

## 6. Balance sheet items

## 6.1. Intangible assets

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

**Accumulated amortization and impairment**

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

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

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

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

## 6.2. Goodwill

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### 6.3. Property, plant and equipment

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

#### Accumulated depreciation and impairment

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

<sup>1</sup> 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
<b>Carrying amount as at 31 December 2016 before investment grants and reclassification of leases</b>	<b>604 581</b>	<b>747 232</b>	<b>18 286</b>	<b>10 128</b>	<b>5 048</b>	<b>139 823</b>	<b>1 525 099</b>
Net investment grants	-7 050	-2 201	-	-	-	-1 134	-10 385
Finance leases by asset category	7 822	2 185	120	-10 128	-	-	-
<b>Carrying amount as at 31 December 2016</b>	<b>605 353</b>	<b>747 216</b>	<b>18 406</b>	<b>-</b>	<b>5 048</b>	<b>138 689</b>	<b>1 514 714</b>
<b>Carrying amount as at 31 December 2017 before investment grants and reclassification of leases</b>	<b>579 446</b>	<b>708 741</b>	<b>20 609</b>	<b>9 301</b>	<b>6 838</b>	<b>184 349</b>	<b>1 509 285</b>
Net investment grants	-6 179	-2 079	-	-	-	-	-8 257
Finance leases by asset category	7 260	1 841	200	-9 301	-	-	-
<b>Carrying amount as at 31 December 2017</b>	<b>580 528</b>	<b>708 504</b>	<b>20 809</b>	<b>-</b>	<b>6 838</b>	<b>184 349</b>	<b>1 501 028</b>

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

The methodology for impairment testing is consistent with the one presented in note 6.2. 'Goodwill'. Deconsolidations and the reclassification from held for sale in 2017 relate to the disposal of the majority stake in the rubber reinforcement plant Sumaré (Brazil). Additional information regarding the reclassification from held for sale is provided under note 6.11. 'Assets classified as held for sale and liabilities associated with those assets'. For further information on the deconsolidations, please see note 7.2. 'Effect of business disposals'. Inflation effects relate to the application of inflation accounting in Venezuela.

No items of PP&E are pledged as securities.

## 6.4. Investments in joint ventures and associates

The Group has no investments in entities qualified as associates.

### Investments excluding related goodwill

Carrying amount in thousands of €	2016	2017
As at 1 January	110 633	142 201
Result for the year	25 445	26 857
Dividends	-22 732	-30 089
New equity method consolidations	-	42 390
Exchange gains and losses	28 814	-22 047
Other comprehensive income	41	16
<b>As at 31 December</b>	<b>142 201</b>	<b>159 328</b>

For an analysis of the result for the year, please refer to note 5.6. 'Share in the results of joint ventures and associates'.

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

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

### Related goodwill

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

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

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

No major contingent assets relating to joint ventures have been identified at the balance sheet date. The Brazilian joint ventures have been trying to compensate ICMS tax receivables with a total carrying amount of € 1.2 million (2016: € 4.7 million). They have also been facing claims relating to ICMS credits totaling € 12.4 million (2016: € 22.1 million); about € 13.2 million were waived in 2017 by paying € 4.5 million under a new amnesty program. Several other tax claims, most of which date back several years, were filed for a total nominal amount of € 20.1 million (2016: € 15.3 million). Evidently, any potential losses resulting from the above mentioned contingencies would only affect the Group to the extent of their interest in the joint ventures involved (i.e. 45%). Unrecognized commitments to acquire property, plant and equipment amounted to € 16.0 million (2016: € 6.8 million), including € 13.9 million (2016: € 3.3 million) from other Bekaert companies. Furthermore, the Brazilian joint ventures have unrecognized commitments to purchase electricity over the next five years for an aggregate amount of € 73.1 million (2016: € 73.1 million). In accordance with IFRS 12 'Disclosures of Interests in Other Entities', following information is provided on material joint ventures. The two Brazilian joint ventures have been aggregated in order to emphasize the predominance of the partnership with ArcelorMittal when analyzing the relative importance of the joint ventures.



**Proportion of ownership interest  
(and voting rights) held by the  
Group at year-end**

<b>Name of joint venture</b> in thousands of €	<b>Country</b>	<b>2016</b>	<b>2017</b>
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 €	<b>2016</b>	<b>2017</b>
Sales	661 718	783 602
Operating result (EBIT)	74 541	77 740
Interest income	4 107	5 240
Interest expense	-3 560	-3 038
Other financial income and expenses	-961	-1 684
Income taxes	-10 449	-8 863
Result for the period	63 678	69 395
Other comprehensive income for the period	89	35
Total comprehensive income for the period	63 767	69 430
Depreciation and amortization	20 280	19 117
EBITDA	94 821	96 857
Dividends received from the entity	22 732	30 089

**Brazilian joint ventures: balance sheet**

in thousands of €	<b>2016</b>	<b>2017</b>
Current assets	243 364	258 529
Non-current assets	209 986	256 691
Current liabilities	-104 001	-112 909
Non-current liabilities	-34 400	-48 713
<b>Net assets</b>	<b>314 949</b>	<b>353 598</b>

**Brazilian joint ventures: net debt elements**

in thousands of €	<b>2016</b>	<b>2017</b>
Non-current interest-bearing debt	-	1 841
Current interest-bearing debt	11 726	10 472
<b>Total financial debt</b>	<b>11 726</b>	<b>12 313</b>
Non-current financial receivables and cash guarantees	-23 521	-23 585
Current loans	-2	-
Cash and cash equivalents	-14 809	-20 840
<b>Net debt</b>	<b>-26 606</b>	<b>-32 112</b>

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

## 6.5. Other non-current assets

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

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

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

The increase in overfunded employee benefit plans is mainly related to the UK pension plans. For more information on this, please refer to note 6.15. 'Employee benefit obligations'.

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

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

## 6.6. Deferred tax assets and liabilities

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

### Recognized deferred tax assets and liabilities

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

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

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

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

2016 in thousands of €	As at 1 January	Recognized via income statement	Recognized via OCI	Acquisitions and disposals <sup>1</sup>	Reclassifi- cations <sup>2</sup>	Exchange gains and losses	As at 31 December
<b>Temporary differences</b>							
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
<b>Total</b>	<b>79 281</b>	<b>30 952</b>	<b>-737</b>	<b>-13 381</b>	<b>4 037</b>	<b>-2 340</b>	<b>97 812</b>

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

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

<sup>2</sup> See note 6.11. 'Assets classified as held for sale and liabilities associated with those assets'.

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

2016		Before tax	Tax impact	After tax
in thousands of €				
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
<b>Total</b>		<b>31 473</b>	<b>-737</b>	<b>30 736</b>

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

## Unrecognized deferred tax assets

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

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

## Capital losses, trade losses and tax credits by expiry date

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

2016	Expiring within 1 year	Expiring between 1 and 5 years	Expiring after more than 5 years	Not expiring	Total
in thousands of €					
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
<b>Total</b>	<b>45 281</b>	<b>157 272</b>	<b>50 864</b>	<b>726 664</b>	<b>980 081</b>

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

## 6.7. Operating working capital

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

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

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

Additional information is as follows:

» Inventories

The cost of sales includes expenses related to transport and handling of finished goods amounting to € 184.1 million (2016: € 159.3 million), which have never been capitalized in inventories. Movements in inventories in 2017 include write-downs of € -18.0 million (2016: € -18.6 million) and reversals of write-downs of € 21.4 million (2016: € 23.9 million).

Similar as in 2016, in 2017 no inventories were pledged as security for liabilities.

» Trade receivables

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

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

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

### Trade receivables and bills of exchange received

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

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

## 6.8. Other receivables

### Carrying amount

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

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

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

### Carrying amount

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

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



## 6.10. Other current assets

Carrying amount in thousands of €	2016	2017
Current loans and receivables	13 991	8 447
Advances paid	19 531	17 815
Derivatives (cf. note 7.3.)	7 037	6 159
Deferred charges and accrued income	11 665	11 908
<b>As at 31 December</b>	<b>52 225</b>	<b>44 329</b>

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

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

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

in thousands of €	2016	2017
Intangible assets	9 939	8 093
Property, plant and equipment	36 674	-
Other non-current assets	5 651	-
Deferred tax assets	505	-
Inventories	10 140	-
Trade receivables	27 880	-
Other receivables	13 326	-
Cash and cash equivalents	8 241	-
Other current assets	5	-
<b>Total assets classified as held for sale</b>	<b>112 361</b>	<b>8 093</b>
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	-
<b>Total liabilities associated with assets classified as held for sale</b>	<b>33 500</b>	<b>-</b>

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

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

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

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

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

### Stock option plans

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

#### Overview of SOP2 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options				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	
			<b>195 000</b>	<b>107 180</b>	<b>-</b>	<b>87 820</b>			

## Overview of SOP 2005-2009 Stock Option Plan

Date offered	Date granted	Date of issue of subscription rights	Exercise price (in €)	Number of subscription rights				Out-standing	First exercise period	Last exercise period
				Granted	Exercised	Forfeited				
22.12.2005	20.02.2006	22.03.2006	23.795	190 698	184 283	15	6 400	22.05 - 30.06.2009	15.11 - 15.12.2020	
21.12.2006	19.02.2007	22.03.2007	30.175	153 810	144 240	600	8 970	22.05 - 30.06.2010	15.11 - 15.12.2021	
20.12.2007	18.02.2008	22.04.2008	28.335	14 100	4 200	9 900	-	22.05 - 30.06.2011	15.11 - 15.12.2017	
20.12.2007	18.02.2008	22.04.2008	28.335	215 100	147 550	12 700	54 850	22.05 - 30.06.2011	15.11 - 15.12.2022	
18.12.2008	16.02.2009	20.10.2009	16.660	288 150	234 050	19 500	34 600	22.05 - 30.06.2012	15.11 - 15.12.2018	
17.12.2009	15.02.2010	08.09.2010	33.990	225 450	69 600	52 500	103 350	22.05 - 30.06.2013	15.11 - 15.12.2019	
				<b>1 087 308</b>	<b>783 923</b>	<b>95 215</b>	<b>208 170</b>			

## Overview of SOP 2010-2014 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options				Out-standing	First exercise period	Last exercise period
			Granted	Exercised	Forfeited				
16.12.2010	14.02.2011	77.000	360 925	-	65 200	295 725	28.02 - 13.04.2014	Mid Nov. - 15.12.2020	
22.12.2011	20.02.2012	25.140	287 800	231 100	2 600	54 100	27.02 - 12.04.2015	Mid Nov. - 21.12.2021	
20.12.2012	18.02.2013	19.200	267 200	213 642	2 700	50 858	End Feb. - 10.04.2016	Mid Nov. - 19.12.2022	
29.03.2013	28.05.2013	21.450	260 000	121 000	-	139 000	End Feb. - 09.04.2017	End Feb. - 28.03.2023	
19.12.2013	17.02.2014	25.380	373 450	179 750	2 400	191 300	End Feb. - 09.04.2017	Mid Nov. - 18.12.2023	
18.12.2014	16.02.2015	26.055	349 810	-	4 800	345 010	End Feb. - 08.04.2018	Mid Nov. - 17.12.2024	
			<b>1 899 185</b>	<b>745 492</b>	<b>77 700</b>	<b>1 075 993</b>			

## 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	-	4 500	222 750	End Feb. - 07.04.2019	Mid Nov. - 16.12.2025	
15.12.2016	13.02.2017	39.426	273 325	-	3 000	270 325	End Feb. - 12.04.2020	Mid Nov. - 14.12.2026	
			<b>500 575</b>	<b>-</b>	<b>7 500</b>	<b>493 075</b>			

SOP2 Stock Option Plan	2016		2017	
	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	87 820	29.549
Exercised during the year	-55 680	18.254	-	-
<b>Outstanding as at 31 December</b>	<b>87 820</b>	<b>29.549</b>	<b>87 820</b>	<b>29.549</b>

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

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

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

**Weighted average remaining contractual life**

in years	2016	2017
SOP2	3.2	2.2
SOP 2005-2009	3.7	2.7
SOP 2010-2014	6.3	5.2
SOP 2015-2017	9.0	8.5

The weighted average share price at the date of exercise in 2017 was not applicable for the SOP2 subscription rights (2016: € 40.69), € 45.13 for the SOP 2005-2009 subscription rights (2016: € 39.45) and € 46.24 for the SOP 2010-2014 options (2016: € 35.42). The exercise price of the subscription rights and options is equal to the lower of (i) the average closing price of the Company's share during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer. When subscription rights are exercised under the SOP 2005-2009 plan, equity is increased by the amount of the proceeds received. Under the terms of the SOP2 plan any subscription rights or options granted through 2004 were vested immediately.

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

The options granted under SOP2, SOP 2010-2014 and SOP 2015-2017 and the subscription rights granted under SOP 2005-2009 are recognized at fair value at grant date in accordance with IFRS 2 (see note 6.13. 'Retained earnings and other Group reserves'). The fair value of the options is determined using a binomial pricing model. Inputs and outcome of this pricing model are detailed below:

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

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

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

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

## Performance Share Plan

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

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

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

<sup>1</sup> Expense recorded as from 1 January 2018.

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

## Personal Shareholding Requirement Plan

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

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

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

<sup>1</sup> Newly hired Chief Financial Officer

<sup>2</sup> Newly hired Chief Human Resources Officer

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

### 6.13. Retained earnings and other Group reserves

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

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

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

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

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

The revaluation of the investment in Shougang Concord Century Holdings Ltd is based on the closing price of the share on the Hong Kong Stock Exchange. No amounts were recycled to income statement in the current year as a result of an impairment loss (2016: € 0.6 million).



**Remeasurements on defined-benefit plans**

in thousands of €	2016	2017
As at 1 January	-70 771	-80 743
Remeasurements of the period	-9 615	10 629
Inflation effects	-538	-534
Changes in Group structure	181	-35
<b>As at 31 December</b>	<b>-80 743</b>	<b>-70 683</b>

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

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

**Deferred taxes booked in equity**

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

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

**Treasury shares**

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

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

**Cumulative translation adjustments**

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

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

**Retained earnings**

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

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

## 6.14. Non-controlling interests

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

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

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

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

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

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

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

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

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

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

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

- » The borrower cannot re-borrow any prepaid part of the Term Facilities (USD 348.3 million vs USD 324.9 million in 2016) or any Additional Term Facility (nil in 2017 and 2016).
- » In relation to each financial year an amount equal to the relevant percentage of excess cash flow for that financial year, is to be applied in prepayment of the facilities, depending on actual leverage (i.e. net debt divided by adjusted EBITDA) as set out below:
  - Leverage greater than or equal to 2.75: 50%,
  - Leverage less than 2.75 but greater than or equal to 2.00: 25%,
  - Leverage less than 2.00: relevant percentage is 0%,
 whereby a threshold amount equal to USD 5.0 million can be retained from the amount to be paid.
- » Acquisition and insurance proceeds (the net proceeds of acquisition related and insurance claims after deduction of related costs and taxes) in excess of USD 2.5 million have to be repaid to the lenders.
- » Except as permitted, the Parent (i.e. BBRG Production (UK) Ltd) or any of its subsidiaries shall not:
  - declare, make or pay any dividend, charge, fee or other distribution (or related interests),
  - redeem, repurchase, retire or repay any of its share capital or share premium reserve.
- » There are strict limitations to the repayment, prepayment or exchange of the shareholder loans (USD 107.9 million vs USD 94.4 million in 2016) or interests on the shareholder loans. Shareholder loans are subordinate to the Senior Facilities Agreement in all material aspects.

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

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

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

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

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

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

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

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

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

## 6.15. Employee benefit obligations

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

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

### Post-employment benefit plans

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

### Defined-contribution plans

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

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

Bekaert participates in a multi-employer defined-benefit plan in The Netherlands funded through the Pensioenfond Metaal & Techniek. This plan is treated as a defined-contribution plan because no information is available with respect to the plan assets attributable to Bekaert; contributions for this plan amounted to € 1.0 million (2016: € 0.9 million).

### Defined-contribution plans

in thousands of €	2016	2017
Expenses recognized	14 169	13 894



## Defined-benefit plans

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

The latest actuarial valuations under IAS 19 were carried out as of 31 December 2017 for all significant post-employment defined-benefit plans by independent actuaries. The Group's largest defined-benefit obligations are in Belgium, the United States and the United Kingdom. They account for 86.4% (2016: 87.1%) of the Group's defined-benefit obligations and 99.7% (2016: 99.8%) of the Group's plan assets.

### **Plans in Belgium**

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

The traditional defined-benefit plans foresee in a lump sum payment upon retirement and in risk benefits in case of death or disability prior to retirement. The plans are externally funded through two self-administrated institutions for occupational retirement provision (IORP). On a regular basis, an Asset Liability Matching (ALM) study is performed in which the consequences of strategic investment policies are analyzed in terms of risk-and-return profiles. Statement of investment principles and funding policy are derived from this study. The purpose is to have a well-diversified asset allocation to control the risk. Investment risk and liability risk are monitored on a quarterly basis. Funding policy targets to be at least fully funded in terms of the technical provision (this is a prudent estimate of the pension liabilities).

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

### **Plans in the United States**

The funded plans in the United States mainly relate to pension plans representing a defined-benefit obligation of € 122.2 million (2016: € 146.3 million) and assets of € 85.9 million (2016: € 99.7 million). The plans provide for benefits for the life of the plan members but have been closed for new entrants. Plan assets are invested, in fixed-income funds and in equities. Based on an Asset Liability Matching study the strategic asset allocation has been shifted more towards long duration fixed income funds. Funding policy targets to be sufficiently funded in terms of Pension Protection Act requirements and thus to avoid benefit restrictions or at-risk status of the plans. During 2017 a retiree annuity purchase program occurred whereby assets and liabilities were transferred to an external provider.

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

### **Plans in the United Kingdom**

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

The defined-benefit obligation includes benefits for deferred pensioners and current pensioners. Broadly, about 80% of the liabilities are attributable to non-pensioners and 20% to current pensioners.

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

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

The amounts recognized in the balance sheet are as follows:

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

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

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

The past service cost in 2017 mainly relates to changes in Belgian pension plans triggered by pension legislation; in 2016 this was mainly about pension plans in the USA, Malaysia and Peru. Settlement costs in 2017 mainly relate to the retiree purchase program in the USA and settlement payments made in Italy; in 2016 this was mainly about a restructuring in Turkey. In the income statement, current and past service cost, including gains or losses from settlements, are included in the operating result (EBIT), and interest expense or income is included in interest expense, under interest element of interest-bearing provisions.

Reimbursement rights arising from reinsurance contracts covering retirement pensions, death and disability benefits in Germany amount to € 0.2 million (2016: € 0.3 million).

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

<b>Estimated contributions and direct benefit payments</b> in thousands of €	<b>2018</b>
Pension plans	24 971
<b>Total</b>	<b>24 971</b>

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

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

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:

<b>Actuarial assumptions</b>	<b>2016</b>	<b>2017</b>
Discount rate	2.7%	2.5%
Future salary increases	3.1%	3.0%
Underlying inflation rate	2.6%	1.5%
Health care cost increases (initial)	6.6%	7.0%
Health care cost increases (ultimate)	4.8%	4.7%
Health care (years to ultimate rate)	7	9

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

This resulted into the following discount rates:

<b>Discount rates</b>	<b>2016</b>	<b>2017</b>
Belgium	1.5%	1.6%
United States	4.0%	3.5%
United Kingdom	2.6%	2.7%
Other	3.4%	3.2%

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

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

Sensitivity analyses show the following effects:

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

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

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

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

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

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

### Other long-term employee benefits

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

## Cash-settled share-based payment employee benefits

### Stock appreciation rights

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

Following inputs to the model are used for all grants: share price at balance sheet date: € 36.45 (2016: € 38.49), expected volatility of 39% (2016: 39%), expected dividend yield of 3.0% (2016: 3.0%), vesting period of 3 years, contractual life of 10 years, employee exit rate of 4% in Asia (2016: 4%) and 3% in other countries (2016: 3%), and an exercise factor of 1.40 (2016: 1.40). Inputs for risk-free interest rates vary by grant and are based on the return of Belgian OLO's (Obligation Linéaire / Lineaire Obligatie) with a term equal to the maturity of the SAR grant under consideration.

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

<b>USA SAR Plan details by grant</b> in €	<b>Exercise price</b>	<b>Fair value as at 31 Dec 2016</b>	<b>Fair value as at 31 Dec 2017</b>
Grant 2010	37.05	5.62	-
Grant 2011	83.43	2.15	1.22
Grant 2012	27.63	12.23	10.66
Grant 2013	22.09	16.52	14.55
Exceptional grant 2013	22.51	16.13	14.26
Grant 2014	25.66	13.59	11.90
Grant 2015	25.45	14.54	12.11
Grant 2016	28.38	13.40	11.74
Grant 2017	38.86	10.36	9.01
Grant 2018 <sup>1</sup>	37.06	-	9.77

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

<sup>1</sup> The fair value of this grant has been determined at grant date. See note 7.6. 'Events after the balance sheet date'.

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

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

### Performance Share Units

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

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

These Performance Share Units are accounted for as cash-settled share-based payments in accordance with IFRS 2. The fair value of each grant is recalculated at balance sheet date, using the same binomial pricing model as for the equity-settled share-based payments (see note 6.12. 'Ordinary shares, treasury shares and equity-settled share-based payments').

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

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

<b>Performance Share Units details by grant</b> in €	<b>Fair value as at 31 Dec 2016</b>	<b>Fair value as at 31 Dec 2017</b>
Grant 2015	73.63	71.18
Grant 2016	47.93	39.40
Grant 2017 <sup>1</sup>	-	44.45

<sup>1</sup> The fair value of this grant has been determined at grant date. See note 7.6. 'Events after the balance sheet date'.

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

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

### Short-term employee benefit obligations

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



## 6.16. Provisions

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

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

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

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

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

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

## 6.17. Interest-bearing debt

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

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

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

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

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

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

### Net debt calculation

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

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

## Changes in liabilities arising from financing activities

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

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

<sup>1</sup> including the current portion of non-current interest-bearing debt of € 288.4 million as at 1 January and € 18.4 million as at 31 December.

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

<sup>1</sup> including the current portion of non-current interest-bearing debt of € 18.4 million as at 1 January and € 152.3 million as at 31 December.

## 6.18. Other non-current liabilities

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

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

## 6.19. Other current liabilities

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

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