-controlling interests	6.14.	9 944	8 470

The accompanying notes are an integral part of this statement of comprehensive income. 2015 amounts have been affected by minor restatements (see note 2.7. 'Restatement and reclassification effects').

Consolidated balance sheet

Assets as at 31 December			
in thousands of €			
	Notes	2015	2016
Non-current assets		1 921 987	2 136 528
Intangible assets	6.1.	109 448	140 377
Goodwill	6.2.	35 699	152 345
Property, plant and equipment	6.3.	1 490 454	1 514 714
Investments in joint ventures and associates	6.4.	114 119	146 582
Other non-current assets	6.5.	39 773	32 142
Deferred tax assets	6.6.	132 494	150 368
Current assets		1 960 422	2 167 785
Inventories	6.7.	628 731	724 500
Bills of exchange received	6.7.	68 005	60 182
Trade receivables	6.7.	686 364	739 145
Other receivables	6.8.	99 286	108 484
Short-term deposits	6.9.	10 216	5 342
Cash and cash equivalents	6.9.	401 771	365 546
Other current assets	6.10.	66 049	52 225
Assets classified as held for sale	6.11.	-	112 361
Total		3 882 409	4 304 313

Equity and liabilities as at 31 December			
in thousands of €			
	Notes	2015	2016
Equity		1 511 651	1 597 893
Share capital	6.12.	176 957	177 612
Share premium		31 884	36 594
Retained earnings	6.13.	1 397 110	1 432 394
Treasury shares	6.13.	-144 747	-127 974
Other Group reserves	6.13.	-78 993	-51 534
Equity attributable to the Group		1 382 211	1 467 092
Non-controlling interests	6.14.	129 440	130 801
Non-current liabilities		1 083 412	1 504 487
Employee benefit obligations	6.15.	172 681	182 641
Provisions	6.16.	50 198	63 107
Interest-bearing debt	6.17.	792 116	1 161 310
Other non-current liabilities	6.18.	15 204	44 873
Deferred tax liabilities	6.6.	53 213	52 556
Current liabilities		1 287 346	1 201 933
Interest-bearing debt	6.17.	501 224	297 916
Trade payables	6.7.	456 783	556 361
Employee benefit obligations	6.7. / 6.15.	131 281	132 913
Provisions	6.16.	26 973	17 720
Income taxes payable		105 832	101 683
Other current liabilities	6.19.	65 253	61 840
Liabilities associated with assets classified as held for sale	6.11.	-	33 500
Total		3 882 409	4 304 313

The accompanying notes are an integral part of this balance sheet. 2015 amounts have been affected by minor restatements (see note 2.7. 'Restatement and reclassification effects').

Consolidated statement of changes in equity

in thousands of €	Other Group reserves ¹								Total
	Share capital	Share premium	Retained earnings	Treasury shares	Cumulative translation adjustments	Other reserves	Equity attributable to the Group	Non-controlling interests ²	
Balance as at 1 January 2015 (as previously reported)	176 914	31 693	1 352 197	-145 953	-6 149	-41 911	1 366 791	199 421	1 566 212
Restatements	-	-	-	-	-	-3 297	-3 297	-2 348	-5 645
Balance as at 1 January 2015 (restated)	176 914	31 693	1 352 197	-145 953	-6 149	-45 208	1 363 494	197 073	1 560 567
Total comprehensive income for the period	-	-	103 421	-	-22 300	10 872	91 993	9 944	101 937
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	14 967	14 967
Reclassifications	-	-	16 407	-	-	-16 407	-	-	-
Effect of business combination with Pirelli	-	-	227	-	-	-227	-	1 732	1 732
Effect of business combination with Arrium	-	-	-	-	-	-	-	-7 086	-7 086
Effect of Ropes portfolio realignment with Chilean partners	-	-	-16 972	-	-1 364	-126	-18 462	-71 223	-89 685
Effect of purchasing non-controlling interests	-	-	-10 712	-	-654	4	-11 362	-6 609	-17 971
Effect of other changes in Group structure	-	-	548	-	-341	1	208	-1 967	-1 759
Equity-settled share-based payment plans	-	-	-	-	-	2 906	2 906	-	2 906
Creation of new shares	43	191	-	-	-	-	234	-	234
Treasury shares transactions	-	-	-	1 206	-	-	1 206	-	1 206
Dividends	-	-	-48 006	-	-	-	-48 006	-7 391	-55 397
Balance as at 31 December 2015	176 957	31 884	1 397 110	-144 747	-30 808	-48 185	1 382 211	129 440	1 511 651
Balance as at 1 January 2016	176 957	31 884	1 397 110	-144 747	-30 808	-48 185	1 382 211	129 440	1 511 651
Total comprehensive income for the period	-	-	107 166	-	35 130	-7 609	134 687	8 470	143 157
Effect of BBRG merger	-	-	-16 389	-	-126	-20	-16 535	10 548	-5 987
Effect of other changes in Group structure	-	-	-173	-	90	-6	-89	72	-17
Equity-settled share-based payment plans	-	-	4 387	-	-	-	4 387	62	4 449
Creation of new shares	655	4 710	-	-	-	-	5 365	-	5 365
Treasury shares transactions	-	-	-9 235	16 773	-	-	7 538	-	7 538
Dividends	-	-	-50 472	-	-	-	-50 472	-17 791	-68 263
Balance as at 31 December 2016	177 612	36 594	1 432 394	-127 974	4 286	-55 820	1 467 092	130 801	1 597 893

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. 2015 amounts have been affected by minor restatements (see note 2.7. 'Restatement and reclassification effects').

Consolidated cash flow statement

in thousands of € - Year ended 31 December	Notes	2015	2016
Operating activities			
Operating result (EBIT)	5.1. / 5.2.	219 386	259 654
Non-cash items included in operating result	7.1.	246 973	256 227
Investing items included in operating result	7.1.	-13 551	1 034
Amounts used on provisions and employee benefit obligations	7.1.	-40 807	-44 864
Income taxes paid	5.5. / 7.1.	-56 657	-96 388
Gross cash flows from operating activities		355 344	375 663
Change in operating working capital	6.7.	212 266	16 336
Other operating cash flows	7.1.	15 952	7 553
Cash flows from operating activities		583 562	399 552
Investing activities			
New business combinations	7.2.	-129 833	40 917
Other portfolio investments	7.1.	-109 559	-41
Proceeds from disposals of investments	7.2.	30 761	13
Dividends received	6.4.	18 411	22 422
Purchase of intangible assets	6.1. / 7.2.	-5 868	-5 955
Purchase of property, plant and equipment	6.3.	-170 702	-158 529
Other investing cash flows	7.1.	3 806	1 187
Cash flows from investing activities		-362 984	-99 986
Financing activities			
Interest received	5.3.	7 320	7 338
Interest paid	5.3.	-64 302	-63 397
Gross dividend paid to shareholders of NV Bekaert SA		-48 006	-50 472
Gross dividend paid to non-controlling interests		-7 560	-17 505
Proceeds from non-current interest-bearing debt	6.17.	145 151	172 072
Repayment of non-current interest-bearing debt	6.17.	-127 945	-375 255
Cash flows from / to (-) current interest-bearing debt	6.17.	-184 093	-5 567
Treasury shares transactions	6.13.	1 206	7 538
Other financing cash flows	7.1.	10 421	23 193
Cash flows from financing activities		-267 808	-302 055
Net increase or decrease (-) in cash and cash equivalents		-47 230	-2 489
Cash and cash equivalents at the beginning of the period		458 542	401 771
Effect of exchange rate fluctuations		-9 541	-25 495
Cash and cash equivalents reclassified as held for sale	6.11.	-	-8 241
Cash and cash equivalents at the end of the period		401 771	365 546

The accompanying notes are an integral part of this statement. 2015 amounts have been affected by minor restatements (see note 2.7. 'Restatement and reclassification effects').

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 22 March 2017.

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 2016

The main impact from newly adopted IFRS policies relates to the amended IAS 19 'Employee Benefits' included in Annual Improvements to IFRSs (2012-2014 Cycle) (effective 1 January 2016) published in September 2014. This amendment clarifies 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. The amendment affects the discount rate to be applied to the defined-benefit plans at Ideal Alambrec SA (Ecuador), a subsidiary with US dollar functional currency, and has an effect of € -5.6 million on equity at 1 January 2015.

The following amended standards have been adopted in the current period but 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.

- 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; and IAS 34 'Interim Financial Reporting', regulating disclosure of information elsewhere in the interim financial report.

- 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.
- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets', specifying that a revenue-based depreciation method is prohibited for items of property, plant and equipment and is not an appropriate basis for amortization of an intangible asset. As the Group already uses the straight-line method for depreciation and amortization for its property, plant and equipment, and intangible assets respectively, the application of these amendments has had no impact on the Group's consolidated financial statements.

Standards, amendments and interpretations that are not yet effective in 2016 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. IFRS 9 also modifies the requirements with respect to hedge accounting and introduces the expected loss model for impairment of financial assets.

The Group does not anticipate that the application of the IFRS 9 requirements neither for the expected loss model nor for hedge accounting will have a material impact on the Group's consolidated financial statements. Bekaert very rarely applies hedge accounting. Since the merger with Bridon, the Group currently has a very limited number of cash flow hedges. As facts and circumstances may change during the period leading up to the initial date of application of IFRS 9, which is expected to be 1 January 2018 as the Group does not intend to early apply the standard, the assessment of the potential impact is subject to change.

- IFRS 15 'Revenue from Contracts with Customers' (effective 1 January 2018), establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The new standard introduces a 5-step approach to revenue recognition and measurement: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; (5) recognize revenue when (or as) the entity satisfies a performance obligation. It also requires extensive disclosures.

The Group recognizes revenue from the following sources: delivery of products and to a limited extent of services, and construction contracts. During 2016, Bekaert preliminarily assessed that the delivery of goods and services represent two separate performance obligations. Revenue will be recognized for each of these performance obligations when control over the corresponding goods and services is transferred to the customer. This is similar to the current identification of separate revenue components under IAS 18. Furthermore, we do not expect the allocation of revenue to be significantly different from that currently determined. The timing of revenue recognition of each of these performance

obligations are also expected to be consistent with current practice. As regards the construction contracts, the Group has specifically considered IFRS 15 guidance on contract combinations, variable consideration, and the assessment of whether there is a significant financing component in the contracts. The Group has preliminarily assessed that revenue from these construction contracts should be recognized over time as the customer controls the machinery during the course of construction by the Group. Furthermore, the Group considers that the input method currently used to measure progress towards complete satisfaction of these performance obligations will continue to be appropriate under IFRS 15.

The Group is still in the process of assessing the full impact of the application of IFRS 15 on the Group's financial statements and it is not practicable to provide a reasonable financial estimate of the effect until there is a complete detailed review. As a result, the above preliminary assessment is subject to change. Bekaert does not intend to early apply the standard and intends to use the cumulative effect method upon adoption.

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

IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in 7.4. 'Contingencies and commitments'. As at 31 December 2016, the Group has operating lease commitments for a nominal amount of € 100.5 million. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognize a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognized in the Group's consolidated financial statements and the Group is currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the review is complete.

- Amendments to IAS 7 'Statement of Cash Flows', Disclosure Initiative (effective 1 January 2017), requiring more disclosures on changes in liabilities arising from financing activities.

Other new and amendments to standards and interpretations effective after 2016 are not expected to have a material impact on the financial statements.

2.2. General principles

Basis of preparation

The consolidated financial statements are presented in thousands of euros, under the historical cost convention, except for 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, the income statement and the comprehensive income statement. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity. When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

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

Joint arrangements and associates

A joint arrangement exists when NV Bekaert SA has contractually agreed to share control with one or more other parties, which is the case only when decisions about the relevant activities require the

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

Foreign currency translation

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

- assets and liabilities are translated at the closing exchange rate of the European Central Bank or, in the case of the Venezuelan bolivar fuerte, at the economic rate that is deemed representative for dividend repatriations at the balance sheet date;
- income, expenses and cash flows are translated at the average exchange rate for the year, or, for the Venezuelan entities, at the economic rate at the balance sheet date, as required for entities whose functional currency is the currency of a hyperinflationary economy in accordance with

- IAS 21, 'The Effects of Changes in Foreign Exchange Rates';
- shareholders' equity is translated at historical exchange rates.

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

2.3. Balance sheet items

Intangible assets

Intangible assets acquired in a business combination are initially measured at fair value; intangible assets acquired separately are initially measured at cost. After initial recognition, intangible assets are measured at cost or fair value less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and method are reviewed at each financial year-end. A change in the useful life of an intangible asset is accounted for prospectively as a change in estimate. Under the provisions of IAS 38 intangible assets may have indefinite useful lives. If the useful life of an intangible asset is deemed indefinite, no amortization is recognized and the asset is reviewed at least annually for impairment.

Licenses, patents and similar rights

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

Computer software

Generally, costs associated with the acquisition, development or maintenance of computer software are recognized as an expense when they are incurred, but external costs directly associated with the acquisition and implementation of acquired ERP

software are recognized as intangible assets and amortized over five years on a straight-line basis.

Rights to use land

Rights to use land are recognized as intangible assets and are amortized over the contractual period 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 CO₂ emission rights, the Group has applied the 'net approach', according to which:

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

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 their proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

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

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

Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for

impairment annually, or more frequently when there is an indication that the unit's value may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Property, plant and equipment

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

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

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

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

Leases

Finance leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Items of property, plant and equipment acquired by way of finance lease are stated at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated

depreciation and impairment losses. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine it; otherwise the Company's incremental borrowing rate is used. Initial direct costs are included as part of the asset. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A finance lease gives rise to a depreciation expense for the asset as well as a finance expense for each accounting period. The depreciation policy for leased assets is consistent with that for owned depreciable assets.

Operating leases

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

Government grants

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

Financial assets

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

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

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

categorized as at FVTPL unless they are designated and effective as hedges.

Loans and receivables

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

Bills of exchange received

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

Cash & cash equivalents and short-term deposits

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

Available-for-sale financial assets

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

Impairment of financial assets

Financial assets, other than those at FVTPL, are tested for impairment when there is objective evidence that they could be impaired. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost

provides objective evidence of impairment. The Group defines a significant decline as exceeding 30% of the cost and a prolonged decline as continuing for more than one year. When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income is reclassified from equity to the income statement as an impairment loss. Impairment losses on available-for-sale financial assets are never reversed through income statement. For trade receivables and bills of exchange received, amounts deemed uncollectible are written off against the corresponding allowance account at each balance sheet date. Additions to and recoveries from this allowance account are reported under 'selling expenses' in the income statement.

Inventories

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

Share capital

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

Non-controlling interests

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

Provisions

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

Restructuring

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

Site remediation

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

Employee benefit obligations

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

Defined-benefit plans

Most pension plans are defined-benefit plans with benefits based on years of service and level of remuneration. For defined-benefit plans, the amount recognized in the balance sheet (net liability or asset) is the present value of the defined-benefit obligation less the fair value of any plan assets. The present value of the defined-benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. The present value of the defined-benefit obligation and the related current and past service costs are calculated using the projected unit credit method. The discount rate used is the yield at balance sheet date on high-quality corporate bonds with remaining terms to maturity approximating those of the Group's obligations. In case the fair value of plan assets exceeds the present value of the defined-benefit obligations, the net asset is limited to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The net interest on the net defined-benefit liability/asset is based on the same discount rate. Actuarial gains and losses comprise experience adjustments (the

effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. Past service cost is the change in the present value of the defined-benefit obligation for employee service in prior periods and resulting in the current period from a plan amendment or a curtailment. Past service costs are recognized immediately through profit or loss. Remeasurements of the net defined-benefit liability (asset) comprise (a) actuarial gains and losses, (b) the return on plan assets, after deduction of the amounts included in net interest on the net defined-benefit liability (asset) and (c) any change in the effect of the asset ceiling, after deduction of any amounts included in net interest on the net defined-benefit liability (asset). Remeasurements are recognized immediately through equity. A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined-benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

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

Defined-contribution plans

Obligations in respect of contributions to defined-contribution pension plans are recognized as an expense in the income statement as they fall due. By law, defined-contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Before 2015 the defined-contribution plans in Belgium were basically accounted for as defined-contribution plans. New legislation dated December 2015 however triggered the qualification. As a consequence, the defined-contribution plans are reported as defined-benefit obligations, whereby as from year end 2016 an actuarial valuation was performed.

Other long-term employee benefits

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

Share-based payment plans

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

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

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

Cash-settled share-based payments are recognized as liabilities at fair value, which is remeasured at each reporting date and at the date of settlement. Changes in fair value are recognized in the income statement.

The Group uses binomial models or Monte Carlo simulations to determine the fair value of the share-based payment plans.

Interest-bearing debt

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

Trade payables and other current liabilities

Trade payables and other current liabilities, except derivatives, are 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. Deferred taxes are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or

settled, based on tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized; this criterion is reassessed at each balance sheet date. Deferred tax on temporary differences arising on investments in subsidiaries, associates and joint ventures is provided for, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Derivatives, hedging and hedging reserves

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

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

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

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

Cash flow hedges are hedges of the exposure to variability in future cash flows related to recognized assets or liabilities, highly probable forecast transactions or currency risk on unrecognized firm commitments. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized directly in shareholders' equity (hedging reserve). The ineffective portion is recognized immediately in the income statement. If the hedged cash flow results in the recognition of a non-financial asset or liability, all gains and losses previously recognized directly in

equity are transferred from equity and included in the initial measurement of the cost or carrying amount of the asset or liability. For all other cash flow hedges, gains and losses initially recognized in equity are transferred from the hedging reserve to the income statement when the hedged firm commitment or forecast transaction results in the recognition of a profit or loss. When the hedge ceases to be highly effective, hedge accounting is discontinued prospectively and the accumulated gain or loss is retained in equity until the committed or forecast transaction occurs. If the forecast transaction is no longer expected to occur, any net cumulative gain or loss previously reported in equity is transferred to the income statement.

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

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

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

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

Impairment of assets

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

the higher of its fair value less costs of disposal and its value in use). The fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal, while value in use is the present value of the future cash flows expected to be derived from an asset. Recoverable amounts are estimated for individual assets or, if this is not possible, for the smallest cash-generating unit to which the assets belong. Reversal of impairment losses recognized in prior years is included as income when there is an indication that the impairment losses recognized for the asset are no longer needed or the need has decreased, except for impairment losses on goodwill, which are never reversed.

2.4. Income statement items

Revenue recognition

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

Underlying performance measures

In order to comply with ESMA guidelines, the term 'non-recurring' is no longer used. The amounts previously reported under 'non-recurring' are reported as part of the other operating expenses and revenues. The 'EBIT' and 'EBITDA' terms have been retained as such, while 'REBIT' and 'REBITDA' have been replaced with 'EBIT-Underlying' and 'EBITDA-Underlying'.

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 excluded from Underlying EBIT(DA) measures. Restructuring

programs mainly include lay-off costs, gains and losses on disposal, and impairment losses of assets involved in a shut-down, major reorganization or relocation of operations. When not related to restructuring programs, only impairment losses resulting either from testing cash-generating units or from intragroup transfers qualify as one-time effects. One-time effects from business combinations mainly include: acquisition-related expenses, negative goodwill, gains and losses on step acquisition, and recycling of CTA on the interest previously held. One-time effects from business disposals include gains and losses on the sale of businesses that do not qualify as discontinued operations. These disposed businesses may consist of integral, or parts (disposal groups) of, subsidiaries, joint-ventures and associates. Besides environmental provisions, other events or transactions that have a one-time effect mainly include disasters, sales of investment property and significant litigations. Bekaert believes that the separate presentation of these 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.

2.7. Restatement and reclassification effects

The 2015 comparative information has been restated due to:

- (a) The application of the amendment to IAS 19 'Employee benefits' coming into effect in 2016.

The appropriate discount factor in accounting for employee benefit obligations should be currency based and no longer country based. Moreover this principle should be applied retrospectively, requiring a restatement of the comparative period. The amended standard affects the defined-benefit plans in Ecuador, where a reference is made to USD bonds, both on defined-benefit obligation (€ 5.6 million) and on benefit expense level.

The 2015 comparative information has been reclassified due to:

- (b) The ESMA guidelines on alternative performance measures.

The term 'non-recurring' is no longer used. The amounts previously reported under 'non-recurring' are reported as part of the other operating expenses and revenues. Terms as 'EBIT' and 'EBITDA' have been retained as such, while 'REBIT' and 'REBITDA' have been replaced with 'EBIT-Underlying' and 'EBITDA-Underlying'.

- (c) Acquisition-related external professional fees.

Similar to the treatment of professional fees in relation to the divestment of a business, fees for acquisition-related professional services rendered by third parties are presented as other operating expenses and excluded from Underlying EBIT(DA). This does not apply to services rendered for integration programs related to acquired companies. The accounts have been reclassified in this respect for an amount of € 9.3 million (decrease of administrative expenses).

- (d) Accrued interest income and accrued interest charges.

In accordance with IFRS, financial assets and liabilities, except for specific categories which are carried at fair value, are carried at amortized cost using the effective interest method, which basically means that accrued interests are included. Therefore, in order to enhance presentation consistency and compliance, accrued interest income (2015: € 1.6 million) is reclassified (within other current assets) from accrued income to current financial receivables, while accrued interest charges (2015: € 6.5 million) are reclassified from other current liabilities to current interest-bearing debt. Both of these reclassifications also affect the net debt.

The IAS 19 restatements effects in the statement of changes in equity have been presented as adjustments of the opening balances. For the purpose of this annual report, the reclassifications and restatement effects are not presented on the face of the other financial statements. They are summarized below in a concise format and referenced to one of the above restatement elements (a, b, c or d) where appropriate.

Consolidated income statement in thousands of € - Year ended 31 December	2015 as published	2015 restatement	2015 as restated
Cost of sales (a)	-3 072 673	-733	-3 073 407
Gross profit	598 408	-733	597 674
Administrative expenses (c)	-150 005	9 326	-140 679
Other operating revenues (b)	17 120	68 396	85 516
Other operating expenses (b) + (c)	-21 931	-80 491	-102 422
Operating result (EBIT)	220 120	-733	219 386
Non-recurring items (b)	-2 769	2 769	-
EBIT - Underlying (b)	222 889	8 593	231 482
Interest expenses (a)	-70 941	183	-70 758
Result before taxes	123 953	-550	123 403
Income taxes (a)	-36 387	128	-36 259
Result after taxes (consolidated companies)	105 886	-422	105 464
RESULT FOR THE PERIOD	105 886	-422	105 464
Attributable to			
<i>the Group</i>	101 969	-247	101 722
<i>non-controlling interests</i>	3 917	-176	3 742
Earnings per share in € per share	2015 as published	2015 restatement	2015 as restated
Result for the period attributable to the Group			
<i>Basic</i>	1.826	-0.004	1.822
<i>Diluted</i>	1.819	-0.004	1.814

Consolidated statement of comprehensive income in thousands of € - Year ended 31 December	2015 as published	2015 restatement	2015 as restated
Result for the period	105 886	-422	105 464
Other comprehensive income (OCI)			
<i>Other comprehensive income reclassifiable to income statement in subsequent periods</i>			
Exchange differences			
Exchange differences arising during the year (a)	-16 463	-612	-17 075
OCI reclassifiable to income statement in subsequent periods, after tax	-16 755	-612	-17 367
<i>Other comprehensive income non-reclassifiable to income statement in subsequent periods</i>			
Remeasurement gains and losses on defined-benefit plans (a)	11 321	3 152	14 473
Deferred taxes relating to non-reclassifiable OCI (a)	130	-733	-603
OCI non-reclassifiable to income statement in subsequent periods, after tax	11 421	2 419	13 840
Other comprehensive income for the period	-5 334	1 808	-3 527
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	100 552	1 385	101 937
Attributable to			
<i>the Group</i>	91 184	809	91 993
<i>non-controlling interests</i>	9 368	576	9 944

Assets as at 31 December in thousands of €	2015 as published	2015 restatement	2015 as restated
Non-current assets			
Deferred tax assets (a)	131 204	1 290	132 494
Total	3 881 119	1 290	3 882 409
Equity and liabilities as at 31 December in thousands of €			
Retained earnings (a)	1 397 356	-247	1 397 110
Other Group reserves (a)	-76 751	-2 241	-78 993
Equity attributable to the Group	1 384 699	-2 488	1 382 211
Non-controlling interests (a)	131 212	-1 772	129 440
Non-current liabilities	1 077 862	5 550	1 083 412
Employee benefit obligations (a)	167 131	5 550	172 681
Current liabilities	1 287 346	-	1 287 346
Interest-bearing debt (d)	494 714	6 510	501 224
Other current liabilities (d)	71 763	-6 510	65 253
Total	3 881 119	1 290	3 882 409

Consolidated cash flow statement in thousands of € - Year ended 31 December	2015 as published	2015 restatement	2015 as restated
Operating activities			
Operating result (EBIT)	220 120	-733	219 386
Non-cash items included in operating result (a)	246 239	733	246 973
Gross cash flows from operating activities	355 344	-	355 344

3. Critical accounting judgments and key sources of estimation uncertainty

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

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

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

- Management assessed that a constructive obligation exists to provide pre-retirement schemes for employees as from the first day of service (see note 6.15. 'Employee benefit obligations') and therefore these pre-retirement schemes are treated as defined-benefit plans using the projected unit credit method.
 - Management concluded that the criteria for capitalizing development expenditure were not met (see note 6.1. 'Intangible assets').
 - Management makes judgements in defining the functional currency of group entities based on economic substance of the transactions relevant to these entities. By default the functional currency is the one of the country in which the entity is operating. See note 7.8. 'Subsidiaries, joint ventures and associates' for a comprehensive list of entities and their functional currency.
 - As regards its Venezuelan operations, management decided to use the economic exchange rate for translating the VEF financial statements to the reporting currency for consolidation as from 31 December 2012. In view of the restrictions on dividend repatriation for overseas investors introduced in 2009, and given the ongoing dramatic decline in the economic exchange rate, combined with hyperinflation, management concluded that this is the best choice for providing a fair view of the contribution of the Venezuelan operations to the consolidated financial statements. Applying the economic exchange rate to the Venezuelan operations has further reduced the significance of their contribution to the consolidated financials ever since.
- In spite of the political and monetary instability, management was able to keep the company operational and hence concluded that it is still in control. At year-end 2016, the cumulative translation adjustments amount to € -54.7 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 2016, 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.
 - Management concluded that the Company has control over BBRG considering the terms and the conditions of the shareholders' agreement.
 - Management concluded that the Company has control over Bekaert Maccaferri Underground Solutions BVBA considering the share options agreed between the parties.
 - Despite the 40% ownership, management concluded that it cannot exert a significant influence in Bekaert (Xinyu) New Materials Co Ltd and Bekaert Xinyu Metal Products Co Ltd and classified them as investments available for sale.
 - 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.
 - The Group is in discussions of bringing Bekaert's wholly-owned subsidiary in Sumaré (Brazil) into the BMB (Belgo-Mineira Bekaert) joint venture partnership with ArcelorMittal. Accordingly, management concluded the assets and associated liabilities of this entity to be reclassified as held for sale on the balance sheet, but that this does not constitute a discontinued operation.

3.2. Key sources of estimation uncertainty

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

- Deferred tax assets are recognized for the carry-forward of unused tax losses, unused tax credits and temporary differences to the extent that it is probable that taxable profit will be available in the foreseeable future. In making its judgment, management takes into account elements such as long-term business strategy and tax planning opportunities (see note 5.5. 'Income taxes' and 6.6. 'Deferred tax assets and liabilities').
- Since the expected useful life of specific product lines is deemed 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 has recorded an impairment loss of 215 million ruble on the assets of its Russian operations since 2014.
- Fair value measurements that cannot be fully based on observable market parameters involve judgment that could affect estimated fair value. This includes the conversion option attached to the convertible bond issued in June 2016 and the put option granted to Maccaferri for the non-controlling interests in Bekaert Maccaferri Underground Solutions BVBA.
- 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 basically uses a geographical segmentation since this is the best way to evaluate the nature and financial performance of the business as a whole. The segmentation reflects the importance of the regions for the Group's global growth strategy. The Group's regional businesses are typically characterized by common cost drivers, a product portfolio that is tailored to regional industry requirements, and specific distribution channels. They distinguish themselves in terms of political, economic and currency risks and in terms of geographic market trends and growth patterns. Adding to the relevance of the segmentation is the fact that the Group sells the vast majority of its production volumes in the region where they are manufactured.

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

As from 2016 onwards, the following five reporting segments are presented:

- 1) EMEA – Europe, Middle-East and Africa: 31% of consolidated sales (2015: 32%)
- 2) North America: 14% of consolidated sales (2015: 14%)
- 3) Latin America: 18% of consolidated sales (2015: 19%)
- 4) Asia Pacific: 28% of consolidated sales (2015: 28%)
- 5) BBRG: 9% of consolidated sales (2015: 7%)

As the merger was finalized on June 28, 2016, the newly merged Bridon business only contributed to the 2016 operating results for half a year.

Previous year's figures have been restated and all elements relating to Bekaert's existing advanced cords and global ropes businesses have been taken out of their respective regional segments and are now presented under BBRG.

Key data by reporting segment

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

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

2015 redefined ³ in thousands of €	EMEA	North America	Latin America	Asia Pacific	Group & Business support	BBRG	Intersegment eliminations	Consolidated
Net sales	1 173 786	527 567	711 617	1 018 896	-	239 215	-	3 671 081
Operating result (EBIT)	134 987	27 367	45 372	57 876	-79 170	28 736	4 218	219 386
EBIT - Underlying	128 440	13 706	45 965	69 240	-59 444	29 357	4 218	231 482
Depreciation and amortization	55 105	10 460	23 588	109 164	10 700	13 831	-14 447	208 401
Impairment losses	72	-	426	12 487	-62	339	-	13 262
Negative goodwill	-	-	-	-340	-	-	-	-340
EBITDA	190 164	37 827	69 386	179 187	-68 532	42 906	-10 229	440 709
Segment assets	847 842	269 556	508 513	1 167 900	147 901	278 351	-186 236	3 033 827
Unallocated assets								848 582
Total assets								3 882 409
Segment liabilities	214 016	61 926	110 076	160 434	94 560	34 308	-89 852	585 468
Unallocated liabilities								1 785 290
Total liabilities								2 370 758
Capital employed	633 826	207 630	398 437	1 007 466	53 341	244 043	-96 384	2 448 359
Weighted average capital employed	665 260	195 323	413 848	1 063 938	68 484	233 562	-108 139	2 532 276
Return on weighted average capital employed (ROCE) ¹	20.3%	14.0%	11.0%	5.4%	-	12.3%	-	8.7%
Capital expenditure – PP&E	44 698	46 425	18 288	42 584	4 770	26 290	-12 353	170 702
Capital expenditure – intangible assets	3 783	-	439	439	1 145	62	-	5 868
Share in the results of joint ventures and associates	-	-	24 268	-5 948	-	-	-	18 320
Investments in joint ventures and associates	-	-	114 119	-	-	-	-	114 119
Number of employees (year-end) ²	6 459	1 276	3 995	8 954	1 731	1 251	-	23 666

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

² Number of employees: full-time equivalents.

³ See note 2.7. 'Restatement and reclassification effects'.

2015 as reported in thousands of €	EMEA	North America	Latin America	Asia Pacific	Group & Business support	Intersegment eliminations	Consolidated
Net sales	1 227 350	593 013	764 464	1 086 254	-	-	3 671 081
Operating result (EBIT)	144 937	33 216	45 206	70 912	-79 169	5 018	220 120
EBIT - Underlying	138 963	19 604	45 799	82 275	-68 770	5 018	222 889
Depreciation and amortization	56 389	12 745	26 474	116 538	10 701	-14 446	208 401
Impairment losses	89	-	426	12 809	-62	-	13 262
Negative goodwill	-	-	-	-340	-	-	-340
EBITDA	201 415	45 961	72 106	199 919	-68 530	-9 428	441 443
Segment assets	883 520	334 539	582 091	1 269 072	148 149	-183 544	3 033 827
Unallocated assets							847 292
Total assets							3 881 119
Segment liabilities	223 960	68 157	113 251	172 526	94 808	-87 234	585 468
Unallocated liabilities							1 779 740
Total liabilities							2 365 208
Capital employed	659 560	266 382	468 840	1 096 546	53 341	-96 310	2 448 359
Weighted average capital employed	687 933	248 822	486 344	1 149 190	68 523	-108 536	2 532 276
Return on weighted average capital employed (ROCE) ¹	21.1%	13.3%	9.3%	6.2%	-	-	8.7%
Capital expenditure – PP&E	47 677	55 387	24 261	50 185	4 770	-11 578	170 702
Capital expenditure – intangible assets	3 783	22	478	440	1 145	-	5 868
Share in the results of joint ventures and associates	-	-	24 268	-5 948	-	-	18 320
Investments in joint ventures and associates	-	-	114 119	-	-	-	114 119
Number of employees (year-end) ²	6 584	1 496	4 452	9 403	1 731	-	23 666

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

² Number of employees: full-time equivalents.

Revenue by product application

in thousands of €	2015	2016	Variance (%)
Net sales			
<i>Rubber reinforcement products</i>	1 503 081	1 582 363	5.3%
<i>Other steel wire products</i>	1 765 544	1 649 297	-6.6%
<i>Stainless products</i>	153 257	154 881	1.1%
<i>Steel and synthetic ropes, advanced cords (BBRG)</i>	239 215	320 380	33.9%
<i>Other</i>	9 984	8 296	-16.9%
Total	3 671 081	3 715 217	1.2%

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

BBRG products are presented separately. The other product groups are sold in all regional segments. The product mix is very similar in EMEA and North America, while in Asia Pacific rubber reinforcement products are predominant, whereas in Latin America other steel wire products make up the largest part of the business.

Additional information by country

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

in thousands of €	2015	% of total	2016	% of total
Net sales from Belgium	326 590	9%	324 179	9%
Net sales from Chile	312 832	9%	318 082	9%
Net sales from China	746 433	20%	774 198	21%
Net sales from USA	536 905	15%	551 703	15%
Net sales from Slovakia	276 089	8%	297 834	8%
Net sales from other countries	1 472 232	39%	1 449 221	38%
Total net sales	3 671 081	100%	3 715 217	100%
Non-current assets located in Belgium	114 319	7%	123 312	7%
Non-current assets located in Chile	96 475	6%	103 216	6%
Non-current assets located in China	568 863	35%	466 890	26%
Non-current assets located in USA	137 566	8%	163 200	9%
Non-current assets located in Slovakia	151 732	9%	142 917	8%
Non-current assets located in other countries	566 646	35%	807 901	44%
Total non-current assets	1 635 601	100%	1 807 436	100%

5. Income statement items and other comprehensive income

5.1. Operating result (EBIT) by function

in thousands of €	2015	2016	variance
Sales	3 671 081	3 715 217	44 136
Cost of sales ¹	-3 073 407	-3 025 225	48 182
Gross profit	597 674	689 992	92 318
Selling expenses	-156 106	-175 340	-19 234
Administrative expenses ¹	-140 679	-139 558	1 121
Research and development expenses	-64 597	-63 590	1 007
Other operating revenues ¹	85 516	24 376	-61 140
Other operating expenses ¹	-102 422	-76 226	26 196
Operating result (EBIT)	219 386	259 654	40 268
EBIT - Underlying	231 482	304 952	73 470

¹ See note 2.7. 'Restatement and reclassification effects'.

Sales and gross profit in thousands of €	2015	2016	variance (%)
Sales	3 671 081	3 715 217	1.2%
Cost of sales ¹	-3 073 407	-3 025 225	-1.6%
Gross profit	597 674	689 992	15.4%
Gross profit in % of sales	16.3%	18.6%	

¹ See note 2.7. 'Restatement and reclassification effects'.

Bekaert's consolidated sales increased by 1.2% versus last year. The organic volume growth of 4.1% over the year (net of Vicson) stemmed from firm demand in global automotive markets and steadily increasing sales volumes in industrial steel wire and construction markets. This growth was largely offset in Bekaert's top line by the lower wire rod prices and price-mix effects (-3.4%). The net impact of this year's acquisitions (integration of Bridon ropes plants) and divestments (stainless steel activities) explained 2.6% of the sales increase. Unfavorable currency movements (-2.2%) (mainly related to Chinese renminbi, Chilean and Colombian peso) weakened this evolution.

Gross profit increased by 15.4% compared to 2015, resulting in a margin of 18.6%, mainly reflecting the success of the transformation programs which are driving excellence, cost savings and value creating growth. The newly acquired businesses contributed for 2.4% and there is also a small impact of negative currency movements (-0.3%).

Overheads in thousands of €	2015	2016	variance (%)
Selling expenses	-156 106	-175 340	12.3%
Administrative expenses ¹	-140 679	-139 558	-0.8%
Research and development expenses	-64 597	-63 590	-1.6%
Total	-361 382	-378 488	4.7%

¹ See note 2.7. 'Restatement and reclassification effects'.

The overheads slightly increased to 10.2% of sales. The increase in selling expenses (€ 19.2 million) reflects to a large extent the impact of acquisitions/divestments (€ 9.6 million) and consultancy costs related to the 'Customer Excellence program' (€ 7.8 million); partly offset by a positive impact from currency movements (€ 2.8 million). Administrative expenses slightly decreased (€ 1.1 million). The impact of acquisitions/divestments (€ 13.7 million) was more than offset by overhead cost reductions. Among others, consultancy costs related to the Manufacturing Excellence program were reduced to a minimum (€ 6.7 million savings). R&D expenses (€ 1.0 million) decreased as a result of better project management.

Other operating revenues¹

in thousands of €

	2015	2016	variance
Royalties received	9 227	8 996	-231
Gains on disposal of PP&E and intangible assets	610	565	-45
Realized exchange results on sales and purchases	-950	-1 258	-308
Government grants	415	915	500
Reversal impairment losses (restructuring and other)	1 469	2 146	677
Restructuring - other revenues	5 005	3 975	-1 030
Reversal write-down inventories/trade receivables	-	1 077	1 077
Gains on business disposals	16 553	-	-16 553
Negative goodwill on business combinations	340	-	-340
Other revenues	52 847	7 960	-44 887
Total	85 516	24 376	-61 140

¹ See note 2.7. 'Restatement and reclassification effects'.

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 revenues' in 2015 mainly report the outcome of the final assessment on the compensations from the insurance company following the fire in the Rome plant (USA) in 2014.

Other operating expenses¹

in thousands of €

	2015	2016	variance
Royalties paid	-2 762	53	2 815
Losses on disposal of PP&E and intangible assets	-1 970	-1 490	480
Amortization of intangible assets	-2 970	-2 849	121
Bank charges	-3 019	-2 933	86
Tax related expenses (other than income taxes)	-2 705	-2 360	345
Impairment losses (restructuring and other)	-12 595	-17 886	-5 291
Restructuring - other expenses	-24 863	-27 487	-2 624
Losses on business disposals	-3 292	-	3 292
Losses on step acquisitions	-1 098	-	1 098
Acquisition-related expenses ¹	-9 326	-8 639	687
Other expenses	-37 822	-12 635	25 187
Total	-102 422	-76 226	26 196

¹ See note 2.7. 'Restatement and reclassification effects'.

Other operating expenses mainly related to restructuring expenses in Turkey, Malaysia and Bridon-Bekaert Ropes Group (€ -27.1 million), impairment losses on PP&E in Huizhou, China (€ -16.2 million) and M&A transaction fees (€ -8.6 million).

'Other expenses' in 2015 mainly relate to business interruption losses due to the fire in the Rome plant (USA) in 2014.

Reconciliation Underlying EBIT

in thousands of €

	2015	2016	variance
Operating result (EBIT)	219 386	259 654	40 268
Reversal impairment losses (restructuring and other)	1 469	2 146	677
Restructuring - other revenues	5 005	3 975	-1 030
Reversal write-down inventories/trade receivables	-	1 077	1 077
Gains on business disposals	16 553	-	-16 553
Negative goodwill on business combinations	340	-	-340
Other revenues	45 029	4 697	-40 332
Impairment losses (restructuring and other)	-12 595	-17 886	-5 291
Restructuring - other expenses	-24 863	-27 487	-2 624
Losses on business disposals	-3 292	-	3 292
Losses on step acquisitions	-1 098	-	1 098
Acquisition-related expenses	-9 326	-8 639	687
Other expenses	-29 318	-3 181	26 137
EBIT - Underlying	231 482	304 952	73 470

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 €	2015		2016	
Sales	3 671 081	100%	3 715 217	100%
Other operating revenues	84 047	-	22 230	-
Total operating revenues	3 755 128	-	3 737 447	-
Own construction of PP&E	53 014	1.4%	53 859	1.4%
Raw materials	-1 279 035	-34.8%	-1 182 873	-31.8%
Semi-finished products and goods for resale	-256 000	-7.0%	-282 910	-7.6%
Change in work-in-progress and finished goods	-15 031	-0.4%	5 657	0.2%
Staff costs ¹	-743 590	-20.3%	-772 547	-20.8%
Depreciation and amortization	-208 401	-5.7%	-203 917	-5.5%
Impairment losses	-13 262	-0.4%	-17 862	-0.5%
Transport and handling of finished goods	-165 922	-4.5%	-159 342	-4.3%
Consumables and spare parts	-260 683	-7.1%	-266 388	-7.2%
Utilities	-264 203	-7.2%	-255 285	-6.9%
Maintenance and repairs	-60 260	-1.6%	-60 975	-1.6%
Expenses operating leases	-23 286	-0.6%	-26 955	-0.7%
Commissions in selling expenses	-3 690	-0.1%	-6 170	-0.2%
Export VAT and export customs duty	-30 428	-0.8%	-30 271	-0.8%
ICT costs	-29 595	-0.8%	-32 728	-0.9%
Advertising and sales promotion	-7 203	-0.2%	-7 191	-0.2%
Travel, restaurant & hotel	-25 239	-0.7%	-28 150	-0.8%
Consulting and other fees	-40 456	-1.1%	-41 799	-1.1%
Office supplies and equipment	-12 863	-0.4%	-13 071	-0.4%
Venture capital funds R&D	-1 819	0.0%	-2 180	-0.1%
Temporary or external labor	-25 619	-0.7%	-27 031	-0.7%
Insurance expenses	-8 768	-0.2%	-6 989	-0.2%
Miscellaneous	-113 402	-3.1%	-112 675	-3.0%
Total operating expenses	-3 535 742	-96.3%	-3 477 793	-93.6%
Operating result (EBIT)	219 386	6.0%	259 654	7.0%

¹ See note 2.7. 'Restatement and reclassification effects'.

5.3. Interest income and expense

in thousands of €	2015	2016
Interest income on financial assets not classified as at FVTPL	8 585	6 325
Interest income	8 585	6 325
<i>Interest expense on interest-bearing debt not classified as at FVTPL</i>	<i>-55 864</i>	<i>-64 581</i>
<i>Other debt-related interest expense</i>	<i>-8 123</i>	<i>-7 673</i>
Interest expense	-63 987	-72 254
Interest element of interest-bearing provisions ¹	-6 771	-7 239
Interest expense	-70 758	-79 493
Total	-62 173	-73 168

¹ See note 2.7. 'Restatement and reclassification effects'.

The higher gross debt in the second half of 2016 (Bridon-Bekaert Ropes Group) and a higher average interest rate explains the increase in interest expense. Interest expense on interest-bearing debt not classified as at fair value through profit or loss (FVTPL) relates to all debt instruments of the Group, other than hedging instruments and interest-rate risk mitigating derivatives designated as economic hedges.

The interest element of interest-bearing provisions mainly relates to the defined-benefit liabilities (see note 6.15. 'Employee benefit obligations') and other provisions (see note 6.16 'Provisions').

5.4. Other financial income and expenses

in thousands of €	2015	2016
<i>Value adjustments to derivatives</i>	<i>14 973</i>	<i>-30 916</i>
<i>Value adjustments to hedged items</i>	<i>-2 424</i>	<i>-</i>
<i>Exchange results on hedged items</i>	<i>-29 784</i>	<i>-14 556</i>
Net impact of derivatives and hedged items	-17 235	-45 472
Other exchange results	-7 172	-8 088
Impairment losses on available-for-sale financial assets	-302	-591
Inflation accounting effects	5 280	5 818
Gains and losses on disposal of financial assets	-76	1
Gains and losses on settlement of financial liabilities	-	-2 467
Dividends from non-consolidated equity investments	742	374
Bank charges and taxes on financial transactions	-5 388	-2 540
Impairments of loans and receivables	-9 235	12
Reversal of impairments of loans and receivables	-	16 326
Other	-424	-831
Total	-33 810	-37 458

Value adjustments include changes in the fair value of all derivatives, other than those designated as cash flow hedges, and of all debt hedged by fair value hedges. The 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'.

A fair value loss of € 42.7 million has been recognized in 2016 (2015: gain of € 2.1 million) on the conversion option relating to the convertible debt settled in June 2016 (refer to the 'Financial instruments by fair value measurement hierarchy' section in note 7.3. 'Financial risk management and financial derivatives'), while the conversion option on the new convertible debt generated a fair value gain of € 5.3 million. In addition to that, a loss on the settlement of financial liabilities of € 2.5 million was incurred on the repurchase of old convertible bonds not exchanged for new ones.

Inflation accounting effects relate to the Venezuelan operations. During 2016, a provision for a corporate guarantee of € 16.3 million relating to Vicson SA (Venezuela) has been reversed (2015: € -9.2 million). In addition, exchange losses of € -9.8 million were incurred on intercompany receivables on Vicson SA. Last year, bank charges and taxes on financial transactions included a stamp duty of € 3.2 million on the business combination with Arrium.

5.5. Income taxes

in thousands of €	2015	2016
Current income taxes - current year	-55 725	-91 970
Current income taxes - prior periods	2 473	-1 034
Deferred taxes - due to changes in temporary differences	16 518	43 628
Deferred taxes - due to changes in tax rates	347	-395
Deferred taxes - adjustments to tax losses of prior periods	128	-12 281
Total tax expense	-36 259	-62 052

Relationship between tax expense and accounting profit

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

in thousands of €	2015	2016
Result before taxes ¹	123 403	149 028
Tax expense at the theoretical domestic rates applicable to results of taxable entities in the countries concerned ¹	-26 958	-37 302
Tax expense related to distribution of retained earnings	-1 965	-5 240
Total theoretical tax expense ¹	-28 923	-42 542
Theoretical tax rate ²	-23.4%	-28.5%
Tax effect of:		
Non-deductible items	-16 903	-14 722
Other tax rates and special tax regimes ³	139	7 837
Non-recognition of deferred tax assets ⁴	-21 849	-11 913
Utilization of deferred tax assets not previously recognized ⁵	34 684	18 135
Tax relating to prior periods	2 473	-13 315
Exempted income ⁶	2 432	68
Other ⁷	-8 312	-5 600
Total tax expense	-36 259	-62 052
Effective tax rate	-29.4%	-41.6%

¹ See note 2.7. 'Restatement and reclassification effects'.

² The theoretical tax rate is computed as a weighted average. The increase in 2016 vs 2015 is mainly generated by higher profit before tax in countries with higher tax rates.

³ In 2016, the special tax regimes mainly relate to tax incentives in Belgium, the Netherlands, Slovakia and Peru.

⁴ In 2016, the non-recognition of deferred tax assets mainly relates to impairment of assets in China, losses in the United States and a restructuring provision in Norway while in 2015 it mainly relates to losses in China, Malaysia and India.

⁵ In 2016, the utilization of deferred tax assets not previously recognized mainly relates to losses carried forward in entities becoming profitable and from an expected transaction in 2017. In 2015, it includes an effect of € 20.1 million of a reorganization in anticipation of the Bridon-Bekaert Ropes Group transaction generating taxable profits in the foreseeable future.

⁶ Relates in 2015 mainly to the disposal of the Carding Solutions activities and the deconsolidation of Bekaert (Xinyu) New Materials Co Ltd and Bekaert Xinyu Metal Products Co Ltd.

⁷ Relates in 2016 as well as in 2015 mainly to withholding taxes on royalties, interests, services and dividends. Furthermore, it includes in 2015 € -5.0 million taxes related to a gain on an intercompany share transfer in Chile.

5.6. Share in the results of joint ventures and associates

Additional information relating to the Brazilian joint ventures is provided under note 6.4. 'Investments in joint ventures and associates'.

in thousands of €		2015	2016
Joint ventures			
BOSFA Pty Ltd ¹	Australia	43	-
Belgo Bekaert Arames Ltda	Brazil	21 725	20 574
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	2 543	4 871
Bekaert (Xinyu) New Materials Co Ltd ²	China	-4 404	-
Bekaert Xinyu Metal Products Co Ltd ²	China	-1 587	-
Total		18 320	25 445

¹ As from 12 June 2015, Bekaert acquired control in BOSFA Pty Ltd (Australia).

² As from year-end 2015, Bekaert lost significant influence in Bekaert (Xinyu) New Materials Co Ltd and Bekaert Xinyu Metal Products Co Ltd.

5.7. Earnings per share

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

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

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

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

- the effective interest expense of € -7.7 million (2015: € -8.3 million),
- transaction costs of € -3.0 million (2015: none),
- fair value losses of € -37.4 million on the derivative liability representing the conversion option (2015: € 2.1 million).

The convertible bonds were anti-dilutive in 2016, since their effect caused the diluted EPS ratio to improve. To calculate the impact, it is assumed that all dilutive subscription rights and options are exercised and that the conversion option of the convertible bonds is exercised in its entirety at the beginning of the period, or, if the instruments were issued during the period, at the issue date. 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 30.0%. The amount of shares to be converted has thus been capped at 1 711 069. Management already bought back as many shares as could possibly be converted under the old convertible bond (1 868 033) to limit potential cash-outs resulting from the convertible bond issuance. Therefore no extra buy-back program needed to be started.

2015	Number
Weighted average number of ordinary shares (basic)	55 841 843
Dilution effect of subscription rights and options	218 834
Dilution effect of convertible bond	-
Weighted average number of ordinary shares (diluted)	56 060 677

in thousands of €	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders	101 722	101 722
Effect on earnings of convertible bond ¹	-	-
Earnings	101 722	101 722
Earnings per share (in €)	1.822	1.814

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).

The average closing price during 2016 was € 37.07 per share (2015: € 26.12 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
SOP 2010-2014 - options	14.02.2011	77.000	360 925	295 725

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

6. Balance sheet items

6.1. Intangible assets

Cost in thousands of €	Licenses, patents & similar rights	Computer software	Rights to use land	Develop- ment costs	Other	Total
As at 1 January 2015	23 483	71 683	72 856	19	24 081	192 121
Expenditure	26	5 389	194	-	259	5 868
Disposals and retirements	-23	-601	-16	-	-79	-719
Transfers ¹	-	119	7 738	-	-	7 857
New consolidations	674	258	5 843	-	919	7 694
Deconsolidations	-425	-20	-2 703	-	-353	-3 501
Exchange gains and losses (-)	9	1 533	3 850	-	1 497	6 889
As at 31 December 2015	23 744	78 360	87 762	19	26 324	216 208
As at 1 January 2016	23 744	78 360	87 762	19	26 324	216 208
Expenditure	-	5 629	325	-	-	5 954
Disposals and retirements	-130	-439	-	-	-	-569
Transfers ¹	-	-28	-	-	29	1
Reclassification to (-) / from held for sale	-	-894	-10 218	-	-	-11 112
New consolidations	-	955	-	-	50 714	51 669
Exchange gains and losses (-)	21	532	-2 250	-	-2 939	-4 636
As at 31 December 2016	23 635	84 115	75 619	19	74 128	257 515

Accumulated amortization and impairment

As at 1 January 2015	8 350	58 878	11 157	19	15 631	94 034
Charge for the year	1 647	4 160	1 751	-	2 154	9 712
Impairment losses	-	11	1 534	-	241	1 786
Disposals and retirements	-23	-601	-	-	-79	-703
Deconsolidations	-425	-18	-537	-	-352	-1 332
Exchange gains (-) and losses	33	1 240	719	-	1 271	3 263
As at 31 December 2015	9 582	63 670	14 624	19	18 866	106 760
As at 1 January 2016	9 582	63 670	14 624	19	18 866	106 760
Charge for the year	1 585	4 698	1 665	-	5 227	13 175
Impairment losses	-	484	73	-	-	557
Reversal impairment losses and depreciations	-	5	-	-	-	5
Disposals and retirements	-130	-414	-	-	-	-544
Transfers	68	-	-	-	-68	-
Reclassification to (-) / from held for sale	-	-1	-1 589	-	-	-1 590
Exchange gains (-) and losses	10	435	-375	-	-1 295	-1 225
As at 31 December 2016	11 115	68 877	14 398	19	22 730	117 138
Carrying amount						
as at 31 December 2015	14 162	14 690	73 138	-	7 458	109 448
Carrying amount						
as at 31 December 2016	12 520	15 238	61 221	-	51 398	140 377

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

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

New consolidations in 2016 relate to the merger with Bridon (see note 7.2. 'Effect of business combinations'), these include the brand name(s) (€ 45.5 million), the customer relationships (€ 4.8 million) and the order book (€ 0.4 million). The useful economic life of the brand name is estimated at 15 years while the customer relationships are amortized over 12 years.

The reclassification to held for sale mainly related to Bekaert (Huizhou) Steel Cord Co Ltd. Additional information relating to the reclassification to held for sale is provided under note 6.11. 'Assets classified as held for sale and liabilities associated with those assets'.

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

6.2. Goodwill

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

Cost in thousands of €	2015	2016
As at 1 January	38 018	53 977
Increases	16 701	116 245
Deconsolidation	-1 010	-
Exchange gains and losses (-)	268	701
As at 31 December	53 977	170 923
Impairment losses in thousands of €	2015	2016
As at 1 January	19 535	18 278
Deconsolidation	-1 010	-
Exchange gains (-) and losses	-247	300
As at 31 December	18 278	18 578
Carrying amount as at 31 December	35 699	152 345

The increase in the goodwill in 2016 relates to the BBRG business combination. More information about the goodwill calculation is provided in note 7.2. 'Effect of business combinations'. In 2015, the increases resulted from the business combination with Pirelli (€ 3.5 million) and the acquisition of Arrium's ropes business in Australia (€ 13.2 million).

Goodwill by cash-generating unit (CGU)

Goodwill acquired in a business combination is allocated on acquisition to the cash-generating units (CGU) that are expected to benefit from that business combination. The carrying amount of goodwill and any related movements of the period have been allocated as follows:

Segment in thousands of €	Group of cash-generating units	Carrying amount 1 Jan 2015	Increases	Impairments	Exchange differences	Carrying amount 31 Dec 2015
Subsidiaries						
EMEA	Cold Drawn Products Ltd	2 874	-	-	176	3 050
EMEA	Combustion - heating	3 027	-	-	-	3 027
EMEA	Building Products	71	-	-	-	71
EMEA	Rubber Reinforcement	713	3 542	-	-	4 255
North America	Orrville plant (USA)	9 662	-	-	1 112	10 774
Latin America	Inchalam group	860	-	-	-40	820
Latin America	Bekaert Ideal SL companies	844	-	-	-	844
Asia Pacific	Bekaert (Qingdao) Wire Products Co Ltd	385	-	-	-	385
Asia Pacific	Bekaert-Jiangyin Wire Products Co Ltd	47	-	-	-	47
BBRG	BBRG	-	13 160	-	-734	12 426
Subtotal		18 483	16 702	-	514	35 699
Joint ventures and associates						
Latin America	Belgo Bekaert Arames Ltda	4 667	-	-	-1 181	3 486
Subtotal		4 667	-	-	-1 181	3 486
Total		23 150	16 702	-	-667	39 185

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

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

- a 6-year forecast timeframe of cash flows (in line with the latest business plan update), followed by a terminal value assumption based on a nominal perpetual growth rate of 2%, which mainly is based on a conservative industrial GDP evolution assumption;
- the cash flows reflect the evolution taking into account agreed action plans and are based on the assets in their current condition, without including the impacts of future restructuring not yet committed;
- only capital expenditure required to maintain the assets in good working order are included; future capital expenditures improving or enhancing the assets in excess of their originally assessed standard of performance are not considered;
- no cost structure improvements are taken into account unless they can be substantiated; and
- the cash outflows relating to working capital are calculated as a percentage of incremental sales based on the past performance of BBRG.

For the testing of goodwill arising from earlier transactions, the model as used in previous years has been maintained and updated to the latest business insights. The main differences to the model used in the BBRG case, are:

- a 12-year time horizon, reflecting the average lifetime of equipment;
- a terminal value assumption based on the net book value of the capital employed at the end of the 12-year time horizon.

The latter model tends to be more conservative and is less commonly used. The use of the model was continued given the fact that the amount of goodwill being tested was rather immaterial in the various cases. For uniformity reasons, the same model as used for the BBRG case will be used in future for all goodwill impairment tests.

The discount factor for all tests is based on a (long-term) pre-tax cost of capital, the risks being implicit in the cash flows. A weighted average cost of capital (WACC) is determined for euro, US dollar and Chinese renminbi regions. For countries or businesses with a higher perceived risk, the WACC is raised with a country or business specific risk factor. In the case of BBRG, a specific equity risk premium of 1% has been considered as appropriately reflecting the specific business context compared to the general Group business context. The WACC is pre-tax based, since relevant cash flows are also pre-tax based. In determining the weight of the cost of debt vs. the cost of equity, a target gearing (net debt relative to equity) of 50% is used. For cash flow models stated in real terms (without inflation), the nominal WACC is adjusted for the expected inflation rate. For cash flow models in nominal terms, the nominal WACC is used. All parameters used for the calculation of the discount factors are reviewed at least annually.

Discount rates for impairment testing		EUR region	USD region	CNY region
Group target ratio's				
Gearing: net debt/equity	50%			
% debt	33%			
% equity	67%			
% LT debt	75%			
% ST debt	25%			
Cost of Bekaert debt				
Long term interest rate		2.4%	3.3%	6.0%
Short term interest rate		1.2%	1.7%	5.4%
Cost of Bekaert equity (post tax)				
	$= R_f + \beta \cdot E_m$	8.2%	9.7%	12.4%
Risk free rate= R_f		0.7%	2.1%	4.9%
Beta = β	1.2			
Market equity risk premium= E_m	6.3%			
Corporate tax rate				
	27%			
Cost of Bekaert equity before tax				
		11.3%	13.2%	17.1%
Bekaert WACC - nominal				
Expected inflation		1.6%	1.8%	2.0%
Bekaert WACC in real terms				
		6.8%	8.1%	11.3%

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

Current headroom for impairment of the BBRG goodwill, i.e. the excess of the recoverable amount over the carrying amount of the BBRG CGU, is estimated at € 335 million. Sensitivity analyses performed for reasonable changes in the key assumptions pointed out that the headroom for impairment would be consumed if:

- EBITDA would fall below 80% of the current business plan while the discount rate would increase by 2% at the same time, keeping the perpetual growth rate constant.
- The perpetual growth rate would fall to zero while the discount rate would increase by 4%, keeping planned EBITDA levels within the planning horizon.

6.3. Property, plant and equipment

Cost in thousands of €	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Finance leases	Other PP&E	Assets under construc- tion	Total
As at 1 January 2015	1 049 850	2 395 062	94 418	9 738	6 129	90 339	3 645 537
Expenditure	31 088	125 478	7 584	2 319	2 156	4 606	173 231
Disposals and retirements	-15 242	-16 486	-8 389	-	-434	-2	-40 553
New consolidations	48 939	30 210	1 573	-	-	343	81 065
Deconsolidations	-18 299	-30 680	-1 513	-	-750	-5 638	-56 880
Transfers ¹	-	-	-	-	-	-7 857	-7 857
Exchange gains and losses (-)	27 546	108 619	3 250	-356	108	3 510	142 677
Inflation effects on opening balances	1 952	2 326	237	-	-	7	4 522
Other inflation effects	-	-	-	-	-	45	45
As at 31 December 2015	1 125 834	2 614 529	97 160	11 701	7 209	85 354	3 941 787
As at 1 January 2016	1 125 834	2 614 529	97 160	11 701	7 209	85 354	3 941 787
Expenditure	18 176	80 984	8 728	47	1 994	50 226	160 155
Disposals and retirements	-853	-31 706	-3 806	-35	-56	-	-36 456
New consolidations	22 652	69 286	483	33	-	1 788	94 242
Transfers ¹	-	-	-	-	-	-1	-1
Reclassification to (-) / from held for sale	-44 775	-11 032	-412	-	-	-969	-57 188
Exchange gains and losses (-)	8 405	-13 398	-198	737	-98	3 376	-1 176
Inflation effects on opening balances	1 996	2 388	255	-	-	55	4 694
Other inflation effects	-	-	-	-	-	-6	-6
As at 31 December 2016	1 131 435	2 711 051	102 210	12 483	9 049	139 823	4 106 051
Accumulated depreciation and impairment							
As at 1 January 2015	445 691	1 663 470	79 156	1 686	3 354	-	2 193 357
Charge for the year	42 002	141 470	7 531	340	433	-	191 776
Impairment losses	2 064	10 750	132	-	-	-	12 946
Reversal impairment losses and depreciations	-29	-1 520	-99	-	-	-	-1 648
Disposals and retirements	-13 556	-16 855	-7 800	-	-64	-	-38 275
Transfers	47	-60	16	-	-2	-	-
Deconsolidations	-3 708	-14 738	-1 229	-	-145	-	-19 820
Exchange gains (-) and losses	19 591	78 299	2 800	-23	69	-	100 736
Inflation effects on opening balances	539	1 243	207	-	-	-	1 989
As at 31 December 2015	492 641	1 862 059	80 714	2 003	3 645	-	2 441 061
As at 1 January 2016	492 641	1 862 059	80 714	2 003	3 645	-	2 441 061
Charge for the year	43 120	141 781	7 129	451	450	-	192 931
Impairment losses	11 906	7 412	133	-	-	-	19 451
Reversal impairment losses and depreciations	5	-2 067	59	-27	-	-	-2 030
Disposals and retirements	-448	-30 107	-3 659	-35	-10	-	-34 259
Reclassification to (-) / from held for sale	-20 808	-3 331	-169	-	-	-	-24 308
Exchange gains (-) and losses	-187	-13 381	-503	-37	-84	-	-14 192
Inflation effects on opening balances	626	1 452	220	-	-	-	2 298
As at 31 December 2016	526 855	1 963 818	83 924	2 355	4 001	-	2 580 952

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 construction	Total
Carrying amount as at 31 December 2015 before investment grants and reclassification of leases	633 193	752 470	16 447	9 698	3 564	85 354	1 500 726
Net investment grants	-7 739	-2 535	-	-	-	-	-10 274
Finance leases by asset category	7 314	2 308	76	-9 698	-	-	-
Carrying amount as at 31 December 2015	632 768	752 243	16 523	-	3 564	85 354	1 490 452
Carrying amount as at 31 December 2016 before investment grants and reclassification of leases	604 580	747 233	18 287	10 128	5 048	139 823	1 525 099
Net investment grants	-7 050	-2 201	-	-	-	-1 134	-10 385
Finance leases by asset category	7 822	2 185	120	-10 128	-	-	-
Carrying amount as at 31 December 2016	605 352	747 217	18 407	-	5 048	138 689	1 514 714

The investment programs in Belgium, Chile, China, Indonesia, Romania, Slovakia and United States accounted for most of the expenditure. The net exchange gain for the year mainly relates to assets denominated in Chinese renminbi (€ -19.3 million), Chilean pesos (€ 9.1 million), US dollar (€ 12.3 million) and Brazilian real (€ 9.9 million).

The methodology for impairment testing is consistent with the one presented in note 6.2. 'Goodwill'. For new consolidations and deconsolidations, please refer to note 7.2. 'Effect of business combinations'. The new consolidations mainly relate to the merger with Bridon.

Additional information relating to the reclassification to held for sale is provided under note 6.11. 'Assets classified as held for sale and liabilities associated with those assets'. 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 €	2015	2016
As at 1 January	151 067	110 633
Result for the year	18 320	25 445
Dividends	-18 682	-22 732
Exchange gains and losses	-34 660	28 814
Deconsolidations	-5 382	-
Other comprehensive income	-30	41
As at 31 December	110 633	142 201

In comparison with 2015, the better results for 2016 are mainly driven by the deconsolidation of the loss-making Xinyu entities. For an analysis of the result for the year, please refer to note 5.6. 'Share in the results of joint ventures and associates'.

Exchange gains and losses relate mainly to the substantial swing in closing rates of the Brazilian real (3.4 in 2016 vs 4.3 in 2015).

Deconsolidations in 2015 relate to the loss of significant influence in Bekaert (Xinyu) New Materials Co Ltd and Bekaert Xinyu Metal Products Co Ltd and to the step acquisition of BOSFA Pty Ltd.

Related goodwill

Cost in thousands of €	2015	2016
As at 1 January	4 667	3 486
Exchange gains and losses	-1 181	895
As at 31 December	3 486	4 381
Carrying amount of related goodwill as at 31 December	3 486	4 381
Total carrying amount of investments in joint ventures as at 31 December	114 119	146 582

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

in thousands of €	2015	2016	
Joint ventures			
Belgo Bekaert Arames Ltda	Brazil	98 621	125 228
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	12 012	16 973
Total for joint ventures excluding related goodwill		110 633	142 201
Carrying amount of related goodwill		3 486	4 381
Total for joint ventures including related goodwill		114 119	146 582

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 € 4.7 million (2015: € 6.6 million). They also have been facing claims relating to ICMS credits totaling € 22.1 million (2015: € 9.0 million) and several other tax claims, most of which date back several years, for a total nominal amount of € 15.3 million (2015: € 12.9 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%). At the balance sheet date, the Group has no unrecognized commitments for any of its joint ventures (2015: none) that might give rise to a future outflow of cash or other resources.

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	
		2015	2016
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 €	2015	2016
Sales	709 597	661 718
Operating result (EBIT)	79 665	74 541
Interest income	3 998	4 107
Interest expense	-6 447	-3 560
Other financial income and expenses	-5 899	-961
Income taxes	-9 391	-10 449
Result for the period	61 926	63 678
Other comprehensive income for the period	-73	89
Total comprehensive income for the period	61 853	63 767
Depreciation and amortization	18 084	20 280
EBITDA	97 749	94 821
Dividends received from the entity	18 682	22 732

Brazilian joint ventures: balance sheet in thousands of €	2015	2016
Current assets	184 355	243 364
Non-current assets	172 056	209 986
Current liabilities	-84 319	-104 001
Non-current liabilities	-27 363	-34 400
Net assets	244 729	314 949

Brazilian joint ventures: net debt elements in thousands of €	2015	2016
Non-current interest-bearing debt	-	-
Current interest-bearing debt ¹	14 930	11 726
Total financial debt	14 930	11 726
Non-current financial receivables and cash guarantees	-83	-23 521
Current loans	-	-2
Cash and cash equivalents	-13 700	-14 809
Net debt	1 147	-26 606

¹ See note 2.7. 'Restatement and reclassification effects'.

Brazilian joint ventures: reconciliation with carrying amount		
in thousands of €	2015	2016
Net assets of Belgo Bekaert Arames Ltda	218 323	277 404
Proportion of the Group's ownership interest	45.0%	45.0%
Proportionate net assets	98 245	124 832
Consolidation adjustments	377	397
Carrying amount of the Group's interest in Belgo Bekaert Arames Ltda	98 622	125 229
Net assets of BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	26 406	37 544
Proportion of the Group's ownership interest	44.5%	44.5%
Proportionate net assets	11 751	16 707
Consolidation adjustments	261	265
Carrying amount of the Group's interest in BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	12 012	16 972
Carrying amount of the Group's interest in the Brazilian joint ventures	110 634	142 201

Aggregate information of the other joint ventures		
in thousands of €	2015	2016
The Group's share in the result from continuing operations	-5 948	-
The Group's share of total comprehensive income	-5 948	-
Aggregate carrying amount of the Group's interests in these joint ventures	-	-

6.5. Other non-current assets

in thousands of €	2015	2016
Non-current financial receivables and cash guarantees	9 694	6 664
Reimbursement rights and other non-current amounts receivable	8 549	7 937
Derivatives (cf. note 7.3.)	5 897	-
Overfunded employee benefit plans - non-current	7	42
Available-for-sale financial assets	15 626	17 499
Total other non-current assets	39 773	32 142

Available-for-sale financial assets - non-current

Carrying amount in thousands of €	2015	2016
As at 1 January	9 979	15 626
Expenditure	100	41
Disposals	-123	-3
Fair value changes	-2 001	2 349
Impairment losses	-302	-591
New consolidations	-	3
Reclassifications	8 007	-
Exchange gains and losses	-34	74
As at 31 December	15 626	17 499

The available-for-sale financial assets mainly consist of the investments in:

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

The amount reported as expenditure mainly relates to Transportes Puelche Ltda.

6.6. Deferred tax assets and liabilities

Carrying amount in thousands of €	Assets		Liabilities	
	2015	2016	2015	2016
As at 1 January ¹	102 977	132 494	54 253	53 213
Increase or decrease via income statement ¹	27 010	18 436	10 017	-12 516
Increase or decrease via OCI ¹	-670	-737	-	-
New consolidations	8 174	9 480	292	22 861
Deconsolidations	-291	-	-	-
Reclassification as held for sale	-	-449	-	-4 486
Exchange gains and losses ¹	2 723	1 010	-3 920	3 350
Change in set-off of assets and liabilities	-7 429	-9 866	-7 429	-9 866
As at 31 December	132 494	150 368	53 213	52 556

¹ See note 2.7. 'Restatement and reclassification effects':

- Opening balance: € 1.7 million
- Increase via income statement: € 0.1 million
- Decrease via OCI: € -0.7 million
- Exchange gains and losses: € 0.2 million
- Closing balance: € 1.3 million

Recognized deferred tax assets and liabilities

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

in thousands of €	Assets		Liabilities		Net assets	
	2015	2016	2015	2016	2015	2016
Intangible assets	7 550	45 407	6 845	11 718	705	33 689
Property, plant and equipment	45 486	45 349	44 638	51 385	848	-6 036
Financial assets	7	11	24 804	16 484	-24 797	-16 473
Inventories	10 726	10 517	2 980	4 003	7 746	6 514
Receivables	9 296	10 470	3 769	264	5 527	10 206
Other current assets	977	267	3 428	3 623	-2 451	-3 356
Employee benefit obligations ¹	26 975	29 582	105	144	26 870	29 438
Other provisions	5 921	7 160	5 959	677	-38	6 483
Other liabilities	14 180	13 137	8 395	21 835	5 785	-8 698
Tax deductible losses carried forward, tax credits and recoverable income taxes	59 086	46 045	-	-	59 086	46 045
Tax assets / liabilities	180 204	207 945	100 923	110 133	79 281	97 812
Set-off of assets and liabilities	-47 710	-57 577	-47 710	-57 577	-	-
Net tax assets / liabilities	132 494	150 368	53 213	52 556	79 281	97 812

¹ See note 2.7. 'Restatement and reclassification effects':

The deferred taxes on property, plant and equipment mainly relate to differences in useful lives between IFRS and tax books, whereas the deferred taxes on intangible assets are mainly generated by intercompany gains which have been eliminated in the consolidated statements. The deferred tax liabilities on financial assets mainly relate to temporary differences arising from undistributed profits from subsidiaries and joint ventures.

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

2015 in thousands of €	As at 1 January	Recognized via income statement	Recognized via OCI	Acquisitions and disposals ²	Reclassifi- cations	Exchange gains and losses	As at 31 December
Temporary differences							
Intangible assets	1 543	-178	-	-3	-	-657	705
Property, plant and equipment	-7 984	-3 173	-	6 485	-	5 520	848
Financial assets	-16 064	-9 149	-67	-	-	483	-24 797
Inventories	5 582	4 429	-	-1 666	-	-599	7 746
Receivables	7 811	-2 627	-	-3	-	346	5 527
Other current assets	-8 034	5 663	-	31	-	-111	-2 451
Employee benefit obligations ¹	30 892	-6 250	-603	1 496	-	1 335	26 870
Other provisions	1 800	-2 631	-	553	-	240	-38
Other liabilities	11 308	-5 750	-	351	-	-124	5 785
Tax deductible losses carried forward, tax credits and recoverable income taxes	21 870	36 659	-	347	-	210	59 086
Total	48 724	16 993	-670	7 591	-	6 643	79 281

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

¹ See note 2.7. 'Restatement and reclassification effects'.

² Relates in 2016 to the business combinations as disclosed in note 7.2. 'Effect of business combinations'. In 2015, it relates to the acquisition of Pirelli's steel cord plants, the acquisition of Arrium's ropes business in Australia, the step acquisition of BOSFA Pty Ltd in Australia and the disposal of the Carding Solutions activities to Groz-Beckert.

³ See note 6.11. 'Assets classified as held for sale and liabilities associated with those assets'.

Deferred taxes related to other comprehensive income (OCI)

2015 in thousands of €	Before tax	Tax impact	After tax
Exchange differences ¹	-16 682	-	-16 682
Inflation adjustments	1 208	-	1 208
Cash flow hedges	175	-67	108
Available-for-sale investments	-2 001	-	-2 001
Remeasurement gains and losses on defined-benefit plans ¹	14 473	-603	13 870
Share of OCI of joint ventures and associates	-30	-	-30
Total	-2 857	-670	-3 527

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

¹ See note 2.7. 'Restatement and reclassification effects'.

Unrecognized deferred tax assets

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

in thousands of €	2015	2016	Variance
Deductible temporary differences	298 863	295 937	-2 926
Capital losses	26 627	23 534	-3 093
Trade losses	658 063	714 552	56 489
Tax credits	50 866	47 551	-3 315
Total	1 034 419	1 081 574	47 155

Capital losses, trade losses and tax credits by expiry date

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

2015 in thousands of €	Expiring within 1 year	Expiring between 1 and 5 years	Expiring after more than 5 years	Not expiring	Total
Capital losses	-	-	-	26 627	26 627
Trade losses	13 673	154 015	71 946	604 398	844 032
Tax credits	-	57 052	-	35 942	92 994
Total	13 673	211 067	71 946	666 967	963 653

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

6.7. Operating working capital

in thousands of €	2015	2016
<i>Raw materials, consumables and spare parts</i>	199 091	229 894
<i>Work in progress and finished goods</i>	323 451	384 359
<i>Goods purchased for resale</i>	106 189	110 247
Inventories	628 731	724 500
Trade receivables	686 364	739 145
Bills of exchange received	68 005	60 182
Advances paid	15 126	19 531
Trade payables	-456 783	-556 361
Advances received	-3 137	-12 732
Remuneration and social security payables	-117 532	-123 559
Employment-related taxes	-8 016	-8 198
Operating working capital	812 758	842 508

Carrying amount in thousands of €	2015	2016
As at 1 January	974 611	812 758
Organic increase or decrease	-212 266	-16 336
Write-downs and write-down reversals	-8 281	1 175
New consolidations	58 899	52 003
Deconsolidations	-8 465	-
Impact inflation accounting	1 241	2 361
Reclassification to (-) / from assets held for sale	-	-26 347
Exchange gains and losses (-)	7 019	16 894
As at 31 December	812 758	842 508

Weighted average operating working capital represented 22.6% of sales (2015: 24.8%).

Additional information is as follows:

- Inventories

The cost of sales includes expenses related to transport and handling of finished goods amounting to € 159.3 million (2015: € 165.9 million), which have never been capitalized in inventories. Movements in inventories include net reversals of write-downs in 2016 of € 5.1 million (2015: net write-downs of € 6.8 million).

Similar as in 2015, in 2016 no inventories were pledged as security for liabilities.

- Trade receivables

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

Allowance for bad debt in thousands of €	2015	2016
As at 1 January	-41 767	-45 076
Losses recognized in current year	-8 614	-8 287
Losses recognized in prior years - amounts used	4 140	1 787
Losses recognized in prior years - reversal of amounts not used	3 013	2 391
Deconsolidations	52	-
Reclassification to / from (-) assets held for sale	-	849
Exchange gains and losses (-)	-1 900	534
As at 31 December	-45 076	-47 802

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

Trade receivables and bills of exchange received in thousands of €	2015	2016
Gross amount	799 445	847 129
Allowance for bad debts (impaired)	-45 076	-47 802
Net carrying amount	754 369	799 327
<i>of which past due but not impaired</i>		
<i>amount</i>	93 097	95 844
<i>average number of days outstanding</i>	106	78

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 €	2015	2016
As at 1 January	106 627	99 286
Increase or decrease	-12 483	14 072
Write-downs and write-down reversals	1 556	8
New consolidations	3 219	4 261
Deconsolidations	-3 165	-
Reclassifications	-	-11 613
Exchange gains and losses	3 532	2 470
As at 31 December	99 286	108 484

Other receivables mainly relates to income taxes (€ 40.1 million (2015: € 40.3 million)), VAT and other non-income taxes (€ 55.5 million (2015: € 49.7 million)) and social loans to employees (€ 2.2 million (2015: € 3.0 million)).

6.9. Cash & cash equivalents and short-term deposits

Carrying amount in thousands of €	2015	2016
Cash & cash equivalents	401 771	365 546
Short-term deposits	10 216	5 342

For the changes in cash & cash equivalents, please refer to the consolidated cash flow statement and to note 7.1. 'Notes to the cash flow statement'. Cash equivalents and short-term deposits do not include any listed securities or equity instruments at the balance sheet date and are all classified as loans and receivables.

6.10. Other current assets

Carrying amount in thousands of €	2015	2016
Current loans and receivables ¹	34 773	13 991
Advances paid	15 126	19 531
Derivatives (cf. note 7.3.)	9 747	7 037
Deferred charges and accrued income ¹	6 403	11 665
As at 31 December	66 049	52 225

¹ See note 2.7. 'Restatement and reclassification effects'.

The current loans and receivables mainly relate to loans to partners in China (€ 10.4 million) and to various cash guarantees (€ 3.0 million).

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

Carrying amount		
in thousands of €	2015	2016
As at 1 January	-	-
Increases and decreases (-)	-	100 848
Exchange gains and losses	-	11 513
As at 31 December	-	112 361
in thousands of €	2015	2016
Intangible assets	-	9 939
Property, plant and equipment	-	36 674
Other non-current assets	-	5 651
Deferred tax assets	-	505
Inventories	-	10 140
Trade receivables	-	27 880
Other receivables	-	13 326
Cash and cash equivalents	-	8 241
Other current assets	-	5
Total assets classified as held for sale	-	112 361
Employee benefit obligations - non-current	-	33
Provisions non-current	-	6 444
Interest-bearing debt non-current	-	551
Deferred tax liabilities	-	5 045
Interest-bearing debt current	-	662
Trade payables	-	7 117
Employee benefit obligations - current	-	1 240
Income taxes payables	-	10 705
Other current liabilities	-	1 703
Total liabilities associated with assets classified as held for sale	-	33 500

Bekaert is in ongoing discussions with ArcelorMittal to bring the Sumaré plant into a similar joint venture structure as the rest of the operations in Brazil. Negotiations are expected to be finalized in 2017. Other movements mainly relate to rights to use land of Bekaert (Huizhou) Steel Cord Co Ltd.

The cumulative translation adjustments relating to Bekaert Sumaré Ltda amount to € -0.3 million at the balance sheet date.

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

Issued capital in thousands of €		2015		2016	
		Nominal value	Number of shares	Nominal value	Number of shares
1	As at 1 January	176 914	60 111 405	176 957	60 125 525
	Movements in the year				
	Issue of new shares	43	14 120	655	222 000
	As at 31 December	176 957	60 125 525	177 612	60 347 525
2	Structure				
2.1	Classes of ordinary shares				
	Ordinary shares without par value	176 957	60 125 525	177 612	60 347 525
2.2	Registered shares		148 202		207 619
	Non-material shares		59 977 323		60 139 906
	Authorized capital not issued	152 175		176 000	

A total of 222 000 subscription rights were exercised under the Company's SOP 2005-2009 stock option plan in 2016, requiring the issue of a total of 222 000 new shares of the Company.

From the 4 248 710 treasury shares held as of 31 December 2015, the Company disposed of 392 049 shares in connection with share-based payment plans. A total of 28 785 of treasury shares were purchased. No treasury shares were cancelled in 2016. As a result, the Company held an aggregate 3 885 446 treasury shares as of 31 December 2016.

Stock option plans

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

Overview of SOP1 Stock Option Plan

Date offered	Date granted	Date of issue of subscription rights	Exercise price (in €)	Number of subscription rights			Out-standing	First exercise period	Last exercise period
				Granted	Exercised	Forfeited			
12.07.2002	10.09.2002	25.09.2002	15.825	106 152	105 432	720	-	22.05 - 30.06.2006	22.05 - 15.06.2015
				106 152	105 432	720	-		

Overview of SOP2 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options			Out-standing	First exercise period	Last exercise period
			Granted	Exercised	Forfeited			
21.12.2006	19.02.2007	30.175	37 500	27 500	-	10 000	22.05 - 30.06.2010	15.11 - 15.12.2021
20.12.2007	18.02.2008	28.335	12 870	12 870	-	-	22.05 - 30.06.2011	15.11 - 15.12.2017
20.12.2007	18.02.2008	28.335	30 630	11 310	-	19 320	22.05 - 30.06.2011	15.11 - 15.12.2022
18.12.2008	16.02.2009	16.660	64 500	50 500	-	14 000	22.05 - 30.06.2012	15.11 - 15.12.2018
17.12.2009	15.02.2010	33.990	49 500	5 000	-	44 500	22.05 - 30.06.2013	15.11 - 15.12.2019
			195 000	107 180	-	87 820		

Overview of SOP 2005-2009 Stock Option Plan

Date offered	Date granted	Date of issue of subscription rights	Exercise price (in €)	Number of subscription rights				Out-standing	First exercise period	Last exercise period
				Granted	Exercised	Forfeited				
22.12.2005	20.02.2006	22.03.2006	23.795	190 698	182 967	15	7 716	22.05 - 30.06.2009	15.11 - 15.12.2020	
21.12.2006	19.02.2007	22.03.2007	30.175	153 810	144 240	600	8 970	22.05 - 30.06.2010	15.11 - 15.12.2021	
20.12.2007	18.02.2008	22.04.2008	28.335	14 100	3 200	9 900	1 000	22.05 - 30.06.2011	15.11 - 15.12.2017	
20.12.2007	18.02.2008	22.04.2008	28.335	215 100	141 250	12 700	61 150	22.05 - 30.06.2011	15.11 - 15.12.2022	
18.12.2008	16.02.2009	20.10.2009	16.660	288 150	229 550	19 500	39 100	22.05 - 30.06.2012	15.11 - 15.12.2018	
17.12.2009	15.02.2010	08.09.2010	33.990	225 450	56 400	52 500	116 550	22.05 - 30.06.2013	15.11 - 15.12.2019	
				1 087 308	757 607	95 215	234 486			

Overview of SOP 2010-2014 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options				Out-standing	First exercise period	Last exercise period
			Granted	Exercised	Forfeited				
16.12.2010	14.02.2011	77.000	360 925	-	65 200	295 725	28.02 - 13.04.2014	Mid Nov. - 15.12.2020	
22.12.2011	20.02.2012	25.140	287 800	166 900	2 600	118 300	27.02 - 12.04.2015	Mid Nov. - 21.12.2021	
20.12.2012	18.02.2013	19.200	267 200	175 442	2 700	89 058	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	-	2 400	371 050	End Feb. - 09.04.2017	Mid Nov. - 18.12.2023	
18.12.2014	16.02.2015	26.055	349 810	-	2 100	347 710	End Feb. - 08.04.2018	Mid Nov. - 17.12.2024	
			1 899 185	342 342	75 000	1 481 843			

Overview of SOP 2015-2017 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options				Out-standing	First exercise period	Last exercise period
			Granted	Exercised	Forfeited				
17.12.2015	15.02.2016	26.375	227 250	-	-	227 250	End Feb. - 07.04.2019	Mid Nov. - 16.12.2025	
			227 250	-	-	227 250			

SOP1 Stock Option Plan	2015		2016	
	Number of subscription rights	Weighted average exercise price (in €)	Number of subscription rights	Weighted average exercise price (in €)
Outstanding as at 1 January	720	15.825	-	-
Exercised during the year	-720	15.825	-	-
Outstanding as at 31 December	-	-	-	-

SOP2 Stock Option Plan	2015		2016	
	Number of options	Weighted average exercise price (in €)	Number of options	Weighted average exercise price (in €)
Outstanding as at 1 January	143 500	25.166	143 500	25.166
Exercised during the year	-	-	-55 680	18.254
Outstanding as at 31 December	143 500	25.166	87 820	29.549

SOP 2005-2009 Stock Option Plan	2015		2016	
	Number of subscription rights	Weighted average exercise price (in €)	Number of subscription rights	Weighted average exercise price (in €)
Outstanding as at 1 January	489 386	26.720	456 486	26.710
Forfeited during the year	-19 500	33.873	-	-
Exercised during the year	-13 400	16.660	-222 000	24.164
Outstanding as at 31 December	456 486	26.710	234 486	29.120

SOP 2010-2014 Stock Option Plan	2015		2016	
	Number of options	Weighted average exercise price (in €)	Number of options	Weighted average exercise price (in €)
Outstanding as at 1 January	1 498 075	34.413	1 821 585	32.942
Granted during the year	349 810	26.055	-	-
Exercised during the year	-26 300	25.140	-316 042	21.843
Forfeited during the year	-	-	-23 700	67.259
Outstanding as at 31 December	1 821 585	32.942	1 481 843	34.760

SOP 2015-2017 Stock Option Plan	2015		2016	
	Number of options	Weighted average exercise price (in €)	Number of options	Weighted average exercise price (in €)
Granted during the year	-	-	227 250	26.375
Outstanding as at 31 December	-	-	227 250	26.375

Weighted average remaining contractual life in years	2015	2016
	SOP2	3.7
SOP 2005-2009	4.5	3.7
SOP 2010-2014	7.1	6.3
SOP 2015-2017	-	9.0

The weighted average share price at the date of exercise in 2016 was not applicable for the SOP1 subscription rights (2015: € 26.22), € 40.69 for the SOP2 options (2015: not applicable), € 39.45 for the SOP 2005-2009 subscription rights (2015: € 26.36) and € 35.42 for the SOP 2010-2014 options (2015: € 27.09). 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 grant dates of each offering were scheduled in the period 2011-2015. The exercise price of the SOP 2010-2014 options was determined in the same manner as in the previous plans. The vesting conditions of the SOP 2010-2014 grants, as well as of the SOP 2005-2009 grants and of the SOP2 grants beginning in 2006, are such that the subscription rights or options will be fully vested on 1 January of the fourth year after the date of the offer. In accordance with the Economic Recovery Act of 27 March 2009, the exercise period of the SOP2 options and SOP 2005-2009 subscription rights granted in 2006, 2007 and 2008 was extended by five years in favor of the persons who were plan beneficiaries and subject to Belgian income tax at the time such extension was offered. The incremental fair value granted as a result of this amounts to € 0.3 million.

The options granted under SOP2 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 pricing model are detailed below:

Pricing model details	Granted in	Granted in	Granted in
Stock option plan	February 2015	February 2016	February 2017 ¹
Inputs to the model			
Share price at grant date (in €)	25.65	27.25	39.39
Exercise price (in €)	26.06	26.38	39.43
Expected volatility	39%	39%	39%
Expected dividend yield	3%	3%	3%
Vesting period (years)	3	3	3
Contractual life (years)	10	10	10
Employee exit rate	3%	3%	3%
Risk-free interest rate	0.05%	0.05%	0.05%
Exercise factor	1.40	1.40	1.40
Outcome of the model			
Fair value (in €)	6.71	7.44	10.32
Granted options	349 810	227 250	273 325

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 2016, 227 250 options (2015: 349 810) were granted under SOP 2015-2017 at a fair value per unit of € 7.44 (2015: € 6.71). The Group has recorded an expense against equity of € 3.3 million (2015: € 2.9 million) based on a straight-line amortization over the vesting period of the fair value of options and subscription rights granted.

Performance Share Plan

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

The Performance Share Units granted under the Performance Shares Plan 2015-2017 are recognized at fair value at grant date in accordance with IFRS 2 (see note 6.13. 'Retained earnings and other Group reserves'). The fair value of the options is determined using a binomial pricing model. Inputs and outcome of this pricing model are detailed below:

Pricing model details <i>Performance Share Plan</i>	Granted in				
	December 2015	February 2016	July 2016	December 2016 ¹	March 2017 ²
Inputs to the model					
Share price at grant date (in €)	27,25	32,00	38,38	39,49	46,90
Expected volatility	39%	39%	39%	39%	39%
Expected dividend yield	3%	3%	3%	3%	3%
Vesting period (years)	3	2,83	3	3	2,83
Employee exit rate	3%	3%	3%	3%	0%
Risk-free interest rate	-0,20%	-0,41%	-0,56%	-0,53%	-0,53%
Outcome of the model					
Fair value (in €)	36,08	46,89	50,30	52,15	46,90
Granted Performance Share Units	50 850	10 000	2 500	52 450	10 000

¹ Expense recorded as from 1 January 2017.

² See note 7.6. 'Events after the balance sheet date'.

In 2016 an offer of 52 450 Performance Share Units (2015: 50 850) was made under the terms of the Performance Share Plan 2015-2017. The granted units represent a fair value of € 2.7 million (2015: € 1.8 million). In addition, an exceptional grant of 10 000 Performance Share Units for the Chief Executive Officer was made on 29 February 2016 and an exceptional grant of 2 500 Performance Share Units for the newly hired Chief Financial Officer was made on 1 July 2016. The Group has recorded an expense against equity of € 0.8 million based on a straight-line amortization over the vesting period of the fair value of Performance Share Units granted.

Personal Shareholding Requirement Plan

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

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

Pricing model details <i>Matching share</i>	To be granted in December 2018
Inputs to the model	
Share price at start date (in €)	35.71
Expected volatility	39%
Expected dividend yield	3%
Vesting period (years)	2.8
Employee exit rate	4%
Risk-free interest rate	-0.40%
Outcome of the model	
Fair value (in €)	29.27
Matching shares to be granted	20 327

A grant of 20 327 matching shares will be made in 2018 under the terms of the Personal Shareholding Requirement Plan 2016. The matching shares to be granted represent a fair value of € 0.6 million. The Group has recorded an expense against equity of € 0.2 million based on a straight-line amortization over the vesting period of the fair value of matching shares to be granted.

6.13. Retained earnings and other Group reserves

Carrying amount in thousands of €	2015	2016
<i>Hedging reserve</i>	-	-148
<i>Revaluation reserve for available-for-sale investments</i>	97	2 446
<i>Remeasurements on defined-benefit plans</i> ¹	-70 771	-80 743
<i>Other revaluation reserves</i>	-8 200	-8 206
<i>Deferred taxes booked in OCI</i> ¹	30 689	30 831
Other reserves ¹	-48 185	-55 820
Cumulative translation adjustments ¹	-30 808	4 286
Total other Group reserves	-78 993	-51 534
Treasury shares	-144 747	-127 974
Retained earnings	1 397 110	1 432 394

¹ See note 2.7. 'Restatement and reclassification effects'.

The movements in the Group reserves and retained earnings were as follows:

Hedging reserve in thousands of €	2015	2016
As at 1 January	132	-
Changes in ownership	-	-594
New instruments added	-	-213
Existing instruments settled	-	1 099
Recycled to income statement	-6 166	-325
Fair value changes to hedging instruments	6 034	-115
As at 31 December	-	-148
Of which		
<i>FX contracts (in Bridon International Ltd)</i>	-	-148

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 IFRSs hedge accounting policies for cash flow hedges, exchange gains or losses arising from translating the hedged items at the closing rate are offset by recycling the equivalent amounts to the income statement on a quarterly basis.

Revaluation reserve for available-for-sale investments in thousands of €	2015	2016
As at 1 January	2 098	97
Recycled to income statement	302	591
Fair value changes	-2 303	1 758
As at 31 December	97	2 446
Of which		
<i>Investment in Shougang Concord Century Holdings Ltd</i>	97	2 446

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. At midyear 2016, an amount of € 0.6 million was recycled to income statement as a result of an impairment loss (€ 0.3 million at year-end 2015). The share price recovered substantially in the second semester 2016, which is reflected in the positive fair value changes.

Remeasurements on defined-benefit plans in thousands of €	2015	2016
As at 1 January (as reported)	-79 146	-70 771
Restatement ¹	-4 295	-
As at 1 January (restated)	-83 441	-70 771
Remeasurements of the period ¹	13 808	-9 615
Inflation effects	-430	-538
Changes in ownership	-708	181
As at 31 December	-70 771	-80 743

¹ See note 2.7. 'Restatement and reclassification effects'.

The remeasurements originate from using different actuarial assumptions in calculating the defined-benefit obligation and from differences with actual returns on plan assets at the balance sheet date (see note 6.15. 'Employee benefit obligations'). The opening balance of 2015 was restated for our Ecuadorian subsidiary as a result of the new IAS 19 requirement to use a currency based discount rate rather than a country based one. This reserve does not include any remeasurements attributable to non-controlling interests.

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

Deferred taxes booked in equity		
in thousands of €	2015	2016
As at 1 January	29 722	30 689
Restatement ¹	999	-
As at 1 January (restated)	30 721	30 689
Deferred taxes relating to other comprehensive income ¹	-520	-433
Inflation effects	146	183
Changes in ownership	342	393
As at 31 December	30 689	30 832

¹ See note 2.7. 'Restatement and reclassification effects'.

Deferred taxes relating to other comprehensive income are also recognized in OCI (see note 6.6. 'Deferred tax assets and liabilities'). The opening balance restatement of 2015 reflects the deferred tax effect of the IAS 19 restatement effected on the Ecuadorian defined-benefit plans.

Treasury shares		
in thousands of €	2015	2016
As at 1 January	-145 953	-144 747
Shares purchased	-	-1 114
Shares sold	1 206	17 887
As at 31 December	-144 747	-127 974

28 785 shares were bought back in 2016 both to anticipate any dilution and to hedge the cash flow risk on share-based payment plans, while 392 049 treasury shares were sold to the beneficiaries of the share-based payment plans of the Group. In 2015 the only treasury shares transactions related to 26 300 options being exercised (see note 6.12. 'Ordinary shares, treasury shares and equity settled share based payments'). Treasury shares sold are accounted for using FIFO.

Cumulative translation adjustments		
in thousands of €	2015	2016
As at 1 January	-6 149	-30 808
Exchange differences on dividends declared	-5 296	-352
Recycled to income statement - relating to disposed entities or step acquisitions	393	-
Changes in ownership	-2 359	-37
Movements arising from exchange rate fluctuations ¹	-17 397	35 483
As at 31 December	-30 808	4 286
Of which relating to entities with following functional currencies		
Chinese renminbi	158 720	138 100
US dollar ¹	35 554	43 121
Brazilian real	-170 636	-118 483
Chilean peso	-9 370	-1 128
Venezuelan bolivar	-42 344	-54 682
Indian rupee	-3 183	-2 720
Czech koruna	7 557	7 511
British pound	783	-8 201
Russian ruble	-5 433	-1 728
Other currencies	-2 456	2 496

¹ See note 2.7. 'Restatement and reclassification effects'.

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

Retained earnings in thousands of €	2015	2016
As at 1 January	1 352 197	1 397 110
Reclassifications from other reserves	16 407	-
Equity instruments granted	-	4 387
Result for the period attributable to the Group	101 722	105 166
Dividends	-48 006	-50 472
Inflation adjustments	1 698	2 000
Treasury shares transactions	-	-9 235
Changes in ownership	-26 908	-16 562
As at 31 December	1 397 110	1 432 394

Reclassifications in retained earnings in 2015 related to historical fair value adjustments relating to business combinations before 2011 (€ 8.7 million) and equity-settled share-based payment plans (€ -25.1 million) which will no longer be accounted for using a dedicated reserve as from 2016. The latter is illustrated by the equity instruments granted (€ 4.4 million) which are posted directly to retained earnings as from 2016. Inflation adjustments reflect the use of inflation accounting in Venezuela, as required under IFRS in a hyperinflationary economy. Treasury shares transactions (€ -9.2 million) represents the difference between the proceeds and the FIFO book value of the shares that were sold. Changes in ownership in 2015 (€ -26.9 million) mainly related to purchases of non-controlling interests (€ -27.7 million) and to business combinations and business disposals (€ 0.8 million), while in 2016 these predominantly related to the BBRG business combination (€ -16.4 million).

6.14. Non-controlling interests

Carrying amount in thousands of €	2015	2016
As at 1 January (as reported)	199 421	129 440
Restatement ¹	-2 348	-
As at 1 January (restated)	197 073	129 440
Changes in Group structure	-85 152	10 620
Share of the result for the period ¹	3 742	7 255
Share of other comprehensive income excluding CTA ¹	655	29
Dividend pay-out	-7 391	-17 037
Capital increases	14 967	-
Exchange gains and losses (-) ¹	5 546	494
As at 31 December	129 440	130 801

¹ See note 2.7. 'Restatement and reclassification effects'.

The changes in Group structure in 2016 mainly relate to the merger with Bridon. In 2015, the changes in Group structure mainly relate to Bekaert acquiring the remaining non-controlling interests held by the Chilean partners in the Ropes entities in December. Other changes in Group structure originated from the business combination with Pirelli, the acquisition of the remaining non-controlling interests in two Chinese companies and in the Malaysian and Indonesian 'Southern Wire' companies from Southern Steel, and the loss of control in Bekaert (Xinyu) New Materials Co Ltd.

In 2016, the share of the result for the period mainly improved due to the positive contribution from the Wire companies, while the BBRG entities were hit by the sagging demand from the oil and gas sector.

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

Entities included in material NCI disclosure	Country	Proportion of NCI at year-end	
		2015	2016
BBRG entities			
Acma Inversiones SA	Chile	0.0%	40.0%
BBRG (Purchaser) Ltd	United Kingdom	0.0%	40.0%
BBRG (Subsidiary) Ltd	United Kingdom	0.0%	40.0%
BBRG Finance (UK) Ltd	United Kingdom	0.0%	40.0%
BBRG Holding (UK) Ltd	United Kingdom	0.0%	40.0%
BBRG Operations (UK) Ltd	United Kingdom	0.0%	40.0%
BBRG Production (UK) Ltd	United Kingdom	0.0%	40.0%
Bekaert (Shenyang) Advanced Cords Co, Ltd	China	0.0%	40.0%
Bekaert Advanced Cords Aalter NV	Belgium	0.0%	40.0%
Bekaert Cimaf Cabos	Brazil	0.0%	40.0%
Bekaert Wire Rope Industry NV	Belgium	0.0%	40.0%
Bekaert Wire Ropes Pty Ltd	Australia	0.0%	40.0%
Bridge Finco LLC	United States	0.0%	40.0%
Bridon (Hangzhou) Ropes Co Ltd	China	0.0%	40.1%
Bridon (South East Asia) Ltd	China	0.0%	40.1%
Bridon Australia Pty Ltd	Australia	0.0%	40.1%
Bridon Coatbridge Limited	United Kingdom	0.0%	40.0%
Bridon do Brasil Representações Comércio e Indústria de Cabos Ltda	Brazil	0.0%	40.1%
Bridon Holdings Ltd	United Kingdom	0.0%	40.1%
Bridon Hong Kong Limited	China	0.0%	40.1%
Bridon International GmbH	Germany	0.0%	40.0%
Bridon International Limited	United Kingdom	0.0%	40.0%
Bridon Ltd	United Kingdom	0.0%	40.0%
Bridon New Zealand Limited	New Zealand	0.0%	40.1%
Bridon Pension Trust (No Two) Limited	United Kingdom	0.0%	40.0%
Bridon Scanrope AS	Norway	0.0%	40.1%
Bridon Scheme Trustees Ltd	United Kingdom	0.0%	40.0%
Bridon Singapore (Pte) Ltd	Singapore	0.0%	40.1%
Bridon-American Corporation	United States	0.0%	40.0%
Bridon-Bekaert Ropes Group (UK) Ltd	United Kingdom	0.0%	40.0%
Bridon-Bekaert Ropes Group Ltd	United Kingdom	0.0%	40.0%
British Ropes Limited	United Kingdom	0.0%	40.0%
Gloucester Rope & Tackle Company Limited	United Kingdom	0.0%	40.0%
NV Bridon Ropes SA	Belgium	0.0%	40.1%
Procables SA	Peru	3.9%	42.3%
Procables Wire Ropes SA	Chile	0.0%	40.0%
Prodinsa SA	Chile	0.0%	40.0%
PT Bridon	Indonesia	0.0%	40.1%
Wire Rope Industries Ltd/Industries de Câbles d'Acier Ltée	Canada	0.0%	40.0%
Wire Rope Industries USA, Inc	United States	0.0%	40.0%
Wire entities Chile and Peru			
Acma SA	Chile	48.0%	48.0%
Acmanet SA	Chile	48.0%	48.0%
Industrias Acmanet Ltda	Chile	48.0%	48.0%
Industrias Chilenas de Alambre - Inchalam SA	Chile	48.0%	48.0%
Procercos SA	Chile	48.0%	48.0%
Prodalam SA	Chile	48.0%	48.0%
Impala SA	Panama	48.0%	48.0%
Productos de Acero Cassadó SA	Peru	62.5%	62.5%
Prodac Contrata SAC	Peru	62.5%	62.5%
Prodac Selva SAC	Peru	62.5%	62.5%
Wire entities Andina region			
Bekaert Ideal SL	Spain	20.0%	20.0%
Productora de Alambres Colombianos - Proalco SAS	Colombia	20.0%	20.0%
Bekaert Costa Rica SA	Costa Rica	41.6%	41.6%
BIA Alambres Costa Rica SA	Costa Rica	41.6%	41.6%
Ideal Alambrec SA	Ecuador	41.6%	41.6%
InverVicson SA	Venezuela	20.0%	20.0%
Vicson SA	Venezuela	20.0%	20.0%

The principal activity of the main entities listed above is manufacturing and selling wire, ropes and other wire products, mainly for the local market. Following entities are essentially holdings, having interests in one or more of the other entities listed above: Acma Inversiones SA, Procables Wire Ropes SA, Bekaert Wire Rope Industry NV, BBRG (Purchaser) Ltd, BBRG (Subsidiary) Ltd, BBRG Finance (UK) Ltd, BBRG Holding (UK) Ltd, BBRG Operations (UK) Ltd, BBRG Production (UK) Ltd, Bridon Holdings Ltd, Bridon-Bekaert Ropes Group (UK) Ltd, Bridon-Bekaert Ropes Group Ltd, Industrias Acmanet Ltda, Procercos SA, Impala SA and Bekaert Ideal SL. The following table shows the relative importance of the entity groups with material NCI in terms of results and equity attributable to NCI.

Material and other NCI in thousands of €	Result attributable to NCI		Equity attributable to NCI	
	2015	2016	2015	2016
BBRG entities	957	-14 492	250	-9 506
Wire entities Chile and Peru	6 295	10 622	83 886	86 918
Wire entities Andina region ¹	-1 919	2 677	18 571	17 731
Consolidation adjustments on material NCI ¹	-1 612	3 014	-31 998	-24 327
Contribution of material NCI to consolidated NCI	3 721	1 821	70 709	70 816
Other NCI	21	5 434	58 731	59 985
Total consolidated NCI	3 742	7 255	129 440	130 801

¹ See note 2.7. 'Restatement and reclassification effects'.

The substantial consolidation adjustments to the equity attributable to material NCI in 2016 are largely due to the BBRG entities, more specifically the merger with Bridon.

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

BBRG entities in thousands of €	2015	2016
Current assets	89 233	271 084
Non-current assets	125 131	356 840
Current liabilities	184 034	152 743
Non-current liabilities	41 618	499 908
Equity attributable to the Group	-11 538	-15 221
Equity attributable to NCI	250	-9 506

The Bridon-Bekaert Ropes Group entered into a Senior Facilities Agreement in order to refinance the newly created company.

As part of this Senior Facilities Agreement the following significant restrictions on the borrower's ability to access or use its assets or settle its liabilities exist:

- 1) The borrower cannot re-borrow any prepaid part of the Term Facilities (2016: USD 324.9 million) or any Additional Term Facility (2016: nil).
- 2) In relation to each financial year an amount equal to the relevant percentage of excess cash flow for that financial year, is to be applied in prepayment of the facilities, depending on actual leverage (i.e. net debt divided by adjusted Underlying EBITDA) as set out below:
 - Leverage greater than or equal to 2.75: 50%,
 - Leverage less than 2.75 but greater than or equal to 2.00: 25%,
 - Leverage less than 2.00: relevant percentage is 0%,
 whereby a threshold amount equal to USD 5.0 million can be retained from the amount to be paid.
- 3) Acquisition and insurance proceeds (the net proceeds of acquisition related and insurance claims after deduction of related costs and taxes) in excess of USD 2.5 million have to be repaid to the lenders.
- 4) Except as permitted, the Parent (i.e. BBRG Production (UK) Ltd or any of its subsidiaries shall not:
 - declare, make or pay any dividend, charge, fee or other distribution (or related interests),
 - redeem, repurchase, retire or repay any of its share capital or share premium reserve.
- 5) There are strict limitations to the repayment, prepayment or exchange of the shareholder loans (2016: USD 94.4 million) or interests on the shareholder loans. Shareholder loans are subordinate to the Senior Facilities Agreement in all material aspects.

BBRG entities in thousands of €	2015	2016
Sales	144 732	303 158
Expenses	-150 105	-339 795
Result for the period	-5 373	-36 637
Result for the period attributable to the Group	-6 330	-22 145
Result for the period attributable to NCI	957	-14 492
Other comprehensive income for the period	-16 531	3 748
OCI attributable to the Group	-11 907	2 246
OCI attributable to NCI	-4 624	1 502
Total comprehensive income for the period	-21 904	-32 889
Total comprehensive income attributable to the Group	-18 237	-19 899
Total comprehensive income attributable to NCI	-3 667	-12 990
Dividends paid to NCI	-	-
Net cash inflow (outflow) from operating activities	6 398	-44 254
Net cash inflow (outflow) from investing activities	-189 666	-89 958
Net cash inflow (outflow) from financing activities	184 465	179 691
Net cash inflow (outflow)	1 197	45 479

The result for the period of the BBRG entities, both in 2015 and 2016 was adversely affected by the weak economic situation in the oil and gas sector.

Wire entities Chile and Peru in thousands of €	2015	2016
Current assets	181 799	201 110
Non-current assets	140 010	146 329
Current liabilities	112 300	136 513
Non-current liabilities	51 123	46 651
Equity attributable to the Group	74 500	77 357
Equity attributable to NCI	83 886	86 918

Wire entities Chile and Peru in thousands of €	2015	2016
Sales	434 933	422 946
Expenses	-422 039	-402 663
Result for the period	12 894	20 283
Result for the period attributable to the Group	6 599	9 662
Result for the period attributable to NCI	6 295	10 622
Other comprehensive income for the period	-1 273	11 059
OCI attributable to the Group	-1 428	5 636
OCI attributable to NCI	155	5 423
Total comprehensive income for the period	11 621	31 342
Total comprehensive income attributable to the Group	5 171	15 298
Total comprehensive income attributable to NCI	6 450	16 045
Dividends paid to NCI	-5 532	-12 264
Net cash inflow (outflow) from operating activities	52 954	45 281
Net cash inflow (outflow) from investing activities	-9 502	-8 321
Net cash inflow (outflow) from financing activities	-36 885	-35 103
Net cash inflow (outflow)	6 567	1 857

The increase in current and non-current assets was mainly due to investments and working capital, whereas the increase in liabilities was mainly driven by accounts payables and current debt.

The sales decrease in Prodac and Inchalam was offset by sales increase in Prodalam and Acma. Operating results improved in all the companies. Other comprehensive income mainly includes exchange differences that are affected by the weakened Chilean peso. Operating cash flows decreased due to the increase of working capital.

Wire entities Andina region in thousands of €	2015	2016
Current assets	110 021	102 623
Non-current assets ¹	73 875	72 892
Current liabilities	101 758	103 960
Non-current liabilities ¹	29 994	28 753
Equity attributable to the Group	33 573	25 071
Equity attributable to NCI	18 571	17 731

¹ See note 2.7. 'Restatement and reclassification effects'.

Wire entities Andina region in thousands of €	2015	2016
Sales	204 551	184 668
Expenses ¹	-208 333	-179 714
Result for the period	-3 783	4 953
Result for the period attributable to the Group ¹	-1 864	2 276
Result for the period attributable to NCI ¹	-1 919	2 677
Other comprehensive income for the period	3 464	-11 185
OCI attributable to the Group ¹	1 007	-9 293
OCI attributable to NCI ¹	2 457	-1 892
Total comprehensive income for the period	-319	-6 232
Total comprehensive income attributable to the Group ¹	-857	-7 017
Total comprehensive income attributable to NCI ¹	538	785
Dividends paid to NCI	-850	-1 651
Net cash inflow (outflow) from operating activities	11 221	31 230
Net cash inflow (outflow) from investing activities	-6 901	-4 626
Net cash inflow (outflow) from financing activities	7 679	-6 980
Net cash inflow (outflow)	11 999	19 624

¹ See note 2.7. 'Restatement and reclassification effects'.

The major balance sheet subtotals remained fairly constant, although net assets of Venezuela dwindled further as a result of the spectacular depreciation of the bolivar. Current liabilities in Venezuela decreased due to the repayment of foreign currency debt.

Sales increased in all countries except Venezuela and Ecuador. Ecuador and Costa Rica recorded important improvements in operating results.

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

6.15. Employee benefit obligations

The total net liabilities for employee benefit obligations, which amounted to € 316.8 million as at 31 December 2016 (€ 304.0 million as at year-end 2015), are as follows:

in thousands of €	2015	2016
Liabilities for		
<i>Post-employment defined-benefit plans</i> ¹	165 491	172 213
<i>Other long-term employee benefits</i>	6 077	6 333
<i>Cash-settled share-based payment employee benefits</i>	1 946	3 594
<i>Short-term employee benefits</i>	117 532	124 799
<i>Termination benefits</i>	12 915	9 888
Total liabilities in the balance sheet	303 961	316 827
of which		
<i>Non-current liabilities</i> ¹	172 680	182 641
<i>Current liabilities</i>	131 281	132 913
<i>Liabilities associated with assets held for sale</i> ²	-	1 273
Assets for		
<i>Defined-benefit pension plans</i>	-7	-42
Total assets in the balance sheet	-7	-42
Total net liabilities	303 954	316 785

¹ See note 2.7. 'Restatement and reclassification effects'.

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

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

Bekaert participates in a multi-employer defined-benefit plan in the Netherlands funded through the Pensioenfonds Metaal & Techniek. This plan is treated as a defined-contribution plan because no information is available with respect to the plan assets attributable to Bekaert; contributions for this plan amounted to € 0.9 million (2015: € 0.8 million).

Defined-contribution plans	2015	2016
in thousands of €		
Expenses recognized	18 545	14 169

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 2016 for all significant post-employment defined-benefit plans by independent actuaries. The Group's largest defined-benefit obligations are in Belgium, the United States and the United Kingdom (new since 2016). They account for 87.1% (2015: 84.3%) of the Group's defined-benefit obligations and 99.8% (2015: 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 € 189.4 million (2015: € 164.1 million) and € 168.5 million assets (2015: € 147.3 million). This is including the defined-contribution plans funded through a group insurance.

The traditional defined-benefit plans foresee in a lump sum payment upon retirement and in risk benefits in case of death or disability prior to retirement. The plans are externally funded through two self-administrated institutions for occupational retirement provision (IORP). On a regular basis, an Asset Liability Matching (ALM) study is performed in which the consequences of strategic investment policies are analyzed in terms of risk-and-return profiles. Statement of investment principles and funding policy are derived from this study. The purpose is to have a well-diversified asset allocation to control the risk. Investment risk and liability risk are monitored on a quarterly basis. Funding policy targets to be at least fully funded in terms of the technical provision (this is a prudent estimate of the pension liabilities).

Other plans mainly relate to pre-retirement pensions (defined-benefit obligation € 20.7 million (2015: € 23.2 million)) which are not externally funded. An amount of € 8.9 million (2015: € 8.5 million) relates to employees in active service who have not yet entered into any pre-retirement agreement.

Plans in the United States

The funded plans in the United States mainly relate to pension plans representing a defined-benefit obligation of € 146.3 million (2015: € 142.2 million) and assets of € 99.7 million (2015: € 92.4 million). The plans provide for benefits for the life of the plan members but have been closed for new entrants. During 2016 the largest plan was also closed for future accruals. 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.

Unfunded plans mainly relate to medical care (defined-benefit obligation € 5.0 million (2015: € 5.5 million)) and are not externally funded.

Plans in the United Kingdom

The legal entity in UK sponsors the Bridon Group (2013) Pension Scheme, a funded defined-benefit pension scheme for qualifying UK employees. The scheme is administrated by a separate Board of Trustees which is legally separate from the company. The Board of Trustees consists of representatives of both employer and employees. The trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day to day administration of the benefits.

The latest actuarial valuation under IAS 19 was carried out as of 31 December 2016 by independent actuaries and resulted into a defined-benefit obligation of € 98.3 million and assets of € 96.1 million. The defined-benefit obligation includes benefits for deferred pensioners and current pensioners. Broadly, about 95% of the liabilities are attributable to non-pensioners and 5% to current pensioners.

UK legislation requires that pension schemes are funded prudently, i.e. using prudent assumptions as opposed to best estimate assumptions under IAS 19. The last funding valuation was carried out by a qualified actuary as at 31 December 2013 and showed a funding deficit of GBP 12.4 million. The company has agreed to pay deficit contributions. These company contributions were expected to make good this shortfall by 31 December 2017. The next funding valuation is due on 31 December 2016 – to be submitted with the Pension Regulator by March 2018 - at which progress towards full-funding will be reviewed.

The amounts recognized in the balance sheet are as follows:

in thousands of €	2015	2016
Belgium		
Present value of funded obligations	164 091	189 422
Fair value of plan assets	-147 325	-168 520
Deficit / surplus (-) of funded obligations	16 766	20 902
Present value of unfunded obligations	25 618	23 286
Total deficit / surplus (-) of obligations	42 384	44 188
United States		
Present value of funded obligations	142 225	146 289
Fair value of plan assets	-92 386	-99 704
Deficit / surplus (-) of funded obligations	49 839	46 585
Present value of unfunded obligations	9 884	10 762
Total deficit / surplus (-) of obligations	59 723	57 347
United Kingdom		
Present value of funded obligations	-	98 336
Fair value of plan assets	-	-96 087
Deficit / surplus (-) of funded obligations	-	2 249
Present value of unfunded obligations	-	-
Total deficit / surplus (-) of obligations	-	2 249
Other		
Present value of funded obligations	666	874
Fair value of plan assets	-458	-782
Deficit / surplus (-) of funded obligations	208	92
Present value of unfunded obligations ¹	63 169	68 294
Total deficit / surplus (-) of obligations	63 377	68 386
Total		
Present value of funded obligations	306 982	434 921
Fair value of plan assets	-240 169	-365 093
Deficit / surplus (-) of funded obligations	66 813	69 828
Present value of unfunded obligations ¹	98 671	102 342
Total deficit / surplus (-) of obligations	165 484	172 170

¹ See note 2.7. 'Restatement and reclassification effects'.

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

in thousands of €	Defined-benefit obligation	Plan assets	Amount not recognized as an asset	Net liability / asset (-)
As at 1 January 2015 ¹	355 978	-178 146		169 630
Current service cost ¹	14 190	-		14 190
Past service cost	2 787	-		2 787
Gains (-) / losses from settlements	169	-		169
Interest expense / income (-) ¹	11 087	-5 299		5 788
Net benefit expense / income (-) recognized in profit and loss	28 233	-5 299		22 934
<i>Components recognized in EBIT</i>	-	-		17 146
<i>Components recognized in financial result</i>	-	-		5 788
Remeasurements				
<i>Return on plan assets, excluding amounts included in interest expense / income (-)</i>	-	3 025		3 025
<i>Gain (-) / loss from change in demographic assumptions</i>	-6 660	-		-6 660
<i>Gain (-) / loss from change in financial assumptions ¹</i>	-13 185	-		-13 185
<i>Experience gains (-) / losses ¹</i>	2 347	-		2 347
Changes recognized in equity	-17 498	3 025		-14 473
Contributions				
Employer contributions / direct benefit payments	-	-30 053		-30 053
Employee contributions	162	-162		-
Payments from plans				
Benefit payments	-30 438	30 438		-
Reclassifications	48 861	-50 321		-1 460
Acquisitions	3 446	-		3 446
Disposals	-164	81		-83
Foreign-currency translation effect ¹	17 073	-9 731		7 342
As at 31 December 2015	405 653	-240 168		165 485
As at 1 January 2016	405 653	-240 168		165 485
Current service cost	17 990	-		17 990
Past service cost	-6 070	-		-6 070
Gains (-) / losses from settlements	-1 905	3 075		1 170
Interest expense / income (-)	13 533	-8 093	87	5 527
Net benefit expense / income (-) recognized in profit and loss	23 549	-5 018	87	18 618
<i>Components recognized in EBIT</i>	-	-		13 090
<i>Components recognized in financial result</i>	-	-		5 527
Remeasurements				
<i>Return on plan assets, excluding amounts included in interest expense / income (-)</i>	-	-17 476		-17 476
<i>Gain (-) / loss from change in demographic assumptions</i>	-2 286	-		-2 286
<i>Gain (-) / loss from change in financial assumptions</i>	26 716	-		26 716
<i>Experience gains (-) / losses</i>	9 340	-		9 340
Change in irrecoverable surplus other than interest	-	-	-6 318	-6 318
Changes recognized in equity	33 769	-17 476	-6 318	9 975
Contributions				
Employer contributions / direct benefit payments	-	-32 268		-32 268
Employee contributions	145	-145		-
Payments from plans				
Benefit payments	-25 149	25 149		-
Acquisitions	96 222	-95 202	6 477	7 497
Foreign-currency translation effect	3 074	36	-246	2 863
As at 31 December 2016	537 263	-365 093	-	172 170

¹ See note 2.7. 'Restatement and reclassification effects'.

The past service cost mainly relates to the pension plan freeze in the USA, the restructuring in Malaysia and a change in the retirement gratuity plan in Peru. Settlement costs mainly relate to the restructuring in Turkey. The change in asset ceiling relates to the UK whereby the initial asset ceiling upon acquisition during the year was cancelled by the evolution in assets and liabilities. 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 (2015: € 0.3 million).

Estimated contributions and direct benefit payments for 2017 are as follows:

Estimated contributions and direct benefit payments	
in thousands of €	2017
Pension plans	27 174
Total	27 174

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

in thousands of €	2015	2016
Belgium		
Bonds	33 032	34 120
Equity	55 165	62 290
Cash	8 807	9 404
Insurance contract	50 321	62 706
Total Belgium	147 325	168 520
United States		
Bonds		
USD Long Duration Bonds	49 132	53 532
USD Fixed Income	9 358	9 956
USD Guaranteed Deposit	5 937	5 522
Equity		
USD Equity	20 084	22 251
Non-USD Equity	7 875	8 443
Total United States	92 386	99 704
United Kingdom		
Bonds	-	9 911
Derivatives	-	45 738
Equity	-	39 695
Cash	-	743
Total United States	-	96 087
Other		
Bonds	458	782
Total Other	458	782
Total	240 169	365 093

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

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

Actuarial assumptions	2015	2016
Discount rate ¹	3.1%	2.7%
Future salary increases	3.4%	3.1%
Underlying inflation rate	2.8%	2.6%
Health care cost increases (initial)	6.3%	6.6%
Health care cost increases (ultimate)	4.5%	4.8%
Health care (years to ultimate rate)	8	7

¹ See note 2.7. 'Restatement and reclassification effects'.

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.

As a consequence of the Annual Improvements to IFRS 2012-2014 the rate used to discount post-employment benefit obligations was determined by reference to market yields on bonds denominated in the currency used, which is the US dollar in Ecuador. This has triggered a restatement of the 2015 disclosures.

This resulted into the following discount rates:

Discount rates	2015	2016
Belgium	2.0%	1.5%
United States	4.2%	4.0%
United Kingdom	-	2.6%
Other ¹	4.2%	3.4%

¹ See note 2.7. 'Restatement and reclassification effects'.

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

	2015	2016
Life expectancy of a man aged 65 (years) at balance sheet date	20.9	20.7
Life expectancy of a woman aged 65 (years) at balance sheet date	23.1	23.3
Life expectancy of a man aged 65 (years) ten years after balance sheet date	21.7	21.7
Life expectancy of a woman aged 65 (years) ten years after balance sheet date	24.0	24.4

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	34 657	6.5%
Salary growth rate	0.50%	Increase by	11 347	2.1%
Health care cost	0.50%	Increase by	192	0.04%
Life expectancy	Increase by 1 year	Increase by	7 185	1.3%

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:

Weighted average durations of the DBO in years	2016
Belgium	12.5
United States	12.6
United Kingdom	23.5
Other	10.8
Total	14.4

¹ See note 2.7. 'Restatement and reclassification effects'.

Other long-term employee benefits

The other long-term employee benefits relate to service awards. The increase of the liabilities is due to acquisitions and a reclassification of one plan in Italy.

Cash-settled share-based payment employee benefits

Stock appreciation rights

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 and equity settled share based payments'). Based on local regulations, the exercise price for any grant under the USA SAR plan is equal to the average closing price of the Company's share during the thirty days following the date of the offer. The exercise price for the other SAR plans is determined in the same way as for the equity-settled stock option plans: it is equal to the lower of (i) the average closing price of the Company's share during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer.

Following inputs to the model are used for all grants: share price at balance sheet date: € 38.49 (2015: € 28.39), expected volatility of 39% (2015: 39%), expected dividend yield of 3.0% (2015: 3.0%), vesting period of 3 years, contractual life of 10 years, employee exit rate of 4% in Asia (2015: 4%) and 3% in other countries (2015: 3%), and an exercise factor of 1.40 (2015: 1.40). Inputs for risk-free interest rates vary by grant and are based on the return of Belgian OLO's (Obligation Linéaire / Lineaire Obligatie) with a term equal to the maturity of the SAR grant under consideration.

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

USA SAR Plan details by grant in €	Exercise price	Fair value as at 31	Fair value as at 31
		Dec 2015	Dec 2016
Grant 2009	16.58	11.20	-
Grant 2010	37.05	2.69	5.62
Grant 2011	83.43	1.16	2.15
Grant 2012	27.63	6.44	12.23
Grant 2013	22.09	8.36	16.52
Exceptional grant 2013	22.51	9.45	16.13
Grant 2014	25.66	7.85	13.59
Grant 2015	25.45	8.39	14.54
Grant 2016	28.38	7.80	13.40
Grant 2017 ¹	38.86	-	10.36

Other SAR Plans details by grant in €	Exercise price	Fair value as at 31	Fair value as at 31
		Dec 2015	Dec 2016
Grant 2007	30.17	3.06	-
Grant 2008	28.33	4.83	10.47
Grant 2009	16.66	11.37	20.71
Grant 2010	33.99	4.56	8.89
Grant 2011	77.00	1.31	2.48
Grant 2012	25.14	7.08	13.85
Grant 2013	19.20	9.84	19.29
Exceptional grant 2013	21.45	9.93	17.11
Grant 2014	25.38	7.84	13.68
Grant 2015	26.06	7.96	14.05
Grant 2016	26.38	8.01	13.93
Grant 2017 ¹	39.43	-	9.84

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

At 31 December 2016, the total liability for the USA SAR plan amounted to € 1.4 million (2015: € 0.9 million), while the total liability for the other SAR plans amounted to € 2.0 million (2015: € 1.1 million).

The Group recorded a total expense of € 1.4 million (2015: expense of € 0.3 million) during the year in respect of SARs.

Performance Share Units

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

Under the terms of the cash-settled Performance Share Plan, a regular offer of 13 100 Performance Share Units was made on 15 December 2016. The granted units represent a fair value of € 0.6 million.

These Performance Share Units are accounted for as cash-settled share-based payments in accordance with IFRS 2. The fair value of each grant is recalculated at balance sheet date, using the same binomial pricing model as for the equity-settled share-based payments (see note 6.12. 'Ordinary shares, treasury shares and equity settled share based payments').

Following inputs to the model are used for all grants: share price at balance sheet date: € 38.49 (2015: € 28.39), expected volatility of 39% (2015: 39%), expected dividend yield of 3.0% (2015: 3.0%), vesting period of 3 years and an employee exit rate of 4% (2015: 4%). Inputs for risk-free interest rates vary by grant and are based on the return of Belgian OLO's with a term equal to the maturity of the PSU grant under consideration.

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

Performance Share Units details by grant in €	Fair value as at 31 Dec 2015	Fair value as at 31 Dec 2016
Grant 2015	38.29	73.63
Grant 2016 ¹	-	47.93

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

At 31 December 2016, the total liability for the USA PSUs amounted to € 0.1 million, while the total liability for the other PSUs amounted to € 0.2 million.

The Group recorded a total expense of € 0.3 million during the year in respect of PSUs.

Short-term employee benefit obligations

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

6.16. Provisions

in thousands of €	Restructuring	Claims	Environment	Other	Total
As at 1 January 2016	5 266	5 907	29 929	36 069	77 171
Additional provisions	6 544	4 277	-	8 110	18 931
Unutilized amounts released	-1 603	-1 357	-48	-17 857	-20 865
Increase in present value	-	121	44	1 517	1 682
Charged to the income statement	4 941	3 041	-4	-8 230	-252
New consolidations	833	7 511	662	7 534	16 540
Reclassification to (-) / from held for sale	-	-2 755	-	-2 975	-5 730
Amounts utilized during the year	-2 109	-1 542	-471	-3 500	-7 622
Exchange gains (-) and losses	-78	-55	132	721	720
As at 31 December 2016	8 853	12 107	30 248	29 619	80 827
Of which					
<i>current</i>	<i>7 520</i>	<i>3 792</i>	<i>3 478</i>	<i>2 930</i>	<i>17 720</i>
<i>non-current - between 2 and 5 years</i>	<i>1 333</i>	<i>8 284</i>	<i>9 688</i>	<i>23 028</i>	<i>42 333</i>
<i>non-current - more than 5 years</i>	<i>-</i>	<i>31</i>	<i>17 082</i>	<i>3 661</i>	<i>20 774</i>

New restructuring provisions have been recorded in relation to the manufacturing footprint adjustment in Malaysia as well for the closure of the Scanrope operations in Norway. Some actions were already taken, and together with the continued implementation of previously announced programs in other plants, give rise to the reversed amounts of these provisions.

Provisions for claims mainly relate to product warranty programs and various product quality claims in several entities. As part of the opening balance on the merger with Bridon, a contingent liability has been recognized (see note 7.2. 'Effect of business combinations').

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

The decrease of other provisions include the reversal of corporate guarantees for a subsidiary in Venezuela (€ -16.3 million). New consolidations and additional provisions include an onerous lease provision for the Scanrope plant in Norway.

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:

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

2015 in thousands of €	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Interest-bearing debt				
Finance leases	219	3 545	-	3 764
Credit institutions ¹	294 799	163 737	-	458 536
Bonds	205 000	340 614	-	545 614
Convertible bonds	1 206	284 220	-	285 426
Total financial debt	501 224	792 116	-	1 293 340

¹ See note 2.7. 'Restatement and reclassification effects'.

Total financial debt increase is mainly due to Bridon-Bekaert Ropes Group. The Group repaid a Eurobond of € 205 million in December 2016. End of 2016, the Group has more actively used its short-term credit facilities (commercial program and uncommitted credit facilities).

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

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

Net debt calculation

The derivative representing the conversion option (€ 35.2 million vs € 5.8 million in 2015) 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 €	2015	2016
Non-current interest-bearing debt	792 116	1 161 310
Current interest-bearing debt ¹	501 224	297 915
Total financial debt	1 293 340	1 459 225
Non-current financial receivables and cash guarantees	-9 694	-6 664
Current loans ¹	-34 773	-13 991
Short-term deposits	-10 216	-5 342
Cash and cash equivalents	-401 771	-365 546
Net debt	836 886	1 067 683

¹ See note 2.7. 'Restatement and reclassification effects'.

6.18. Other non-current liabilities

Carrying amount in thousands of €	2015	2016
Other non-current amounts payable	820	518
Derivatives (cf. note 7.3.)	14 384	44 355
Total	15 204	44 873

The derivatives relate to the embedded financial instrument (€ 35.2 million (2015: € 5.8 million)) of the convertible bond (cf. notes 6.17. and 7.3.) and the put option (€ 8.8 million (2015: € 8.6 million)) for a non-controlling interest in an investment.

6.19. Other current liabilities

Carrying amount in thousands of €	2015	2016
Other amounts payable	4 453	7 322
Derivatives (cf. note 7.3.)	22 236	7 767
Advances received	3 137	12 733
Other taxes	28 117	26 862
Accruals and deferred income ¹	7 310	7 156
Total	65 253	61 840

¹ See note 2.7. 'Restatement and reclassification effects'.

The derivatives include mainly CCIRs (€ 6.3 million (2015: € 17.7 million)) and forward exchange contracts (€ 1.5 million (2015: € 4.5 million)). Other taxes mainly relate to VAT payable, employment-related taxes withheld and other non-income taxes payable. The accrued interest on interest-bearing debt of € 6.3 million (2015: € 6.5 million) has been reclassified to interest bearing debt (see 2.7. 'Restatement and reclassification effects').

7. Miscellaneous items

7.1. Notes to the cash flow statement

Summary in thousands of €	2015	2016
<i>EBIT</i>	219 386	259 654
<i>Non-cash items added back to EBIT</i>	221 323	221 779
<i>EBITDA</i>	440 709	481 433
<i>Other gross cash flows from operating activities</i>	-85 365	-105 770
<i>Gross cash flows from operating activities</i>	355 344	375 663
<i>Changes in operating working capital</i>	212 266	16 336
<i>Other operating cash flows</i>	15 952	7 553
Cash from operating activities	583 562	399 552
Cash from investing activities	-362 984	-99 986
Cash from financing activities	-267 808	-302 055
Net increase or decrease in cash and cash equivalents	-47 230	-2 489

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

Cash from operating activities

Gross cash flows from operating activities increased by € 20.3 million thanks to better operating performance (€ +40.7 million EBITDA), higher add-backs for other non-cash items (€ +8.8 million, mainly provisions and equity-settled share-based payments) and favorable effects on investing items (€ +14.6 million), offset by higher usage of provisions (€ -4.1 million) and substantially higher cash-outs on income taxes (€-39.7 million). The gain on step acquisition and negative goodwill in 2015 relates to the step acquisition of BOSFA Pty Ltd.

Investing items included in operating result played a modest role in 2016, contrary to the previous year, when the main items consisted of gains on business disposals (net of CTA recycled) with respect to Carding Solutions and the Xinyu entities.

Further efforts to reduce working capital generated cash-ins amounting to € 16.3 million in 2016 (see organic increase in note 6.7. 'Operating working capital'). In 2015, drastic reductions in operating working capital contributed a spectacular € 212.3 million to the cash flows from operating activities. As for the 'other operating cash flows', the higher movements in other current assets and liabilities in 2015 were largely due to insurance indemnifications for the fire in Rome accrued in 2014 and received in 2015.

Income taxes paid were € 39.7 million higher than in 2015, of which € 13.5 million in Belgium, € 7.6 million in China, € 6.6 million in Chile, € 4.9 million in Indonesia and € 4.7 million in Slovakia.

The following table presents more details about selected operating items:

Details of selected operating items		
in thousands of €	2015	2016
Non-cash items included in operating result		
<i>Depreciation and amortization</i> ¹	208 401	203 917
<i>Impairment losses on assets</i>	13 262	17 862
<i>Negative goodwill</i>	-340	-
Non-cash items added back to EBIT	221 323	221 779
<i>Gains (-) and losses on step acquisitions</i>	1 098	-
<i>Employee benefits: set-up / reversal (-) of amounts not used</i> ²	17 500	15 606
<i>Provisions: set-up / reversal (-) of amounts not used</i>	3 752	14 393
<i>CTA recycled on business disposals</i>	393	-
<i>Equity-settled share-based payments</i>	2 906	4 449
Other non-cash items included in operating result	25 649	34 448
Total	246 972	256 227
Investing items included in operating result		
Gains (-) and losses on business disposals	-13 653	-
Gains (-) and losses on disposals of intangible assets + PP&E	102	1 034
Total	-13 551	1 034
Amounts used on provisions and employee benefit obligations		
Employee benefits: amounts used	-33 493	-37 242
Provisions: amounts used	-7 314	-7 622
Total	-40 807	-44 864
Income taxes paid		
Current income tax expense	-53 251	-93 004
Increase or decrease (-) in net income taxes payable	-3 406	-3 384
Total	-56 657	-96 388
Other operating cash flows		
Movements in other current assets and liabilities	12 748	6 321
Other	3 203	1 232
Total	15 951	7 553

¹ Including € -1.2 million (2015: € 8.3 million) write-downs / (reversals of write-downs) on inventories and trade receivables (see note 6.7. 'Operating working capital').

² See note 2.7. 'Restatement and reclassification effects'.

Cash from investing activities

The amount shown as 'new business combinations' in 2016 relates to the cash acquired in the establishment of the Bridon-Bekaert Ropes Group (cf. note 7.2. 'Effect of business combinations'). In 2015 new business combinations generated a net cash-out of € -129.8 million, mainly relating to the final acquisition phase of the Pirelli steel cord plants and Arrium's ropes business. Other portfolio investments in 2015 mainly consisted of Bekaert acquiring non-controlling interests in certain entities in order to pursue its own strategic course. In 2015, proceeds from disposals of investments (€ 30.8 million) mainly related to the Carding business disposal and deferred consideration received for the Industrial Coatings business disposed in 2012. Capital expenditure for property, plant and equipment remained quite high (€ -158.5 million), although slightly below its record level of 2015 (€ -170.7 million) that was boosted by the rebuilding of the bead wire plant in Rome (Georgia, USA) destroyed by a fire in 2014.

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

Details of selected investing items in thousands of €	2015	2016
Other portfolio investments		
Purchase of non-controlling interests in Ropes entities	-91 488	-
Purchase of non-controlling interests in Southern Wire entities	-5 270	-
Purchase of non-controlling interests in Chinese entities	-12 700	-
Other investments	-101	-41
Total	-109 559	-41
Other investing cash flows		
Proceeds from disposal of intangible assets	17	14
Proceeds from disposal of property, plant and equipment	3 789	1 172
Total	3 806	1 186

Other investing cash flows such as proceeds from sales of property, plant and equipment were rather immaterial in both 2015 and 2016.

Cash from financing activities

New long-term debt issued (€ 172.1 million) mainly related to financing transactions in Belgium, China and Australia. From the proceeds of the € 380 million convertible bond, a net amount of € 114.6 million represents new debt, while the remainder relates to the exchange of the existing convertible bond. Repayments of long-term debt (€ -375.3 million) mainly related to a maturing € 205.0 million Eurobond and an amount of € 84.3 million for the settlement of the existing convertible bond by NV Bekaert SA, and other repayments in China (€ -66.8 million) and Latin America (€ -12.9 million). There was a slight decrease (€ -5.6 million) in current interest-bearing debt in 2016. Treasury shares transactions in 2016 (€ 7.5 million) consisted of share buy-backs (€ -1.1 million) and proceeds from options being exercised (€ 8.6 million).

The following table presents more details about selected financing items:

Details of selected financing items in thousands of €	2015	2016
Other financing cash flows		
New shares issued following exercise of subscription rights	234	5 365
Capital paid in by minority interests	14 967	-
Increase (-) or decrease in current and non-current loans and receivables	2 041	17 138
Increase (-) or decrease in current financial assets	9 616	4 148
Other financial income and expenses	-16 437	-3 458
Total	10 421	23 193

As for other financing cash flows, cash-ins resulted from capital increases (€ 5.4 million) and net receipts from loans and receivables (€ 17.1 million) and from short-term deposits (€ 4.1 million). The main movement in loans and receivables relates to the settlement of loans by the Xinyu entities, in which Bekaert no longer has a significant influence since 2015. Other financial income and expenses mainly relates to taxes and bank charges on financial transactions (€ -2.5 million).

7.2. Effect of business combinations

The establishment of Bridon-Bekaert Ropes Group

On 7 December 2015, Bekaert announced the signing of an agreement with Ontario Teachers' Pension Plan (Ontario Teachers'), the owner of Bridon, to establish Bridon-Bekaert Ropes Group, a new joint venture in which Bekaert and Ontario Teachers' planned to hold respectively 67% and 33%. The new group combines the ropes and advanced cords businesses including 19 manufacturing entities across 11 countries, market-focused R&D, and a global sales and service network.

On 28 June 2016, Bekaert and Ontario Teachers' successfully closed the definitive merger of the ropes and advanced cords businesses of Bekaert and Bridon. Bekaert is contributing its advanced cords business and a well-established ropes presence in Latin America, Canada and Australia. Bridon holds strong positions in Europe and the USA with a portfolio of rope wire, strand and steel and synthetic ropes. The merger will allow for both operational and commercial synergies. The complementary geographic and sector profiles should enable growth ahead of the market; the combination of rope technology strength and wire technology strength will provide a platform for strong differentiation in the high-end rope markets. The merger creates the leading ropes group in the world with approximately USD 650 million in sales (current equivalent of € 580 million) on an annual basis in a normalized business context. This ambition explains why Bekaert was willing to pay a substantial purchase consideration, which resulted in a goodwill of € 116.2 million.

The group is estimated to add approximately USD 350 million (€ 315 million at current rates) to Bekaert's consolidated sales on an annual basis in a normalized business context. The Group projects a lower run rate over the first two years due to the current demand instability in oil and gas and mining markets.

- Bekaert has entered the following entities in Bridon-Bekaert Ropes Group: the WRI roperies in Canada, US and Australia, Bekaert Cimaf of Brazil, Prodinsa in Chile, Procables in Peru and its advanced cord businesses in Aalter (Belgium) and Shenyang (China). The commercialization of the ropes activities integrated in Bekaert's wire plants in Qingdao (China) and Shah Alam (Malaysia) will as from the merger date also be managed by the new group. About 1 000 people have joined Bridon-Bekaert Ropes Group.
- Ontario Teachers' has contributed its entire ownership in Bridon to Bridon-Bekaert Ropes Group, which includes the wire and steel and fiber rope manufacturing facilities in Doncaster, Newcastle, and Coatbridge (UK), in Exeter, Hanover and Wilkes Barre (PA, USA), in Gelsenkirchen (Germany), Hangzhou (China), Jakarta (Indonesia) and the ScanRope plant in Tønsberg (Norway). Also all commercial and service centers worldwide have been integrated into the new group. About 1 500 people have joined Bridon-Bekaert Ropes Group.

The initial accounting for the business combination presented in the June 2016 interim financial statements was evidently provisional, since the acquisition had only been closed at the end of the first semester. During the second semester, Bekaert has performed an extensive analysis to identify, and to assess the fair value of, the net assets acquired and the liabilities assumed.

The intangible assets acquired were identified and assessed by an external expert. The fair value assessments on property, plant and equipment are based on recent external appraisals for land and buildings and on internal appraisals for plant, machinery and equipment. Deferred tax assets and liabilities arising from any of these adjustments have been recognized at the applicable tax rates in the respective jurisdictions.

The purchase price allocation reflected negative net assets totaling € -114.6 million. The main reason for this lies with Bridon's highly leveraged financing structure, the acquired net debt amounting to € 278.7 million.

The non-controlling interests arising on the acquirees have been measured at their share in the fair value of the net assets acquired. Since the purchase consideration consisted of a 33% stake in Bekaert's advanced cords and global ropes businesses, it is measured at the fair value of the non-controlling interests disposed, which is based on the valuation of the shares in the deal, and adjusted for any additional funding arrangements that were agreed between the partners.

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 for the transaction. It also clarifies the contribution of the business combination to the amount shown in the consolidated cash flow statement as 'new business combinations'.

Total in thousands of €	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
Intangible assets	46 637	5 032	51 669
Property, plant and equipment	116 783	-22 542	94 241
Deferred tax assets	1 571	7 909	9 480
Non-current loans and receivables	1 319	-	1 319
Other non-current assets	4	-	4
Inventories	56 892	3 189	60 081
Trade receivables	36 583	-	36 583
Advances paid	887	-	887
Other receivables	4 261	-	4 261
Cash and cash equivalents	40 918	-	40 918
Other current assets	2 629	-	2 629
Non-current employee benefit obligations	-7 722	-	-7 722
Non-current provisions	-9 435	-4 940	-14 375
Non-current interest-bearing debt	-293 111	8 546	-284 565
Deferred tax liabilities	-20 703	-2 158	-22 861
Other non-current liabilities	-16	-	-16
Current interest-bearing debt	-35 672	-	-35 672
Trade payables	-39 243	-	-39 243
Current employee benefit obligations	-4 156	-	-4 156
Current provisions	-2 165	-	-2 165
Income taxes payable	-407	-	-407
Advances received	-1 486	-	-1 486
Other current liabilities	-4 004	-	-4 004
Total net assets acquired in a business combination	-109 636	-4 964	-114 600
Purchase consideration (NCI disposed)			-39 807
Non-controlling interests arising on the acquirees			38 162
Goodwill			116 245
Consideration paid in cash			-
Cash acquired			40 918
New business combinations			40 918

The main intangible assets include the brand name(s) (€ 45.5 million), the customer relationships (€ 4.8 million) and the order book (€ 0.4 million). As a result of the prior acquisition of Bridon by OTPP, the brand name and customer relationships were already carried on the books of Bridon. The current appraisal resulted in an increase of € 5.0 million.

The negative fair value adjustments on property, plant and equipment mainly relate to the plant, machinery and equipment in the UK (€ -7.3 million), the US (€ -12.6 million) and China (€ -4.9 million). The positive fair value adjustments on inventories mainly reflect the gross profit to be generated on work in process and finished goods upon their subsequent sales. The bad debt allowance of € -0.4 million included in the carrying amount of the trade receivables on the books of the acquiree was deemed adequate in view of the perceived credit risks.

Contingent liabilities for customer claims amounting to € 4.9 million have been identified at Bridon International Ltd.

Following table shows the effect of the business combination on consolidated sales and comprehensive income (after acquisition-related expenses):

Total in thousands of €	Date of acquisition	Net sales for the period	Comprehensive income
Bridon entities	28 June 2016	109 168	-58 136
of which			
Operating result (EBIT) acquired entities			-23 209
Acquisition-related expenses			-8 639
Total operating result (EBIT)			-31 848
Interest income and expenses			-23 401
Other financial income and expenses			2 790
Result before taxes			-52 459
Income taxes			1 571
Result for the period			-50 888
OCI			-7 248

The acquisition-related expenses, which consisted mainly of consultancy fees, amounted to € 16.7 million (of which € 8.1 million incurred in 2015) and were included in other operating expenses. If all of the Bridon entities had been acquired as from 1 January 2016, the Group would have additionally recognized € 122.7 million of net sales and a result for the period (i.e. the first semester) of € 80.3 million, including one-time debt refinancing gains amounting to € 89.7 million.

7.3. Financial risk management and financial derivatives

Principles of financial risk management

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

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

Currency risk

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

Translational currency risk

A translational currency risk arises when the financial data of foreign subsidiaries are converted into the Group's presentation currency, the euro. The main currencies are Chinese renminbi, US dollar, Czech koruna, Brazilian real, Chilean peso, Russian ruble, Indian rupee, Pound sterling 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, and sometimes also from dividends receivable from foreign investments. If material, these risks are hedged by means of forward exchange contracts.

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

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

Currency sensitivity analysis

Currency sensitivity relating to the operating, investing and financing activities

The following table summarizes the Group's net foreign currency positions of operating, investing and financing receivables and payables at the reporting date for the most important currency pairs. The net currency positions are presented before intercompany eliminations. Positive amounts indicate that the Group has a net future cash inflow in the first currency. In the table, the 'Total exposure' column represents the position on the balance sheet, while the 'Total derivatives' column includes all financial derivatives hedging those balance sheet positions as well as forecasted transactions.

Currency pair - 2016

in thousands of €

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

Currency pair - 2015

in thousands of €

	Total exposure	Total derivatives	Open position
CNY/EUR	15 702	-4 249	11 453
CZK/EUR	-12 100	4 165	-7 935
EUR/CNY	-66 349	65 723	-626
EUR/USD	28 305	-30 000	-1 695
IDR/USD	9 222	-	9 222
USD/BRL	-8 120	-	-8 120
USD/CAD	12 680	-3 572	9 108
USD/CLP	74 670	-	74 670
USD/CNY	-244 088	215 519	-28 569
USD/EUR	461 769	-485 210	-23 441
USD/INR	-63 897	47 511	-16 386
USD/SGD	-24 298	-	-24 298

If rates had weakened/strengthened by reasonably possible changes with all other variables constant, the result for the period before taxes would have been € 2.7 million lower/higher (2015: € 1.6 million). The reasonably possible changes used in this calculation were based on annualized volatility relating to the daily movement of the exchange rate of the reported year, with a 95% confidence interval.

Currency sensitivity in relation to hedge accounting

At 31 December 2016 the Group only applies hedge accounting in a very limited number of cases, notably in Bridon International Ltd (UK) which hedges its currency risk on operating cash flows through foreign-exchange contracts designated as cash flow hedges. The major currency risk exposures being hedged are EUR/GBP and USD/GBP. If the GBP had weakened/strengthened by reasonably possible changes, with all other variables constant, the hedging reserve would have been € 2.5 million higher/lower at year-end 2016. No hedge accounting was applied at previous year-end.

Interest-rate risk

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

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

Group Treasury uses interest-rate swaps and cross-currency interest-rate swaps to ensure that the floating and fixed portions of the long-term debt remain within the defined limits.

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

The convertible bond and the loans linked to the Bridon merger are carried at amortized cost using the effective interest method, which results in spreading the recognition of transaction fees over time via interest charges. Consequently, effective interest charges will exceed the nominal interest charges.

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

2015	Long-term			Short-term	Total
	Fixed rate	Floating rate	Total		
US dollar	4.63%	-	4.63%	1.27%	1.35%
Chinese renminbi	5.81%	-	5.81%	3.24%	5.65%
Euro	2.99%	-	2.99%	0.53%	2.90%
Other	7.34%	3.00%	7.16%	4.75%	5.58%
Total	3.41%	3.00%	3.41%	1.82%	2.80%

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 2016 amounted to € 1 459.2 million (2015: € 1 293.3 million). The following table shows the currency and interest rate profile, i.e. the percentage distribution of the total financial debt by currency and by type of interest rate (fixed, floating).

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

Currency and interest rate profile 2015	Long-term		Short-term	Total
	Fixed rate	Floating rate	Floating rate	
US dollar	0.80%	-	29.70%	30.50%
Chinese renminbi	3.80%	-	0.20%	4.00%
Euro	53.90%	-	2.00%	55.90%
Other	3.20%	0.10%	6.30%	9.60%
Total	61.70%	0.10%	38.20%	100.00%

On the basis of the annualized daily volatility of the 3-month Interbank Offered Rate in 2016 and 2015, 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 December	Reasonably possible changes (+/-)
Chinese renminbi ¹	3.09%	0.51%
Euro	0.00%	0.00%
US dollar	1.00%	0.18%

Currency	Interest rate at 31 December	Reasonably possible changes (+/-)
Chinese renminbi ¹	2.41%	0.40%
Euro	0.00%	0.03%
US dollar	0.61%	0.19%

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 € 1.8 million higher/lower (2015: € 0.8 million higher/lower).

Interest-rate sensitivity in relation to hedge accounting

At 31 December 2016, the Group does not apply hedge accounting and no sensitivity analysis was done.

Credit risk

The Group is exposed to credit risk from its operating activities and certain financing activities. In respect of its operating activities, the Group has a credit policy in place, which takes into account the risk profiles of the customers in terms of the market segment to which they belong. Based on activity platform, product sector and geographical area, a credit risk analysis is made of customers and a decision is taken regarding the covering of the credit risk. The exposure to credit risk is monitored on an ongoing basis and credit evaluations are made of all customers. In terms of the characteristics of some steel wire activities with a limited number of global customers, the concentration risk is closely monitored and, in combination with the existing credit policy, appropriate action is taken when needed. In accordance with IFRS 8 §34, none of the specified disclosures on individual customers (or groups of customers under common control) are required, since none of the Group's customers accounts for more than 10% of its revenues. At 31 December 2016, 57.8% (2015: 65.4%) 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 € 50 million (2015: € 50 million) at floating interest rates with fixed margins. At year-end, nothing was outstanding under these facilities (2015: nil). In addition, the Group has a commercial paper and medium-term note program available for a maximum of € 123.9 million (2015: € 123.9 million). At the end of 2016, € 50 million commercial paper notes were outstanding (2015: none). At year-end, the external bank debt related to Bridon-Bekaert Ropes Group for € 316 million was subject to debt covenants (2015: none). The Group (except for BBRG) has a joint factoring agreement with BNP Paribas Fortis and KBC and has the possibility to borrow up to € 77 million (2015: € 90 million) for two months withdrawals, but no withdrawals were done before year-end (2015: none).

BBRG is financed by a banking syndicate of 11 lenders. The loan structure consists of senior debt (A and B tranche), a pre-merger existing debt in Belgium and Australia (BNP debt) and a revolving credit facility (RCF) in addition to some debt with existing facilities (Other debt). The financing arrangement was put in place on June 29, 2016. For financing purposes, BBRG is ring-fenced, which implies (i) it cannot get any support (such as intercompany loans, corporate guarantees, asset-pledges, any form of collateral) from other Bekaert entities outside its consolidation perimeter to finance its activities, (ii) its banking syndicate will not have any recourse to the Bekaert Group. Consequently, BBRG acts as an independent group for financing purposes. BBRG has entered into a separate factoring agreement with BNP Paribas Fortis in the UK and Germany and has the possibility to borrow up to € 15 million (2015: nil), of which € 6 million withdrawals were taken up before year-end (2015: none).

The total debt at the end of December 2016 is as follows (nominal amounts):

Total debt BBRG in millions of USD	31 December 2016
Loan A	73.0
Loan B	193.3
BNP debt	33.9
RCF	24.6
Other debt	6.3
Total debt	331.2

The main requirements towards the banking syndicate are monthly, quarterly and annual reporting, communication on budget as well as the obligation to comply with two covenants.

The first one is the leverage covenant which measures the relation between the adjusted Underlying EBITDA and Net Debt. Underlying EBITDA is increased with the difference of the annualized impact of identified savings and the realized saving in any period on a last twelve month rolling basis, which is redefined as adjusted Underlying EBITDA. The second covenant measures the relation between the adjusted Underlying EBITDA and the interest cost of BBRG.

The covenants as per end of December 2016 are as follows:

2016 in millions of USD			31 December 2016	Covenant	Breach
Leverage Covenant:	Net Debt	=	274.9	4.60	5.95
	Adj Underlying EBITDA	=	59.8		
Interest Covenant:	Adj Underlying EBITDA	=	59.8	2.90	2.50
	Interest cost	=	20.6		

BBRG passed the covenant tests with sufficient headroom. The adjusted Underlying EBITDA headroom at the end of December 2016 is USD 13.8 million. Based on the current trading performance, BBRG expects to have sufficient headroom going forward.

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

2016 in thousands of €	2017	2018	2019-2021	2022 and thereafter
Financial liabilities - principal				
<i>Trade payables</i>	-563 479	-	-	-
<i>Other payables</i>	-20 060	-518	-	-
<i>Interest-bearing debt</i>	-312 864	-144 752	-830 018	-247 111
<i>Derivatives - gross settled</i>	-325 736	-11 943	-5 086	-
Financial liabilities - interests				
<i>Interest-bearing debt</i>	-47 148	-42 023	-83 147	-37 679
<i>Derivatives - net settled</i>	-346	-346	-173	-
<i>Derivatives - gross settled</i>	-5 858	-1 717	-557	-
Total undiscounted cash flow	-1 275 491	-201 299	-918 981	-284 790

2015 in thousands of €	2016	2017	2018-2020	2021 and thereafter
Financial liabilities - principal				
<i>Trade payables</i>	-456 783	-	-	-
<i>Other payables</i>	-7 590	-820	-	-
<i>Interest-bearing debt</i>	-494 714	-13 343	-778 773	-
<i>Derivatives - gross settled</i>	-512 735	-	-11 872	-
Financial liabilities - interests				
<i>Interest-bearing debt</i>	-36 401	-22 744	-39 025	-
<i>Derivatives - net settled</i>	-	-	-	-
<i>Derivatives - gross settled</i>	-7 240	-1 153	-1 153	-
Total undiscounted cash flow	-1 515 463	-38 060	-830 823	-

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

At 31 December 2016, the Group only applies hedge accounting in a very limited number of cases, notably in Bridon International Ltd which hedges its currency risk on operating cash flows through foreign-exchange contracts designated as cash flow hedges. Until March 2015, some derivatives were still part of effective cash flow hedges and fair value hedges relating to the € 100.0 million Eurobond issued in 2005 and expired in March 2015.

Fair value hedges

There are no fair value hedges in 2016.

During 2005, the entity reduced its floating US dollar exposure from € 50.0 million to € 30.9 million. The Group 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 being 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 were offset against the changes in fair value of the cross-currency interest-rate swaps. Credit risks were not addressed or covered by this hedging. Fair value hedges affected the income statement of 2015 as shown below:

2015 in thousands of €	Hedged item	Hedging instrument	Recognized in income statement
	Fair value changes	Fair value changes	
Fair value hedges			
<i>Currency and interest-rate risk on financing cash flows</i>	-2 424	2 445	21
<i>Interest expense adjustments</i>	-	-	144
Total	-2 424	2 445	165

Cash flow hedges

2016 in thousands of €	Hedged item	Hedging instrument	Recognized in income statement	Recognized in equity (OCI)
	Spot price changes	Fair value changes		
Cash flow hedges				
<i>Currency risk on operating cash flows</i>	-542	1 284	-	742
Total	-542	1 284	-	742

Cash flow hedges in 2016 relate to Bridon International Ltd. which hedges its foreign currency risk on operating cash flows through foreign-exchange contracts.

2015 in thousands of €	Hedged item	Hedging instrument	Recognized in income statement	Recognized in equity (OCI)
	Spot price changes	Fair value changes		
Cash flow hedges				
<i>Currency and interest-rate risk on financing cash flows</i>	-5 873	6 034	161	-
<i>Interest expense adjustments</i>	-	-	-326	-
<i>Amortization of discontinued hedges (recycled to interest expense)</i>	-	-	-14	14
Total	-5 873	6 034	-179	14

Cash flow hedges in 2015 relate to the discontinued hedge linked to the Eurobond issued in 2005 which expired in 2015, any related amounts previously kept in the hedging reserve have then been fully recycled to the income statement.

Economic hedging and other free-standing derivatives

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

- The Group uses cross-currency interest-rate swaps and forward exchange contracts to hedge the currency risk on intercompany loans involving two entities with different functional currencies. Until now, the Group has elected not to apply hedge accounting as defined in IAS 39. Since nearly all cross-currency interest-rate swaps are floating-to-floating, the fair value gain or loss on the financial instruments is expected to offset the foreign-exchange result arising from the remeasurement of the intercompany loans. The major currencies involved are US dollars, euros and Russian rubles.
- To manage its interest-rate exposure, the Group uses interest-rate swaps to convert its floating-rate debt to a fixed rate debt for USD 73.0 million (2015: none).
- The Group uses forward exchange contracts to limit currency risks on its various operating and financing activities. The Group only applies hedge accounting in a very limited number of cases, notably in Bridon International Ltd which designates its foreign-exchange contracts relating to hedge currency risk on operating cash flows as cash flow hedges. For all other forward exchange contracts, the fair value change is recorded immediately under other financial income and expenses.
- In June 2016, an existing € 300 million convertible bond maturing in 2018 has been early settled with the proceeds of a new € 380 million convertible bond maturing in 2021. The existing bond had a coupon interest of 0.75% while the new bond has a zero coupon interest. Existing bondholders were offered a 15.1% premium above par to trade their old bonds for new bonds, plus the accrued coupon interest. The characteristics of both the existing and the new convertible bond are such that their conversion option constitutes a non-closely related embedded derivative which, in accordance with IAS 39, is separated from the host contract. Of the new bonds, 75.9% were subscribed by existing bondholders. Under the 10% rule required by IAS 39, the terms of the new bonds were deemed not substantially different from the terms of the existing bonds, as the net present value of the cash flows under the new terms, including any fees paid and discounted using the original effective interest rate, differed less than 10 percent from the net present value of the remaining cash flows of the existing convertible bond. Consequently, 75.9% of the new bonds were accounted for as an exchange of financial liabilities, while 24.1% were accounted for as a settlement of financial liabilities. At the date that the transaction was launched, the fair value of the existing conversion derivative amounted to € 48.6 million while the fair value of the new conversion derivative amounted to € 40.5 million. The exchange scenario resulted into 75.9% of the difference in fair value being recognized as a credit of € 6.1 million to the carrying amount of the new bond. The remainder of the fair value of the existing conversion derivative resulted in a loss of € 42.7 million being recognized in other financial expenses. The fair value of the conversion derivative on the new bond amounted to € 35.2 million at 31 December 2016 (vs € 40.5 million at inception), as a result of which a gain of € 5.3 million was recognized in other financial income. Furthermore, a loss of € 2.5 million was incurred on the repurchase of the bonds that were not traded for new bonds. The host contract (the plain vanilla debt without the conversion option) is recognized at amortized cost using the effective interest method; its effective interest expense amounts to € 5.6 million (2015: € 3.3 million). Transaction costs relating to the issue of the convertible bond amounted to € 5.7 million and were allocated to the host debt liability and the conversion derivative in proportion to their respective fair values at inception. At inception, the former part of the transaction costs (€ 5.1 million) was included in the carrying amount of the liability component while the latter part (€ 0.6 million) was immediately recognized in profit or loss.
- The put option relating to the 2014 business combination with Maccaferri qualifies as a financial liability at fair value through profit or loss and is reported as a non-current derivative liability. The change in fair value recorded in other financial income and expenses amounted to a loss of € 0.3 million (2015: loss of € 0.3 million).

Derivatives

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

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

2015 in thousands of €	Due within one year	Due between one and 5 years	Due after more than 5 years
Held for trading			
Forward exchange contracts	370 847	-	-
Cross-currency interest-rate swaps	561 109	11 872	-
Conversion derivative	-	300 000	-
Total	931 956	311 872	-

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

Fair value of current and non-current derivatives in thousands of €	Assets		Liabilities	
	2015	2016	2015	2016
Financial instruments				
Hedge accounting				
Forward exchange contracts (CFH)	-	-	-	595
Held for trading				
Forward exchange contracts	3 900	5 712	4 525	865
Interest-rate swaps	-	436	-	-
Interest-rate caps	-	-	-	19
Cross-currency interest-rate swaps	11 744	889	17 711	6 591
Put options relating to non-controlling interests ¹	-	-	8 559	8 845
Conversion derivative	-	-	5 825	35 207
Total	15 644	7 037	36 620	52 122
Non-current	5 897	436	14 384	44 374
Current	9 747	6 601	22 236	7 748
Total	15 644	7 037	36 620	52 122

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

The Group has no financial assets and financial liabilities that are presented net in the balance sheet due to set-off in accordance with IAS 32. The Group enters into ISDA 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	
	2015	2016	2015	2016
Total derivatives recognized in balance sheet	15 644	7 037	36 620	52 122
Enforceable netting	-5 847	-889	-5 847	-889
Net amounts	9 797	6 148	30 773	51 233

Additional disclosures on financial instruments by class and category

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

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

The following abbreviations are used for IAS 39 categories:

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

2016 in thousands of €	Category in accordance with IAS 39	Carrying amount 2016	Fair value 2016
Assets			
Cash and cash equivalents	L&R	365 546	365 546
Short-term deposits	L&R	5 342	5 342
Trade receivables	L&R	739 145	739 145
Bills of exchange received	L&R	60 182	60 182
Other receivables	L&R	38 239	38 239
Loans and receivables	L&R	28 020	28 020
Available-for-sale financial assets	AfS	17 499	17 499
Derivative financial assets			
- without a hedging relationship	FAFVTPL	7 037	7 037
- with a hedging relationship	Hedge accounting	-	-
Liabilities			
Interest-bearing debt			
- finance leases	n.a.	3 855	3 855
- credit institutions	FLMaAC	781 915	781 915
- bonds	FLMaAC	673 455	715 186
Trade payables	FLMaAC	556 361	556 361
Other payables	FLMaAC	20 572	20 572
Derivative financial liabilities			
- without a hedging relationship	FLFVTPL	51 528	51 528
- with a hedging relationship	Hedge accounting	595	595
Aggregated by category in accordance with IAS 39			
Loans and receivables	L&R	1 236 474	1 236 474
Available-for-sale financial assets	AfS	17 499	17 499
Financial assets at fair value through profit or loss	FAFVTPL	7 037	7 037
Financial liabilities measured at amortized cost	FLMaAC	2 032 303	2 074 034
Financial liabilities - hedge accounting	Hedge accounting	595	595
Financial liabilities at fair value through profit or loss	FLFVTPL	51 528	51 528
2015 in thousands of €			
	Category in accordance with IAS 39	Carrying amount 2015	Fair value 2015
Assets			
Cash and cash equivalents	L&R	401 771	401 771
Short-term deposits	L&R	10 216	10 216
Trade receivables	L&R	686 364	686 364
Bills of exchange received	L&R	68 005	68 005
Other receivables	L&R	28 418	28 418
Loans and receivables	L&R	51 428	51 428
Available-for-sale financial assets	AfS	15 626	15 626
Derivative financial assets			
- without a hedging relationship	FAFVTPL	15 644	15 644
Liabilities			
Interest-bearing debt			
- finance leases	n.a.	3 764	3 764
- credit institutions	FLMaAC	458 536	458 536
- bonds	FLMaAC	831 040	869 422
Trade payables	FLMaAC	456 783	456 783
Other payables	FLMaAC	8 411	8 411
Derivative financial liabilities			
- without a hedging relationship	FLFVTPL	36 620	36 620
Aggregated by category in accordance with IAS 39			
Loans and receivables	L&R	1 246 202	1 246 202
Available-for-sale financial assets	AfS	15 626	15 626
Financial assets at fair value through profit or loss	FAFVTPL	15 644	15 644
Financial liabilities measured at amortized cost	FLMaAC	1 754 770	1 793 152
Financial liabilities at fair value through profit or loss	FLFVTPL	36 620	36 620

Financial instruments by fair value measurement hierarchy

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

- 'Level 1' fair value measurement: the fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices in these active markets for identical assets and liabilities. This mainly relates to available-for-sale financial assets such as the investment in Shougang Concord Century Holdings Ltd (see note 6.5. 'Other non-current assets').
- 'Level 2' fair value measurement: the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. This mainly relates to derivative financial instruments. Forward exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates with matching maturities. Interest-rate swaps are measured at the present value of future cash flows estimated and discounted using the applicable yield curves derived from quoted interest rates. The fair value measurement of cross-currency interest-rate swaps is based on discounted estimated cash flows using quoted forward exchange rates, quoted interest rates and applicable yield curves derived therefrom.
- 'Level 3' fair value measurement: the fair value of the remaining financial assets and financial liabilities is derived from valuation techniques which include inputs that are not based on observable market data. The share conversion option in the convertible bond issued in June 2014 and the one issued in June 2016 is a non-closely related embedded derivative that has to be separated from the host debt instrument and measured at fair value through profit or loss. The fair value of the conversion option is determined as the difference between the fair value of the convertible bond as a whole (mid – source: Bloomberg) and the fair value of the host debt contract using a valuation model based on the prevailing market interest rate for similar plain vanilla debt instruments. The main factors determining the fair value of the conversion option are the Bekaert share price (level 1), the reference swap rate (level 2), the volatility of the Bekaert share (level 3) and the credit spread (level 3). Consequently, the conversion option is classified as a level-3 financial instrument. Similarly, the fair value of the put option relating to non-controlling interests has not been based on observable market data, but on the business plan that was agreed between the partners in the business combination with Maccaferri. The fair value was established using discounted cash flows.

Convertible bond issued in 2014	At issue date	At 31 Dec 2015	At 19 May 2016 ¹
Level 1 inputs			
Share price	€ 27.97	€ 28.39	€ 37.97
Level 2 inputs			
Reference swap rate	0.54%	0.01%	-0.15%
Level 3 inputs			
Volatility	25.40%	20.00%	30.00%
Credit spread	210 bps	200 bps	175 bps

Outcome of the model

in thousands of €

Fair value of the convertible debt	300 000	298 014	345 281
Fair value of the plain vanilla debt	278 700	292 189	296 730
Fair value of the conversion option	21 300	5 825	48 551

¹ Announcement date of early - settlement offer.

Convertible bond issued in 2016	At issue date	At 31 Dec 2016
Level 1 inputs		
Share price	€ 37.97	€ 38.49
Level 2 inputs		
Reference swap rate	0.03%	0.02%
Level 3 inputs		
Volatility	29.00%	29.15%
Credit spread	225 bps	175 bps
Outcome of the model		
in thousands of €		
Fair value of the convertible debt	380 000	386 734
Fair value of the plain vanilla debt	339 509	351 527
Fair value of the conversion option	40 491	35 207

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

Level-3 Financial liabilities	2015	2016
in thousands of €		
At 1 January	7 921	14 384
Reclassifications	8 272	-
At issue of the convertible debt (14 June 2016)	-	40 491
(Gain) /loss in fair value	-1 809	-10 823
At 31 December	14 384	44 052

The following table shows the sensitivity of the fair value calculation to the most significant level-3 inputs for the conversion option.

Sensitivity analysis	Change Impact on derivative liability	
in thousands of €		
Volatility	3.5% increase by	13 292
	-3.5% decrease by	-13 308
Credit spread	25 bps increase by	3 810
	-25 bps decrease by	-3 861

The fair value of all financial instruments measured at amortized cost in the balance sheet has been determined using level-2 fair value measurement techniques. The following table provides an analysis of financial instruments measured at fair value in the balance sheet, in accordance with the fair value measurement hierarchy described above:

2016	Level 1	Level 2	Level 3	Total
in thousands of €				
Financial assets - hedge accounting				
<i>Derivative financial assets</i>	-	-	-	-
Financial assets at fair value through profit or loss				
<i>Derivative financial assets</i>	-	7 037	-	7 037
Available-for-sale financial assets				
<i>Equity investments</i>	7 951	8 514	-	16 465
Total assets	7 951	15 551	-	23 502
Financial liabilities - hedge accounting				
<i>Interest-bearing debt</i>	-	-	-	-
<i>Derivative financial liabilities</i>	-	595	-	595
Financial liabilities at fair value through profit or loss				
<i>Put option relating to non-controlling interests</i>	-	-	8 845	8 845
<i>Derivative financial liabilities</i>	-	7 476	35 207	42 683
Total liabilities	-	8 071	44 052	52 123

2015				
in thousands of €	Level 1	Level 2	Level 3	Total
Financial assets - hedge accounting				
<i>Derivative financial assets</i>	-	-	-	-
Financial assets at fair value through profit or loss				
<i>Derivative financial assets</i>	-	15 644	-	15 644
Available-for-sale financial assets				
<i>Equity investments</i>	6 193	8 514	-	14 707
Total assets	6 193	24 158	-	30 351
Financial liabilities - hedge accounting				
<i>Interest-bearing debt</i>	-	-	-	-
<i>Derivative financial liabilities</i>	-	-	-	-
Financial liabilities at fair value through profit or loss				
<i>Put option relating to non-controlling interests</i>	-	-	8 559	8 559
<i>Derivative financial liabilities</i>	-	22 236	5 825	28 061
Total liabilities	-	22 236	14 384	36 620

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 2015.

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

Gearing ratio

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

Gearing		2015	2016
in thousands of €			
Net debt ¹		836 886	1 067 683
Equity ¹		1 511 651	1 597 893
Net debt to equity ratio		55,4%	66,8%

¹ See note 2.7. 'Restatement and reclassification effects'.

7.4. Contingencies and commitments

As at 31 December, the important contingencies and commitments were:

in thousands of €	2015	2016
Contingent liabilities	29 031	27 659
Commitments to purchase fixed assets	13 796	30 177
Commitments to invest in venture capital funds	3 644	2 051

The contingent liabilities mainly relate to environmental obligations. Most of them are covered by corporate guarantees.

The entities of the Group are subjected to regular tax audits in their jurisdictions. While the ultimate outcome of tax audits is not certain, Bekaert has considered the merits of its filing positions in an overall evaluation of potential tax liabilities and concludes that the Group has adequate liabilities recorded in its consolidated financial statements for exposures on these matters. Accordingly, Bekaert also considers it unlikely that potential tax exposures over and above the amounts currently recorded as liabilities in the consolidated financial statements will be material to its financial condition (see note 6.4. 'Investments in joint ventures and associates' for tax contingencies relating to the Brazilian joint ventures).

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.

Lease commitments increased sharply as a consequence of the Bridon entities being included for the first time (€ 54.6 million).

Future payments in thousands of €	2015	2016
Within one year	17 101	22 498
Between one and five years	30 488	42 796
More than five years	749	35 161
Total	48 338	100 455

Expenses in thousands of €	2015	2016
Vehicles	10 369	10 103
Industrial buildings	4 228	8 463
Equipment	3 809	5 114
Offices	3 528	4 722
Land	18	132
Other	1 306	1 562
Total	23 258	30 096

2016 in years	Weighted average lease term
Vehicles	4
Industrial buildings	16
Equipment	3
Offices	3
Land	1
Other	1

2015 in years	Weighted average lease term
Vehicles	4
Industrial buildings	5
Equipment	3
Offices	4
Land	1
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 €	2015	2016
Sales of goods	15 224	5 527
Purchases of goods	17 916	19 885
Services rendered	237	263
Royalties and management fees received	8 956	8 957
Interest and similar income	690	-
Dividends received	17 674	22 491

Outstanding balances with joint ventures in thousands of €	2015	2016
Trade receivables	2 542	3 795
Other current receivables	869	1 861
Trade payables	2 411	4 633
Other current payables	-	51

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

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

Key Management remuneration in thousands of €	2015	2016
Number of persons	41	35
Short-term employee benefits		
<i>Basic remuneration</i>	6 887	7 156
<i>Variable remuneration</i>	2 349	4 422
<i>Remuneration as directors of subsidiaries</i>	679	624
Post-employment benefits		
<i>Defined-benefit pension plans</i>	518	533
<i>Defined-contribution pension plans</i>	608	687
Share-based payment benefits	2 376	3 783
Total gross remuneration	13 417	17 205
Average gross remuneration per person	327	492
Number of options and stock appreciation rights granted	267 000	163 750
Number of cash and equity settled performance share units granted	-	55 250
Number of matching shares granted	-	20 327

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

7.6. Events after the balance sheet date

- An offer of 285 750 options was made on 15 December 2016 under the terms of the SOP 2015-2017 stock option plan. 273 325 of those options were accepted, and were granted on 13 February 2017. Their exercise price is € 39.43. The granted options represent a fair value of € 2.8 million.
- Under the terms of the USA SAR plans, a regular offer of 25 375 Stock Appreciation Rights was made on 15 December 2016. All of those rights were accepted, and will be granted when the acceptance term expires on 25 March 2017. Their exercise price is € 38.86. The granted rights represent a fair value of € 0.3 million.
- Under the terms of the other SAR plans, a regular offer of 53 000 Stock Appreciation Rights was made on 15 December 2016. 51 750 of those rights were accepted, and were granted on 13 February 2017. Their exercise price is € 39.43. The granted rights represent a fair value of € 0.5 million.
- On 6 March 2017 an exceptional grant of 10 000 Performance Share Units was made for the Chief Executive Officer. The granted rights represent a fair value of € 0.5 million.
- A total of 303 350 treasury shares have been disposed of as a result of stock options under the terms of the SOP 2010-2014 stock option plan being exercised since 1 January 2017.

7.7. Services provided by the statutory auditor and related persons

During 2016, the statutory auditor and persons professionally related to him performed additional services for fees amounting to € 1 111 447.

These fees essentially relate to further assurance services (€ 71 500), tax advisory services (€ 997 624) and other non-audit services (€ 42 323). The additional services were approved by the Audit and Finance Committee.

The audit fees for NV Bekaert SA and its subsidiaries amounted to € 2 482 464.

7.8. Subsidiaries, joint ventures and associates

Companies forming part of the Group as at 31 December 2016

Subsidiaries

<i>Industrial companies</i>	<i>Address</i>	<i>FC¹</i>	<i>%</i>
EMEA			
Bekaert Advanced Cords Aalter NV	Aalter, Belgium	EUR	60
Bekaert Bohumín sro	Bohumín, Czech Republic	CZK	100
Bekaert Combustion Technology BV	Assen, Netherlands	EUR	100
Bekaert Figline SpA	Milano, Italy	EUR	100
Bekaert Hlohovec as	Hlohovec, Slovakia	EUR	100
Bekaert Izmit Çelik Kord Sanayi ve Ticaret AS	Izmit, Turkey	EUR	100
Bekaert Kartepe Çelik Kord Sanayi ve Ticaret AS	Kartepe, Turkey	EUR	100
Bekaert Petrovice sro	Petrovice, Czech Republic	CZK	100
Bekaert Sardegna SpA	Assemini, Italy	EUR	100
Bekaert Slatina SRL	Slatina, Romania	RON	80
Bekaert Slovakia sro	Sládkovičovo, Slovakia	EUR	100
Bekintex NV	Wetteren, Belgium	EUR	100
Bridon International GmbH	Gelsenkirchen, Germany	EUR	60
Bridon International Ltd	Doncaster, United Kingdom	GBP	60
Bridon Scanrope AS	Tonsberg, Norway	NOK	60
Cold Drawn Products Ltd	Bradford, United Kingdom	GBP	100
Industrias del Ubierna SA	Burgos, Spain	EUR	100
OOO Bekaert Lipetsk	Gryazi, Russian Federation	RUB	100
Solaronics SA	Armentières, France	EUR	100
North America			
Bekaert Corporation	Wilmington (Delaware), United States	USD	100
Bridon-American Corporation	New York, United States	USD	60
Wire Rope Industries Ltd/Industries de Câbles d'Acier Ltée	Pointe-Claire, Canada	CAD	60
Wire Rope Industries USA Inc	Wilmington (Delaware), United States	USD	60
Latin America			
Acma SA	Santiago, Chile	CLP	52
Acmanet SA	Talcahuano, Chile	CLP	52
Bekaert Cimaf Cabos Ltda	São Paulo, Brazil	BRL	60
Bekaert Costa Rica SA	San José-Santa Ana, Costa Rica	USD	58
Bekaert Sumaré Ltda	Sumaré, Brazil	BRL	100
BIA Alambres Costa Rica SA	San José-Santa Ana, Costa Rica	USD	58
Ideal Alambrec SA	Quito, Ecuador	USD	58
Industrias Chilenas de Alambre - Inchalam SA	Talcahuano, Chile	CLP	52
Procables SA	Callao, Peru	PEN	58
Prodinsa SA	Maipú, Chile	CLP	60
Productora de Alambres Colombianos Proalco SAS	Bogotá, Colombia	COP	80
Productos de Acero Cassadó SA	Callao, Peru	USD	38
Vicson SA	Valencia, Venezuela	VEF	80
Asia Pacific			
Bekaert Ansteel Tire Cord (Chongqing) Co Ltd	Chongqing, China	CNY	50
Bekaert Applied Material Technology (Shanghai) Co Ltd	Shanghai, China	CNY	100
Bekaert Binjiang Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	CNY	90
Bekaert (China) Technology Research and Development Co Ltd	Jiangyin (Jiangsu province), China	CNY	100
Bekaert (Huizhou) Steel Cord Co Ltd	Huizhou (Guangdong province), China	CNY	100
Bekaert Industries Pvt Ltd	Taluka Shirur, District Pune, India	INR	100
Bekaert Ipoh Sdn Bhd	Kuala Lumpur, Malaysia	MYR	100
Bekaert (Jining) Steel Cord Co Ltd	Jining City, Yanzhou district (Shandong Province), China	CNY	80
Bekaert Jiangyin Wire Products Co Ltd	Jiangyin (Jiangsu province), China	CNY	100
Bekaert Mukand Wire Industries Pvt Ltd	Pune, India	INR	100
Bekaert New Materials (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	CNY	100

¹ Functional currency

Bekaert (Qingdao) Wire Products Co Ltd	Qingdao (Shandong province), China	CNY	100
Bekaert Shah Alam Sdn Bhd	Kuala Lumpur, Malaysia	MYR	100
Bekaert (Shandong) Tire Cord Co Ltd	Weihai (Shandong province), China	CNY	100
Bekaert (Shenyang) Advanced Cords Co Ltd	Shenyang (Liaoning province), China	CNY	60
Bekaert Shenyang Advanced Products Co Ltd	Shenyang (Liaoning province), China	CNY	100
Bekaert Toko Metal Fiber Co Ltd	Tokyo, Japan	JPY	70
Bekaert Wire Ropes Pty Ltd	Mayfield East, Australia	AUD	60
Bridon (Hangzhou) Ropes Co Ltd	Hangzhou (Zhejiang province), China	CNY	60
China Bekaert Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	CNY	90
PT Bekaert Indonesia	Karawang, Indonesia	USD	100
PT Bekaert Southern Wire	Karawang, Indonesia	USD	100
PT Bridon	Bekasi, West Java, Indonesia	USD	60

Sales offices, warehouses and others	Address	FC¹	%
EMEA			
Bekaert AS	Vejle, Denmark	DKK	100
Bekaert Emirates LLC	Dubai, United Arab Emirates	AED	49
Bekaert France SAS	Armentières, France	EUR	100
Bekaert Ges mbH	Vienna, Austria	EUR	100
Bekaert GmbH	Neu-Anspach, Germany	EUR	100
Bekaert Ltd	Bradford, United Kingdom	GBP	100
Bekaert Maccaferri Underground Solutions BVBA	Aalst (Erembodegem), Belgium	EUR	50
Bekaert Maccaferri Underground Solutions Srl	Zola Predosa, Bologna, Italy	EUR	50
Bekaert Middle East LLC	Dubai, United Arab Emirates	AED	49
Bekaert Norge AS	Oslo, Norway	NOK	100
Bekaert Poland Sp z oo	Warsaw, Poland	PLN	100
Bekaert (Schweiz) AG	Baden, Switzerland	CHF	100
Bekaert Svenska AB	Gothenburg, Sweden	SEK	100
Bridon Coatbridge Ltd	Doncaster, United Kingdom	GBP	60
Bridon Pension Trust (No Two) Ltd	Doncaster, United Kingdom	GBP	60
Bridon Scheme Trustees Ltd	Doncaster, United Kingdom	GBP	60
British Ropes Ltd	Doncaster, United Kingdom	GBP	60
Gloucester Rope & Tackle Company Ltd	Doncaster, United Kingdom	GBP	60
Leon Bekaert SpA	Milano, Italy	EUR	100
NV Bridon Ropes SA	Brussels, Belgium	EUR	60
OOO Bekaert Wire	Moscow, Russian Federation	RUB	100
Rylands-Whitecross Ltd	Bradford, United Kingdom	GBP	100
Scheldestroom NV	Zwevegem, Belgium	EUR	100
Twil Company	Bradford, United Kingdom	GBP	100
North America			
Bekaert Carding Solutions Inc / Bekaert Solutions de Cardage Inc	Saint John, Canada	CAD	100
Bekaert Specialty Films de Mexico SA de CV	Monterrey, Mexico	MXN	100
Bekaert Trade Mexico S de RL de CV	Mexico City, Mexico	MXN	100
Specialty Films de Services Company SA de CV	Monterrey, Mexico	MXN	100
Latin America			
Bekaert Guatemala SA	Ciudad de Guatemala, Guatemala	GTQ	100
Bekaert Trade Latin America NV	Curaçao, Netherlands Antilles	USD	100
Bridon do Brasil Representações Comércio e Indústria de Cabos Ltda	Rio de Janeiro, Brazil	BRL	60
Prodac Contrata SAC	Callao, Peru	USD	38
Prodac Selva SAC	Ucayali, Peru	USD	38
Prodalam SA	Santiago, Chile	CLP	52
Prodinsa Ingeniería y Proyectos SA	Santiago, Chile	CLP	60
Asia Pacific			
Bekaert Advanced Products (Shanghai) Co Ltd	Shanghai, China	CNY	100
Bekaert Japan Co Ltd	Tokyo, Japan	JPY	100
Bekaert Korea Ltd	Seoul, Korea	KRW	100
Bekaert Management (Shanghai) Co Ltd	Shanghai, China	CNY	100
Bekaert Singapore Pte Ltd	Singapore	SGD	100
Bekaert Taiwan Co Ltd	Taipei, Taiwan	TWD	100

¹ Functional currency

BOSFA Pty Ltd	Port Melbourne, Australia	AUD	100
Bridon Australia Pty Ltd	Sydney, Australia	AUD	60
Bridon Hong Kong Ltd	Hong Kong, China	HKD	60
Bridon New Zealand Ltd	Auckland, New Zealand	NZD	60
Bridon Singapore (Pte) Ltd	Singapore	SGD	60
PT Bekaert Trade Indonesia	Karawang, Indonesia	USD	100

Financial companies	Address	FC¹	%
Acma Inversiones SA	Maipú, Chile	CLP	60
BBRG Finance (UK) Ltd	Doncaster, United Kingdom	EUR	60
BBRG Holding (UK) Ltd	Doncaster, United Kingdom	EUR	60
BBRG Operations (UK) Ltd	Doncaster, United Kingdom	EUR	60
BBRG Production (UK) Ltd	Doncaster, United Kingdom	EUR	60
BBRG (Purchaser) Ltd	Doncaster, United Kingdom	EUR	60
BBRG (Subsidiary) Ltd	Doncaster, United Kingdom	EUR	60
Becare DAC	Dublin, Ireland	EUR	100
Bekaert Building Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Carding Solutions Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Coördinatiecentrum NV	Zwevegem, Belgium	EUR	100
Bekaert do Brasil Ltda	Contagem, Brazil	BRL	100
Bekaert Holding Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Ibérica Holding SL	Burgos, Spain	EUR	100
Bekaert Ideal SL	Burgos, Spain	EUR	80
Bekaert Investments NV	Zwevegem, Belgium	EUR	100
Bekaert Investments Italia SpA	Milano, Italy	EUR	100
Bekaert North America Management Corporation	Wilmington (Delaware), United States	USD	100
Bekaert Services Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Singapore Holding Pte Ltd	Singapore	SGD	100
Bekaert Specialty Wire Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Stainless Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Steel Cord Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Strategic Partnerships Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Wire Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Wire Rope Industry NV	Aalst (Erembodegem), Belgium	EUR	60
Bekaert Xinyu Hong Kong Ltd	Hong Kong, China	EUR	100
Bridge Finco LLC	Wilmington (Delaware), United States	USD	60
Bridon-Bekaert Ropes Group Ltd	Doncaster, United Kingdom	EUR	60
Bridon-Bekaert Ropes Group (UK) Ltd	Doncaster, United Kingdom	EUR	60
Bridon Holdings Ltd	Doncaster, United Kingdom	GBP	60
Bridon Ltd	Doncaster, United Kingdom	GBP	60
Bridon (South East Asia) Ltd	Hong Kong, China	HKD	60
Impala SA	Panama, Panama	USD	52
Industrias Acmanet Ltda	Talcahuano, Chile	CLP	52
Inversiones Bekaert Andean Ropes SA	Santiago, Chile	CLP	100
InverVicson SA	Valencia, Venezuela	VEF	80
Procables Wire Ropes SA	Maipú, Chile	CLP	60
Procercos SA	Talcahuano, Chile	CLP	52

Joint ventures

Industrial companies	Address	FC¹	%
Latin America			
Belgo Bekaert Arames Ltda	Contagem, Brazil	BRL	45
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Vespasiano, Brazil	BRL	45

Sales offices, warehouses and others	Address	FC¹	%
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EMEA

Netlon Sentinel Ltd	Blackburn, United Kingdom	GBP	50
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Asia Pacific

Bekaert Engineering (India) Pvt Ltd	New Delhi, India	INR	40
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Changes in 2016

1. New investments

<i>Subsidiaries</i>	<i>Address</i>	<i>%</i>
BBRG (Purchaser) Ltd	Doncaster, United Kingdom	60
Bekaert Advanced Cords Aalter NV	Aalter, Belgium	60
Bekaert (Shenyang) Advanced Cords Co Ltd	Shenyang (Liaoning province), China	60

2. Subsidiaries acquired through business combinations

<i>Subsidiaries</i>	<i>Address</i>	<i>%</i>
BBRG Finance (UK) Ltd	Doncaster, United Kingdom	From 0% to 60%
BBRG Operations (UK) Ltd	Doncaster, United Kingdom	From 0% to 60%
BBRG Production (UK) Ltd	Doncaster, United Kingdom	From 0% to 60%
Bridge Finco LLC	Wilmington (Delaware), United States	From 0% to 60%
Bridon-American Corporation	New York, United States	From 0% to 60%
Bridon Australia Pty Ltd	Sydney, Australia	From 0% to 60%
Bridon-Bekaert Ropes Group Ltd	Doncaster, United Kingdom	From 0% to 60%
Bridon-Bekaert Ropes Group (UK) Ltd	Doncaster, United Kingdom	From 0% to 60%
Bridon Coatbridge Ltd	Doncaster, United Kingdom	From 0% to 60%
Bridon do Brasil Representações Comércio e Indústria de Cabos Ltda	Rio de Janeiro, Brazil	From 0% to 60%
Bridon (Hangzhou) Ropes Co Ltd	Hangzhou (Zhejiang province), China	From 0% to 60%
Bridon Holdings Ltd	Doncaster, United Kingdom	From 0% to 60%
Bridon Hong Kong Ltd	Hong Kong, China	From 0% to 60%
Bridon International GmbH	Gelsenkirchen, Germany	From 0% to 60%
Bridon International Ltd	Doncaster, United Kingdom	From 0% to 60%
Bridon Ltd	Doncaster, United Kingdom	From 0% to 60%
Bridon New Zealand Ltd	Auckland, New Zealand	From 0% to 60%
Bridon Pension Trust (No Two) Ltd	Doncaster, United Kingdom	From 0% to 60%
Bridon Scanrope AS	Tonsberg, Norway	From 0% to 60%
Bridon Scheme Trustees Ltd	Doncaster, United Kingdom	From 0% to 60%
Bridon Singapore (Pte) Ltd	Singapore	From 0% to 60%
Bridon (South East Asia) Ltd	Hong Kong, China	From 0% to 60%
British Ropes Ltd	Doncaster, United Kingdom	From 0% to 60%
Gloucester Rope & Tackle Company Ltd	Doncaster, United Kingdom	From 0% to 60%
NV Bridon Ropes SA	Brussels, Belgium	From 0% to 60%
PT Bridon	Bekasi, West Java, Indonesia	From 0% to 60%

3. Changes in ownership without change in control

<i>Subsidiaries</i>	<i>Address</i>	<i>%</i>
Acma Inversiones SA	Maipú, Chile	From 100% to 60%
BBRG Holding (UK) Ltd	Doncaster, United Kingdom	From 100% to 60%
BBRG (Subsidiary) Ltd	Doncaster, United Kingdom	From 100% to 60%
Bekaert Canada Ltd	Vancouver, Canada	From 100% to 60%
Bekaert Cimaf Cabos Ltda	São Paulo, Brazil	From 100% to 60%
Bekaert Wire Rope Industry NV	Aalst (Erembodegem), Belgium	From 100% to 60%
Bekaert Wire Ropes Pty Ltd	Mayfield East, Australia	From 100% to 60%
Procables SA	Callao, Peru	From 96% to 58%
Procables Wire Ropes SA	Maipú, Chile	From 100% to 60%
Prodinsa Ingeniería y Proyectos SA	Santiago, Chile	From 100% to 60%
Prodinsa SA	Maipú, Chile	From 100% to 60%
Wire Rope Industries Ltd/Industries de Câbles d'Acier Ltée	Pointe-Claire, Canada	From 100% to 60%
Wire Rope Industries USA Inc	Wilmington (Delaware), United States	From 100% to 60%

4. Mergers / conversions

<i>Subsidiaries</i>	<i>Merged into</i>
Bekaert Binjiang Advanced Products Co Ltd	Bekaert Binjiang Steel Cord Co Ltd
Bekaert Canada Ltd	Wire Rope Industries Ltd/Industries de Câbles d'Acier Ltée

5. Name changes

New name	Former name
BBRG Holding (UK) Ltd	Blue Topco Ltd
BBRG (Subsidiary) Ltd	Blue Subsidiary Ltd
Becare DAC	Becare Ltd
Bekaert Jiangyin Wire Products Co Ltd	Bekaert-Jiangyin Wire Products Co Ltd

6. Closed down

Companies	Address
Cempaka Raya Sdn Bhd	Kuala Lumpur, Malaysia

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

Companies	Company number
Bekaert Advanced Cords Aalter NV	BTW BE 0645.654.071 RPR Gent
Bekaert Coördinatiecentrum NV	BTW BE 0426.824.150 RPR Kortrijk
Bekaert Investments NV	BTW BE 0406.207.096 RPR Kortrijk
Bekaert Maccaferri Underground Solutions BVBA	BTW BE 0561.750.457 RPR Dendermonde
Bekaert Wire Rope Industry NV	BTW BE 0550.983.358 RPR Dendermonde
Bekintex NV	BTW BE 0452.746.609 RPR Dendermonde
NV Bekaert SA	BTW BE 0405.388.536 RPR Kortrijk
NV Bridon Ropes SA	BTW BE 0401.637.507 RPR Brussels
Scheldestroom NV	BTW BE 0403.676.188 RPR Kortrijk

Parent company information

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

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

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

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

NV Bekaert SA
Bekaertstraat 2
BE-8550 Zwevegem
Belgium
www.bekaert.com

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

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

Condensed income statement

in thousands of € - Year ended 31 December	2015 ¹	2016
Sales	419 945	358 292
Operating result before non-recurring items	17 454	-8 131
Non-recurring operational items	-5 229	-3 898
Operating result after non-recurring items	12 225	-12 029
Financial result before non-recurring items	343 872	33 121
Non-recurring financial items	-3 429	-49 098
Financial result after non-recurring items	340 443	-15 977
Profit before income taxes	352 668	-28 006
Income taxes	2 472	3 691
Result for the period	355 140	-24 315

¹ Restated figures: extraordinary result no longer used, one-off elements now presented in operating or financial result.

Condensed balance sheet after profit appropriation

in thousands of € - 31 December	2015	2016
Fixed assets	1 768 547	1 964 152
Formation expenses, intangible fixed assets	97 148	91 490
Tangible fixed assets	38 694	41 916
Financial fixed assets	1 632 705	1 830 746
Current assets	379 409	382 388
Total assets	2 147 956	2 346 540
Shareholders' equity	835 111	753 719
Share capital	176 957	177 612
Share premium	31 884	36 594
Revaluation surplus	1 995	1 995
Statutory reserve	17 696	17 696
Unavailable reserve	120 621	127 947
Reserves available for distribution, retained earnings	485 958	391 875
Provisions and deferred taxes	73 328	64 881
Creditors	1 239 517	1 527 940
Amounts payable after one year	715 764	795 764
Amounts payable within one year	523 753	732 176
Total equity and liabilities	2 147 956	2 346 540

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 € 358.3 million, a decrease of 15% compared to 2015.

The operating loss before non-recurring items was € -8.1 million, compared with a profit of € 17.5 million last year. The operating loss was mainly due to the discontinuation of the sales of stainless steel wires to external customers and to higher depreciations resulting from the capitalization of research and development costs. Non-recurring items included in the operating result amounted to € -3.9 million in 2016, compared to € -5.2 million last year.

The financial result was € -16.0 million (€ 340.4 million in 2015) mainly driven by a net non-recurring impact of the BBRG set-up of € -49.1 million in 2016 and by a timing impact of dividend income in 2015.

This led to a result for the period of € -24.3 million compared with € +355.1 million in 2015.

Environmental programs

The provisions for environmental programs decreased to € 22.2 million (2015: € 22.6 million).

Information on research and development

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

Interests in share capital

In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act), the Company has in its Articles of Association set the thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. An overview of the relevant notifications is presented hereafter. On 31 December 2016, the total number of securities conferring voting rights was 60 347 525.

Detailed information can be found on: <http://www.bekaert.com/other-regulated-information>.

Notification of	Holders of voting rights	Denominator	Number of voting rights	Percentage of voting rights
16 February 2016	Stichting Administratiekantoor Bekaert	60 125 525	21 773 265	36.21%
23 March 2016	Kiltearn Partners LLP	60 125 525	1 714 240	2.85%
18 October 2016	Norges Bank	60 315 513	1 822 211	3.02%
1 November 2016	Norges Bank	60 315 513	1 755 553	2.91%
10 November 2016	Norges Bank	60 315 513	1 810 260	3.00%
	Norges Bank		1 775 759	2.94%
22 November 2016	Norges Bank	60 315 513	1 864 660	3.09%
25 November 2016	Norges Bank	60 315 513	1 718 780	2.85%
13 March 2017	Norges Bank	60 347 525	1 812 832	3.00%

Proposed appropriation of NV Bekaert SA 2016 result

The after-tax result for the year was € -24 314 992, compared with € 355 139 604 for the previous year.

The Board of Directors has proposed that the Annual General Meeting to be held on 10 May 2017 appropriate the above result as follows:

	in €
Result of the year 2016 to be appropriated	-24 314 992
Profit brought forward from previous year	-
Transfer to statutory reserves	-
Transfer from reserves	86 756 428
Profit for distribution	62 441 436

The Board of Directors has proposed that the Annual General Meeting approve the distribution of a gross dividend of € 1.10 per share (2015: € 0.90 per share).

The dividend will be payable in euros on 15 May 2017 by the following banks:

- ING Belgium, BNP Paribas Fortis, KBC Bank, Bank Degroef Petercam 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

None of the Directors' term of office will expire in 2017.

Statutory auditor's report to the shareholders' meeting of NV Bekaert SA on the consolidated accounts for the year ended 31 December 2016

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 2016, 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 accounts – Unqualified opinion

We have audited the consolidated financial statements of NV Bekaert SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet shows total assets of 4,304,313 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 105,166 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated accounts

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

Statutory auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated accounts, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated accounts. 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 2016, 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 accounts.

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 accounts:

- The directors' report on the consolidated accounts 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.

Gent, 22 March 2017

The statutory auditor



DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Charlotte Vanrobaeys

As of end March 2017:

Bekaert Group Executive

Matthew Taylor	Chief Executive Officer
Beatriz García-Cos Muntañola	Chief Financial Officer
Lieven Larmuseau	Executive Vice President Rubber Reinforcement Business Platforms
Geert Van Haver	Chief Technology & Engineering Officer
Piet Van Riet	Executive Vice President Industrial and Specialty Products Business Platforms
Curd Vandekerckhove	Executive Vice President North Asia and Global Operations
Stijn Vanneste	Executive Vice President Europe, South Asia and South East Asia
Frank Vromant	Executive Vice President Americas
Bart Wille	Chief Human Resources Officer

Senior Vice Presidents

Axel Ampolini	Senior Vice President Industrial Steel Wire Global
Marco Cipparrone	Senior Vice President Rubber Reinforcement Europe
Bruno Cluydts	Chief Operations Officer BBRG
Philip Eyskens	Senior Vice President Legal, IT and Mergers & Acquisitions
Oliver Forberich	Senior Vice President Stainless Technologies Global
Ton Geurts	Chief Purchasing Officer & Senior Vice President Supply Chain Excellence
Bruno Humblet	Chief Executive Officer BBRG
Jun Liao	Senior Vice President Rubber Reinforcement North Asia
Patrick Louwagie	Senior Vice President Brazil
Dirk Moyson	Senior Vice President Manufacturing Excellence
Alejandro Sananez	Senior Vice President Latin America
Demet Tunç	Chief Marketing Officer & Senior Vice President Customer Excellence
Luc Vankemmelbeke	Senior Vice President Industrial Products & Specialty Steel Wire Europe
Geert Voet	Chief Strategy Officer BBRG & EVP Southern Hemisphere BBRG
Zhigao Yu	Senior Vice President Technology & Engineering China

Company Secretary

Isabelle Vander Vekens

Auditors

Deloitte Bedrijfsrevisoren

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The annual report for the 2016 financial year is available in English and Dutch on annualreport.bekaert.com

Editor & Coordination:

Katelijan Bohez, Chief Communications & Investor Relations Officer

Financial definitions

<i>Added value</i>	Operating result (EBIT) + remuneration, social security and pension charges + depreciation, amortization, impairment of assets and negative goodwill.
<i>Associates</i>	Companies in which Bekaert has a significant influence, generally reflected by an interest of at least 20%. Associates are accounted for using the equity method.
<i>Book value per share</i>	Equity attributable to the Group divided by number of shares outstanding at balance sheet date.
<i>Capital employed (CE)</i>	Working capital + net intangible assets + net goodwill + net property, plant and equipment. The average CE is weighted by the number of periods that an entity has contributed to the consolidated result.
<i>Capital ratio</i>	Equity relative to total assets.
<i>Combined figures</i>	Sum of consolidated companies + 100% of joint ventures and associated companies after elimination of intercompany transactions (if any). Examples: sales, capital expenditure, number of employees.
<i>Dividend yield</i>	Gross dividend as a percentage of the share price on 31 December.
<i>EBIT</i>	Operating result (earnings before interest and taxation).
<i>EBIT - Underlying</i>	EBIT before operating income and expenses that are related to restructuring programs, impairment losses, business combinations, business disposals, environmental provisions or other events and transactions that have a one-time effect.
<i>EBIT interest coverage</i>	Operating result divided by net interest expense.
<i>EBITDA</i>	Operating result (EBIT) + depreciation, amortization, impairment of assets and negative goodwill.
<i>EBITDA – Underlying</i>	EBITDA before operating income and expenses that are related to restructuring programs, impairment losses, business combinations, business disposals, environmental provisions or other events and transactions that have a one-time effect.
<i>Equity method</i>	Method of accounting whereby an investment (in a joint venture or an associate) is initially recognized at cost and subsequently adjusted for any changes in the investor's share of the joint venture's or associate's net assets (i.e. equity). The income statement reflects the investor's share in the net result of the investee.
<i>Gearing</i>	Net debt relative to equity.
<i>Joint ventures</i>	Companies under joint control in which Bekaert generally has an interest of approximately 50%. Joint ventures are accounted for using the equity method.
<i>Net capitalization</i>	Net debt + equity.
<i>Net debt</i>	Interest-bearing debt net of current loans, non-current financial receivables and cash guarantees, short-term deposits, cash and cash equivalents.
<i>Return on capital employed (ROCE)</i>	Operating result (EBIT) relative to the weighted average capital employed.
<i>Return on equity (ROE)</i>	Result for the period relative to average equity.
<i>Return on invested capital (ROIC)</i>	NOPLAT on invested capital. NOPLAT is EBIT after tax (using a target tax rate of 27%), and includes the Group's share in the NOPLAT of its joint ventures and associates. Invested capital is the aggregate of total equity, net debt, non-current employee benefit obligations and non-current other provisions, and includes the Group's share in the net debt of its joint ventures and associates.
<i>Subsidiaries</i>	Companies in which Bekaert exercises control and generally has an interest of more than 50%.
<i>Weighted average cost of capital (WACC)</i>	Cost of debt and cost of equity weighted with a target gearing of 50% (net debt/equity structure) after tax (using a target tax rate of 27%). Bekaert calculates a WACC for its three main currency environments: EUR, USD and CNY, the average of which (7.6%) has been rounded to 8% to set a long-term target.
<i>Working capital (operating)</i>	Inventories + trade receivables + bills of exchange received + advanced paid - trade payables - advances received - remuneration and social security payables - employment-related taxes.

Statement from the responsible persons

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

- the consolidated financial statements of NV Bekaert SA and its subsidiaries as of 31 December 2016 have been prepared in accordance with the International Financial Reporting Standards, and give a true and fair view of the assets and liabilities, financial position and results of the whole of the companies included in the consolidation; and
- the annual report on the consolidated financial statements gives a fair overview of the development and the results of the business and of the position of the whole of the companies included in the consolidation, as well as a description of the principal risks and uncertainties faced by them.

On behalf of the Board of Directors:



Matthew Taylor
Chief Executive Officer



Bert De Graeve
Chairman of the Board of Directors

Disclaimer

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

Financial calendar

visit: <http://www.bekaert.com/financialcalendar>

What would you like to know about Bekaert ?

www.bekaert.com

Shareholders' Guide 2016: investor's data center on bekaert.com

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