

7. Miscellaneous items

7.1. Notes to the cash flow statement

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

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

Cash from operating activities

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

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

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

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

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

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

Cash from investing activities

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

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

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

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

Cash from financing activities

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

Treasury shares transactions in 2017 (€ 4.0 million vs € 7.5 million in 2016) consisted of share buy-backs (€ -6.3 million vs € -1.1 million in 2016) and proceeds from options being exercised (€ 10.3 million vs € 8.6 million in 2016).

The following table presents more details about selected financing items:

Details of selected financing items

in thousands of €

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

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

7.2. Effect of business disposals

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

On 21 June 2017 Bekaert and ArcelorMittal closed the transaction to integrate Bekaert's formerly wholly-owned subsidiary in Sumaré (Brazil) into the BMB (Belgo Mineira Bekaert Artefatos de Arame Ltda) partnership. In line with the shareholding structure of the BMB joint venture, ArcelorMittal has become the majority shareholder (55.5%) of the steel cord entity in Sumaré and Bekaert retains the remaining shares (44.5%). With this transaction, Bekaert and ArcelorMittal extend their partnership in Brazil with the purpose to leverage the operational scale and technological competences of the steel cord business in the country, for the benefit of the customers.

The Sumaré plant accounted for € 41 million in consolidated revenue over the first half of 2017, representing € 6 million in net result. As of 1 July 2017, the entity - renamed ArcelorMittal Bekaert Sumaré Ltda - is accounted for by Bekaert under the equity method: 44.5% of the net result of the entity is represented as 'share in the results of joint ventures and associates'. Under IFRS, the transaction is accounted for in two stages: (1) the disposal of Bekaert's full interests (100% of the shares) in Bekaert Sumaré Ltda; and (2) the acquisition of 44.5% of the shares in the disposed company at their fair value. The second stage requires a fair valuation of the net assets acquired in order to determine any goodwill arising on the transaction. The transaction resulted in the recognition of a goodwill amounting to € 2.7 million (see note 6.2. 'Goodwill'). This amount is presented as part of investments in joint ventures and associates. Technically, the net assets and liabilities of Sumaré had been reclassified to assets held for sale at year-end 2016 and were still classified as such at the moment of their disposal. However, for analytical purposes, they were reclassified from held for sale to their original balance sheet caption in the opening balance of 2017 and, adjusted for all subsequent movements until the disposal date, presented as 'deconsolidations' translated at average exchange rates in the applicable notes under 6. 'Balance sheet items'.

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

7.3. Financial risk management and financial derivatives

Principles of financial risk management

The Group is exposed to risks from movements in exchange rates, interest rates and market prices that affect its assets and liabilities. Financial risk management within the Group aims at reducing the impact of these market risks through ongoing operational and financing activities. Selected derivative hedging instruments are used depending on the assessment of risk involved. The Group mainly hedges the risks that affect the Group's cash flows. Derivatives are used exclusively as hedging instruments and not for trading or other speculative purposes. To reduce the credit risk, hedging transactions are generally only concluded with financial institutions whose credit rating is at least A.

The guidelines and principles of the Bekaert financial risk policy are defined by the Audit and Finance Committee and overseen by the Board of the Group. Group Treasury is responsible for implementing the financial risk policy. This encompasses defining appropriate policies and setting up effective control and reporting procedures. The Audit and Finance Committee is regularly kept informed as to the currency and interest-rate exposure.

Currency risk

The Group's currency risk can be split into two categories: translational and transactional currency risk.

Translational currency risk

A translational currency risk arises when the financial data of foreign subsidiaries are converted into the Group's presentation currency, the euro. The main currencies are Chinese renminbi, US dollar, Czech koruna, Brazilian real, Chilean peso, Russian ruble, Indian rupee and pound sterling. Since there is no impact on the cash flows, the Group usually does not hedge against such risk.

Transactional currency risk

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

Foreign currency risk in the area of investment results from the acquisition and disposal of investments in foreign companies, and sometimes also from dividends receivable from foreign investments. If material, these risks are hedged by means of forward exchange contracts.

Foreign currency risk in the financing area results from financial liabilities in foreign currencies. In line with its policy, Group Treasury hedges these risks using cross-currency interest-rate swaps and forward exchange contracts to convert financial obligations denominated in foreign currencies into the entity's functional currency. At the reporting date, the foreign currency liabilities for which currency risks were hedged mainly consisted of intercompany loans in euro and US dollar.

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

Currency sensitivity analysis

The reasonably possible changes used in this calculation were based on annualized volatility relating to the daily movement of the exchange rate of the reported year, with a 95% confidence interval.

Currency sensitivity relating to the operating, investing and financing activities

The following table summarizes the Group's net foreign currency positions of operating, investing and financing receivables and payables at the reporting date for the most important currency pairs. The net currency positions are presented before intercompany eliminations. Positive amounts indicate that the Group has a net future cash inflow in the first currency. In the table, the 'Total exposure' column represents the position on the balance sheet, while the 'Total derivatives' column includes all financial derivatives hedging those balance sheet positions as well as forecasted transactions.

Currency pair - 2017

in thousands of €

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

Currency pair - 2016

in thousands of €

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

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

Currency sensitivity in relation to hedge accounting

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

Interest-rate risk

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

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

Group Treasury uses interest-rate swaps and cross-currency interest-rate swaps to ensure that the floating and fixed portions of the long-term debt remain within the defined limits.

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

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

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

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

Interest-rate sensitivity analysisInterest-rate sensitivity of the financial debt

As disclosed in note 6.17. 'Interest-bearing debt', the total financial debt of the Group as of 31 December 2017 amounted to € 1 634.8 million (2016: € 1 459.2 million). The following table shows the currency and interest rate profile, i.e. the percentage distribution of the total financial debt by currency and by type of interest rate (fixed, floating).

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

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

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

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

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

¹ For the Chinese renminbi, the interest rate is the PBOC benchmark interest rate for lending up to six months.

Applying the estimated possible changes in the interest rates to the floating rated debt, with all other variables constant, the result for the period before tax would have been € 2.3 million higher/lower (2016: € 1.8 million higher/lower).

Interest-rate sensitivity in relation to hedge accounting

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

Credit risk

The Group is exposed to credit risk from its operating activities and certain financing activities. In respect of its operating activities, the Group has a credit policy in place, which takes into account the risk profiles of the customers in terms of the market segment to which they belong. Based on activity platform, product sector and geographical area, a credit risk analysis is made of customers and a decision is taken regarding the covering of the credit risk. The exposure to credit risk is monitored on an ongoing basis and credit evaluations are made of all customers. In terms of the characteristics of some steel wire activities with a limited number of global customers, the concentration risk is closely monitored and, in combination with the existing credit policy, appropriate action is taken when needed. In accordance with IFRS 8 §34, none of the specified disclosures on individual customers (or groups of customers under common control) are required, since none of the Group's customers accounts for more than 10% of its revenues. At 31 December 2017, 64.5% (2016: 57.8%) of the credit risk exposure was covered by credit insurance policies and by trade finance techniques. In respect of financing activities, transactions are normally concluded with counterparties that have at least an A credit rating. There are also limits allocated to each counterparty which depend on their rating. Due to this approach, the Group considers the risk of counterparty default to be limited in both operating and financing activities.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they come due because of an inability to liquidate assets or obtain adequate funding. To ensure liquidity and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted short-term credit lines at its disposal in the major currencies and in amounts considered adequate for current and near-future financing needs. These facilities are generally of the mixed type and may be utilized, for example, for advances, overdrafts, acceptances and discounting. The Group also has committed credit facilities at its disposal up to a maximum equivalent of € 100 million (2016: € 50 million) at floating interest rates with fixed margins. At year-end, nothing was outstanding under these facilities (2016: nil). In addition, the Group has a commercial paper and medium-term note program available for a maximum of € 123.9 million (2016: € 123.9 million). At the end of 2017, no commercial paper notes were outstanding (2016: € 50 million). At year-end, the external bank debt related to Bridon-Bekaert Ropes Group for € 291 million was subject to debt covenants (2016: € 316 million). The Group (except for BBRG) has a joint factoring agreement with BNP Paribas Fortis and KBC and has the possibility to borrow up to € 76 million (2016: € 77 million) for two months withdrawals, but no withdrawals were done before year-end (2016: none). Since the factoring agreement grants the banks a right of recourse, factored receivables cannot be derecognized and any withdrawals will give rise to an increase in financial debt.

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

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

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

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

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

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

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

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

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

All instruments held at the reporting date and for which payments had been contractually agreed are included. Forecasted data relating to future, new liabilities have not been included. Amounts in foreign currencies have been translated at the closing rate at the reporting date. The variable interest payments arising from the financial instruments were calculated using the applicable forward interest rates.

Hedging

All financial derivatives the Group enters into, relate to an underlying transaction or forecasted exposure. In function of the expected impact on the income statement and if the stringent IAS 39 criteria are met, the Group decides on a case-by-case basis whether hedge accounting will be applied. The following sections describe the transactions whereby hedge accounting is applied and transactions which do not qualify for hedge accounting but constitute an economic hedge.

Hedge accounting

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

Fair value hedges

There were no fair value hedges in 2017 and 2016.

Cash flow hedges

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

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

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

Economic hedging and other free-standing derivatives

The Group also uses financial instruments that represent an economic hedge but for which no hedge accounting is applied, either because the criteria to qualify for hedge accounting defined in IAS 39 'Financial Instruments: Recognition and Measurement' are not met or because the Group has elected not to apply hedge accounting. These derivatives are treated as free-standing instruments held for trading.

- » The Group uses cross-currency interest-rate swaps and forward-exchange contracts to hedge the currency risk on intercompany loans involving two entities with different functional currencies. Until now, the Group has elected not to apply hedge accounting as defined in IAS 39. Since nearly all cross-currency interest-rate swaps are floating-to-floating, the fair value gain or loss on the financial instruments is expected to offset the foreign-exchange result arising from the remeasurement of the intercompany loans. The major currencies involved are US dollars, euros and Russian rubles.
- » To manage its interest-rate exposure, the Group uses interest-rate swaps to convert its floating-rate debt to a fixed rate debt for USD 73.0 million (2016: USD 73.0 million).
- » The Group uses forward exchange contracts to limit currency risks on its various operating and financing activities. The Group applies hedge accounting only in a very limited number of cases, notably in Bridon International Ltd which designates its foreign-exchange contracts relating to hedge currency risk on operating cash flows as cash flow hedges. For all other forward exchange contracts, the fair value change is recorded immediately under other financial income and expenses.
- » In June 2016, a new € 380 million convertible bond maturing in 2021 was issued with a zero coupon interest, the proceeds of which were mainly used to early settle an existing € 300 million convertible bond with a 0.75% coupon interest. Of the new bonds, 75.9% were subscribed by existing bondholders and accounted for as an exchange of financial liabilities under IAS 39 §40, while 24.1% were accounted for as a settlement of financial liabilities. The characteristics of both the new and the

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

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

Derivatives

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

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

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

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

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

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

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

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

Effect of enforceable netting agreements in thousands of €	Assets		Liabilities	
	2016	2017	2016	2017
Total derivatives recognized in balance sheet	7 037	6 159	52 122	33 492
Enforceable netting	-889	-14	-889	-14
Net amounts	6 148	6 145	51 233	33 478

Additional disclosures on financial instruments by class and category

The following tables list the different classes of financial assets and liabilities with their carrying amounts and their respective fair values, analyzed by their measurement category in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'.

Cash and cash equivalents, short-term deposits, trade and other receivables, bills of exchange received, loans and receivables primarily have short terms to maturity; hence, their carrying amounts at the reporting date approximate the fair values. Trade and other payables also generally have short terms to maturity and, hence, their carrying amounts also approximate their fair values. The Group has no exposure to collateralized debt obligations (CDOs).

The following abbreviations are used for IAS 39 categories:

Abbreviation	Category in accordance with IAS 39
L&R	Loans & Receivables
AfS	Available for Sale
FAFVTPL	Financial Assets at Fair Value Through Profit or Loss
FLMaAC	Financial Liabilities Measured at Amortized Cost
Hedge accounting	Hedge accounting
FLFVTPL	Financial Liabilities at Fair Value Through Profit or Loss
n.a.	Not applicable

2017 in thousands of €	Category in accordance with IAS 39	Carrying amount 2017	Fair value 2017
Assets			
Cash and cash equivalents	L&R	418 779	418 779
Short-term deposits	L&R	50 406	50 406
Trade receivables	L&R	836 809	836 809
Bills of exchange received	L&R	55 633	55 633
Other receivables	L&R	34 765	34 765
Loans and receivables	L&R	38 009	38 009
Available-for-sale financial assets	AfS	16 400	16 400
Derivative financial assets			
- without a hedging relationship	FAFVTPL	6 159	6 159
- with a hedging relationship	Hedge accounting	-	-
Liabilities			
Interest-bearing debt			
- finance leases	n.a.	3 146	3 146
- credit institutions	FLMaAC	949 623	949 623
- bonds	FLMaAC	681 978	724 195
Trade payables	FLMaAC	665 196	665 196
Other payables	FLMaAC	21 292	21 292
Derivative financial liabilities			
- without a hedging relationship	FLFVTPL	33 025	33 025
- with a hedging relationship	Hedge accounting	468	468
Aggregated by category in accordance with IAS 39			
Loans and receivables	L&R	1 434 402	1 434 402
Available-for-sale financial assets	AfS	16 400	16 400
Financial assets at fair value through profit or loss	FAFVTPL	6 159	6 159
Financial liabilities measured at amortized cost	FLMaAC	2 318 089	2 360 306
Financial liabilities - hedge accounting	Hedge accounting	468	468
Financial liabilities at fair value through profit or loss	FLFVTPL	33 025	33 025
2016			
in thousands of €	Category in accordance with IAS 39	Carrying amount 2016	Fair value 2016
Assets			
Cash and cash equivalents	L&R	365 546	365 546
Short-term deposits	L&R	5 342	5 342
Trade receivables	L&R	739 145	739 145
Bills of exchange received	L&R	60 182	60 182
Other receivables	L&R	38 239	38 239
Loans and receivables	L&R	28 020	28 020
Available-for-sale financial assets	AfS	17 499	17 499
Derivative financial assets			
- without a hedging relationship	FAFVTPL	7 037	7 037
- with a hedging relationship	Hedge accounting	-	-
Liabilities			
Interest-bearing debt			
- finance leases	n.a.	3 855	3 855
- credit institutions	FLMaAC	781 915	781 915
- bonds	FLMaAC	673 455	715 186
Trade payables	FLMaAC	556 361	556 361
Other payables	FLMaAC	20 572	20 572
Derivative financial liabilities			
- without a hedging relationship	FLFVTPL	51 528	51 528
- with a hedging relationship	Hedge accounting	595	595
Aggregated by category in accordance with IAS 39			
Loans and receivables	L&R	1 236 474	1 236 474
Available-for-sale financial assets	AfS	17 499	17 499
Financial assets at fair value through profit or loss	FAFVTPL	7 037	7 037
Financial liabilities measured at amortized cost	FLMaAC	2 032 303	2 074 034
Financial liabilities - hedge accounting	Hedge accounting	595	595
Financial liabilities at fair value through profit or loss	FLFVTPL	51 528	51 528

Financial instruments by fair value measurement hierarchy

The fair value measurement of financial assets and financial liabilities can be characterized in one of the following ways:

- » 'Level 1' fair value measurement: the fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices in these active markets for identical assets and liabilities. This mainly relates to available-for-sale financial assets such as the investment in Shougang Concord Century Holdings Ltd (see note 6.5. 'Other non-current assets').
- » 'Level 2' fair value measurement: the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. This mainly relates to derivative financial instruments. Forward exchange contracts are measured using quoted forward-exchange rates and yield curves derived from quoted interest rates with matching maturities. Interest-rate swaps are measured at the present value of future cash flows estimated and discounted using the applicable yield curves derived from quoted interest rates. The fair value measurement of cross-currency interest-rate swaps is based on discounted estimated cash flows using quoted forward-exchange rates, quoted interest rates and applicable yield curves derived therefrom.
- » 'Level 3' fair value measurement: the fair value of the remaining financial assets and financial liabilities is derived from valuation techniques which include inputs that are not based on observable market data. The share conversion option in the convertible bond issued in June 2016 is a non-closely related embedded derivative that has to be separated from the host debt instrument and measured at fair value through profit or loss. The fair value of the conversion option is determined as the difference between the fair value of the convertible bond as a whole (mid – source: Bloomberg) and the fair value of the host debt contract using a valuation model based on the prevailing market interest rate for similar plain vanilla debt instruments. The main factors determining the fair value of the conversion option are the Bekaert share price (level 1), the reference swap rate (level 2), the volatility of the Bekaert share (level 3) and the credit spread (level 3). Consequently, the conversion option is classified as a level-3 financial instrument. Similarly, the fair value of the put option relating to non-controlling interests has not been based on observable market data but on the business plan that was agreed between the partners in the business combination with Maccaferri. The fair value was established using discounted cash flows.

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

Outcome of the model

in thousands of €

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

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

Level-3 Financial liabilities

in thousands of €

	2016	2017
At 1 January	14 384	44 052
At issue of the convertible debt (14 June 2016)	40 491	-
(Gain) /loss in fair value	-10 823	-17 375
At 31 December	44 052	26 678

Gains and losses in fair value are reported in other financial income and expenses. None of the level-3 financial liabilities were derecognized during the period.

The following table shows the sensitivity of the fair value calculation to the most significant level-3 inputs for the conversion option.

Sensitivity analysis

in thousands of €

	Change Impact on derivative liability	
Volatility	3.5% increase by	5 335
	-3.5% decrease by	-5 138
Credit spread	25 bps increase by	3 133
	-25 bps decrease by	-3 166

The fair value of all financial instruments measured at amortized cost in the balance sheet has been determined using level-2 fair value measurement techniques. The following table provides an analysis of financial instruments measured at fair value in the balance sheet, in accordance with the fair value measurement hierarchy described above:

2017 in thousands of €	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
<i>Derivative financial assets</i>	-	6 159	-	6 159
Available-for-sale financial assets				
<i>Equity investments</i>	6 562	8 647	-	15 209
Total assets	6 562	14 805	-	21 367
Financial liabilities - hedge accounting				
<i>Derivative financial liabilities</i>	-	468	-	468
Financial liabilities at fair value through profit or loss				
<i>Put option relating to non-controlling interests</i>	-	-	9 133	9 133
<i>Derivative financial liabilities</i>	-	6 347	17 545	23 892
Total liabilities	-	6 815	26 678	33 493

2016 in thousands of €	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
<i>Derivative financial assets</i>	-	7 037	-	7 037
Available-for-sale financial assets				
<i>Equity investments</i>	7 951	8 514	-	16 465
Total assets	7 951	15 551	-	23 502
Financial liabilities - hedge accounting				
<i>Derivative financial liabilities</i>	-	595	-	595
Financial liabilities at fair value through profit or loss				
<i>Put option relating to non-controlling interests</i>	-	-	8 845	8 845
<i>Derivative financial liabilities</i>	-	7 476	35 207	42 683
Total liabilities	-	8 071	44 052	52 123

There were no transfers between level 1 and 2 in the period.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the net debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of net debt, as defined in note 6.17. 'Interest-bearing debt', and equity (both attributable to the Group and to non-controlling interests).

Gearing ratio

The Group's Audit and Finance Committee reviews the capital structure on a semi-annual basis. As part of this review, the committee assesses the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 50% determined as the proportion of net debt to equity.

Gearing in thousands of €	2016	2017
Net debt	1 067 683	1 150 857
Equity	1 597 893	1 583 036
Net debt to equity ratio	66.8%	72.7%

7.4. Contingencies and commitments

As at 31 December, the important contingencies and commitments were:

in thousands of €	2016	2017
Contingent liabilities	27 659	27 073
Commitments to purchase fixed assets	30 177	47 080
Commitments to invest in venture capital funds	2 051	6 256

The contingent liabilities mainly relate to environmental obligations. Most of them are covered by corporate guarantees.

The entities of the Group are subjected to regular tax audits in their jurisdictions. While the ultimate outcome of tax audits is not certain, Bekaert has considered the merits of its filing positions in an overall evaluation of potential tax liabilities and concludes that the Group has adequate liabilities recorded in its consolidated financial statements for exposures on these matters. Accordingly, Bekaert also considers it unlikely that potential tax exposures over and above the amounts currently recorded as liabilities in the consolidated financial statements will be material to its financial condition (see note 6.4. 'Investments in joint ventures and associates' for tax contingencies relating to the Brazilian joint ventures), and as such there is no contingent liability relating to tax.

The Group has entered into several rental contracts classified as operating leases mainly with respect to vehicles and buildings, predominantly in Europe. A large portion of the contracts for buildings contain a renewal clause. The assets are not subleased to a third party.

All future committed lease liabilities related to rent of the industrial building previously occupied by Bridon-Bekaert ScanRope AS have been booked as a part of the restructuring provision and are therefore no longer included in the off balance sheet lease payment commitments (2016: € 10.6 million).

Future payments in thousands of €	2016	2017
Within one year	22 498	22 657
Between one and five years	42 796	38 267
More than five years	35 161	29 378
Total	100 455	90 302

Expenses in thousands of €	2016	2017
Vehicles	10 103	9 624
Industrial buildings	8 463	9 878
Equipment	5 114	5 684
Offices	4 722	3 825
Land	132	-
Other	1 562	617
Total	30 096	29 628

Weighted average lease term in years	2016	2017
Vehicles	4	4
Industrial buildings	16	7
Equipment	3	3
Offices	3	3
Land	1	-
Other	1	1

7.5. Related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not disclosed in this note. Transactions with other related parties are disclosed below.

Transactions with joint ventures in thousands of €	2016	2017
Sales of goods	5 527	14 735
Purchases of goods	19 885	18 886
Services rendered	263	161
Royalties and management fees received	8 957	7 779
Dividends received	22 491	60 020

Outstanding balances with joint ventures in thousands of €	2016	2017
Trade receivables	3 795	5 507
Other current receivables	1 861	3 347
Trade payables	4 633	3 588
Other current payables	51	51

None of the related parties have entered into any other transactions with the Group that meet the requirements of IAS 24, 'Related Party Disclosures'.

Key Management includes the Board of Directors, the CEO, the members of the Bekaert Group Executive (BGE) and the Senior Vice Presidents (see last page of the Financial Review).

Key Management remuneration in thousands of €	2016	2017
Number of persons	35	37
Short-term employee benefits		
<i>Basic remuneration</i>	7 156	6 912
<i>Variable remuneration</i>	4 422	4 990
<i>Remuneration as directors of subsidiaries</i>	624	581
Post-employment benefits		
<i>Defined-benefit pension plans</i>	533	479
<i>Defined-contribution pension plans</i>	687	707
Share-based payment benefits	3 783	3 989
Total gross remuneration	17 205	17 658
Average gross remuneration per person	492	477
Number of options and stock appreciation rights granted	163 750	210 500
Number of performance share units granted (cash-settled and equity-settled)	55 250	57 750
Number of matching shares to be granted	20 327	15 725

The disclosures relating to the Belgian Corporate Governance Code are included in the Corporate Governance Statement of this annual report.

7.6. Events after the balance sheet date

- » An offer of 227 875 options was made on 21 December 2017 under the terms of the SOP 2015-2017 stock option plan. 225 475 of those options were accepted, and were granted on 20 February 2018. Their exercise price is € 34.60. The granted options represent a fair value of € 2.4 million.
- » Under the terms of the USA SAR plans, a regular offer of 16 875 Stock Appreciation Rights was made on 21 December 2017. All of those rights were accepted, and were granted on 24 March 2018. Their exercise price is € 37.06. The granted rights represent a fair value of € 0.2 million.
- » Under the terms of the other SAR plans, a regular offer of 37 500 Stock Appreciation Rights was made on 21 December 2017. All of those rights were accepted, and were granted on 20 February 2018. Their exercise price is € 34.60. The granted rights represent a fair value of € 0.4 million.
- » Since 1 January 2018, a total of 352 000 own shares have been purchased and total of 28 900 treasury shares have been disposed of as a result of stock options under the terms of the SOP 2010-2014 stock option plan being exercised.
- » In light of its ongoing operational and trading challenges, and the resulting pressure on its financial position, BBRG is closely monitoring its compliance with the financial covenants (see note 7.3. 'Financial risk management and financial derivatives', see section Liquidity risk). BBRG met its financial covenants as at December 2017, and the next testing date (with respect to the financial position as at end of Q1 2018) is in May 2018.

7.7. Services provided by the statutory auditor and related persons

During 2017, the statutory auditor and persons professionally related to him performed additional services for fees amounting to € 1 242 055.

These fees essentially relate to further assurance services (€ 248 148), tax advisory services (€ 948 325) and other non-audit services (€ 45 582). The additional services were approved by the Audit and Finance Committee.

The audit fees for NV Bekaert SA and its subsidiaries amounted to € 2 259 425.

7.8. Subsidiaries, joint ventures and associates

Companies forming part of the Group as at 31 December 2017

Subsidiaries

<i>Industrial companies</i>	<i>Address</i>	<i>FC¹</i>	<i>%²</i>
EMEA			
Bekaert Advanced Cords Aalter NV	Aalter, Belgium	EUR	60
Bekaert Bohumin sro	Bohumín, Czech Republic	CZK	100
Bekaert Bradford UK Ltd	Bradford, United Kingdom	GBP	100
Bekaert Combustion Technology BV	Assen, Netherlands	EUR	100
Bekaert Figline SpA	Milano, Italy	EUR	100
Bekaert Hlohovec as	Hlohovec, Slovakia	EUR	100
Bekaert Izmit Çelik Kord Sanayi ve Ticaret AS	Izmit, Turkey	EUR	100
Bekaert Kartepe Çelik Kord Sanayi ve Ticaret AS	Kartepe, Turkey	EUR	100
Bekaert Petrovice sro	Petrovice, Czech Republic	CZK	100
Bekaert Sardegna SpA	Assemini, Italy	EUR	100
Bekaert Slatina SRL	Slatina, Romania	RON	80
Bekaert Slovakia sro	Sládkovičovo, Slovakia	EUR	100
Bekintex NV	Wetteren, Belgium	EUR	100
Bridon International GmbH	Gelsenkirchen, Germany	EUR	60
Bridon International Ltd	Doncaster, United Kingdom	GBP	60
Bridon-Bekaert ScanRope AS	Tonsberg, Norway	NOK	60
Industrias del Ubierna SA	Burgos, Spain	EUR	100
OOO Bekaert Lipetsk	Gryazi, Russian Federation	RUB	100
Solaronics SA	Armentières, France	EUR	100
North America			
Bekaert Corporation	Wilmington (Delaware), United States	USD	100
Bridon-American Corporation	New York, United States	USD	60
Wire Rope Industries Ltd/Industries de Câbles d'Acier Ltée	Pointe-Claire, Canada	CAD	60
Latin America			
Acma SA	Santiago, Chile	CLP	52
Acmanet SA	Talcahuano, Chile	CLP	52
BBRG - Osasco Cabos Ltda	São Paulo, Brazil	BRL	60
Bekaert Costa Rica SA	San José-Santa Ana, Costa Rica	USD	58
BIA Alambres Costa Rica SA	San José-Santa Ana, Costa Rica	USD	58
Ideal Alambrec SA	Quito, Ecuador	USD	58
Industrias Chilenas de Alambre - Inchalam SA	Talcahuano, Chile	CLP	52
Procables SA	Callao, Peru	PEN	58
Prodinsa SA	Maipú, Chile	CLP	60
Productora de Alambres Colombianos Proalco SAS	Bogotá, Colombia	COP	80
Productos de Acero Cassadó SA	Callao, Peru	USD	38
Vicson SA	Valencia, Venezuela	VEF	80
Asia Pacific			
Bekaert Applied Material Technology (Shanghai) Co Ltd	Shanghai, China	CNY	100
Bekaert Binjiang Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	CNY	90
Bekaert (China) Technology Research and Development Co Ltd	Jiangyin (Jiangsu province), China	CNY	100
Bekaert (Chongqing) Steel Cord Co Ltd	Chongqing, China	CNY	100
Bekaert (Huizhou) Steel Cord Co Ltd	Huizhou (Guangdong province), China	CNY	100
Bekaert Industries Pvt Ltd	Taluka Shirur, District Pune, India	INR	100
Bekaert Ipoh Sdn Bhd	Kuala Lumpur, Malaysia	MYR	100
Bekaert (Jining) Steel Cord Co Ltd	Jining City, Yanzhou district (Shandong Province), China	CNY	60
Bekaert Jiangyin Wire Products Co Ltd	Jiangyin (Jiangsu province), China	CNY	100
Bekaert Mukand Wire Industries Pvt Ltd	Pune, India	INR	100
Bekaert New Materials (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	CNY	100
Bekaert (Qingdao) Wire Products Co Ltd	Qingdao (Shandong province), China	CNY	100
Bekaert Shah Alam Sdn Bhd	Kuala Lumpur, Malaysia	MYR	100
Bekaert (Shandong) Tire Cord Co Ltd	Weihai (Shandong province), China	CNY	100
Bekaert (Shenyang) Advanced Cords Co Ltd	Shenyang (Liaoning province), China	CNY	60
Bekaert Shenyang Advanced Products Co Ltd	Shenyang (Liaoning province), China	CNY	100
Bekaert Toko Metal Fiber Co Ltd	Tokyo, Japan	JPY	70
Bekaert Wire Ropes Pty Ltd	Mayfield East, Australia	AUD	60
Bridon (Hangzhou) Ropes Co Ltd	Hangzhou (Zhejiang province), China	CNY	60
China Bekaert Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	CNY	90
PT Bekaert Indonesia	Karawang, Indonesia	USD	100
PT Bekaert Wire Indonesia	Karawang, Indonesia	USD	100
PT Bridon	Bekasi, West Java, Indonesia	USD	60

¹ Functional currency

² Financial interest percentage

Sales offices, warehouses and others	Address	FC¹	%²
EMEA			
Bekaert AS	Hellerup, Denmark	DKK	100
Bekaert Emirates LLC	Dubai, United Arab Emirates	AED	49
Bekaert France SAS	Armentières, France	EUR	100
Bekaert Ges mbH	Vienna, Austria	EUR	100
Bekaert GmbH	Neu-Anspach, Germany	EUR	100
Bekaert Ltd	Bradford, United Kingdom	GBP	100
Bekaert Maccaferri Underground Solutions BVBA	Aalst (Erembodegem), Belgium	EUR	50
Bekaert Maccaferri Underground Solutions Srl	Zola Predosa, Bologna, Italy	EUR	50
Bekaert Middle East LLC	Dubai, United Arab Emirates	AED	49
Bekaert Norge AS	Oslo, Norway	NOK	100
Bekaert Poland Sp z oo	Warsaw, Poland	PLN	100
Bekaert (Schweiz) AG	Baden, Switzerland	CHF	100
Bekaert Svenska AB	Gothenburg, Sweden	SEK	100
Bridon Coatbridge Ltd	Doncaster, United Kingdom	GBP	60
Bridon Pension Trust (No Two) Ltd	Doncaster, United Kingdom	GBP	60
Bridon Ropes NV/SA	Brussels, Belgium	EUR	60
Bridon Scheme Trustees Ltd	Doncaster, United Kingdom	GBP	60
British Ropes Ltd	Doncaster, United Kingdom	GBP	60
Gloucester Rope & Tackle Company Ltd	Doncaster, United Kingdom	GBP	60
Leon Bekaert SpA	Milano, Italy	EUR	100
OOO Bekaert Wire	Moscow, Russian Federation	RUB	100
Rylands-Whitecross Ltd	Bradford, United Kingdom	GBP	100
Scheldeestroom NV	Zwevegem, Belgium	EUR	100
Twil Company	Bradford, United Kingdom	GBP	100
North America			
Bekaert Carding Solutions Inc / Bekaert Solutions de Cardage Inc	Saint John, Canada	CAD	100
Latin America			
BBRG - Macaé Cabos Ltda	Rio de Janeiro, Brazil	BRL	60
Bekaert Guatemala SA	Ciudad de Guatemala, Guatemala	GTQ	100
Bekaert Specialty Films de Mexico SA de CV	Monterrey, Mexico	MXN	100
Bekaert Trade Latin America NV	Curaçao, Netherlands Antilles	USD	58
Bekaert Trade Mexico S de RL de CV	Mexico City, Mexico	MXN	100
Inversiones BBRG Lima SA	Lima, Peru	PEN	58
Prodac Contrata SAC	Callao, Peru	USD	38
Prodac Selva SAC	Ucayali, Peru	USD	38
Prodalam SA	Santiago, Chile	CLP	52
Prodinsa Ingeniería y Proyectos SA	Santiago, Chile	CLP	60
Specialty Films de Services Company SA de CV	Monterrey, Mexico	MXN	100
Asia Pacific			
Bekaert Advanced Products (Shanghai) Co Ltd	Shanghai, China	CNY	100
Bekaert Japan Co Ltd	Tokyo, Japan	JPY	100
Bekaert Korea Ltd	Seoul, Korea	KRW	100
Bekaert Management (Shanghai) Co Ltd	Shanghai, China	CNY	100
Bekaert Singapore Pte Ltd	Singapore	SGD	100
Bekaert Taiwan Co Ltd	Taipei, Taiwan	TWD	100
BOSFA Pty Ltd	Port Melbourne, Australia	AUD	100
Bridon Hong Kong Ltd	Hong Kong, China	HKD	60
Bridon New Zealand Ltd	Auckland, New Zealand	NZD	60
Bridon Singapore (Pte) Ltd	Singapore	SGD	60
PT Bekaert Trade Indonesia	Karawang, Indonesia	USD	100

¹ Functional currency² Financial interest percentage

Financial companies	Address	FC¹	%²
Acma Inversiones SA	Maipú, Chile	CLP	60
BBRG Finance (UK) Ltd	Doncaster, United Kingdom	EUR	60
BBRG Holding (UK) Ltd	Doncaster, United Kingdom	EUR	60
BBRG Operations (UK) Ltd	Doncaster, United Kingdom	EUR	60
BBRG Production (UK) Ltd	Doncaster, United Kingdom	EUR	60
BBRG (Purchaser) Ltd	Doncaster, United Kingdom	EUR	60
BBRG (Subsidiary) Ltd	Doncaster, United Kingdom	EUR	60
Becare DAC	Dublin, Ireland	EUR	100
Bekaert Building Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Carding Solutions Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Coördinatiecentrum NV	Zwevegem, Belgium	EUR	100
Bekaert do Brasil Ltda	Contagem, Brazil	BRL	100
Bekaert Holding Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Ibérica Holding SL	Burgos, Spain	EUR	100
Bekaert Ideal SL	Burgos, Spain	EUR	80
Bekaert Investments NV	Zwevegem, Belgium	EUR	100
Bekaert Investments Italia SpA	Milano, Italy	EUR	100
Bekaert North America Management Corporation	Wilmington (Delaware), United States	USD	100
Bekaert Services Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Singapore Holding Pte Ltd	Singapore	SGD	100
Bekaert Specialty Wire Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Stainless Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Steel Cord Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Strategic Partnerships Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Wire Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Wire Rope Industry NV	Aalst (Erembodegem), Belgium	EUR	60
Bekaert Xinyu Hong Kong Ltd	Hong Kong, China	EUR	100
Bridon-Bekaert Ropes Group Ltd	Doncaster, United Kingdom	EUR	60
Bridon-Bekaert Ropes Group (UK) Ltd	Doncaster, United Kingdom	EUR	60
Bridon Holdings Ltd	Doncaster, United Kingdom	GBP	60
Bridon Ltd	Doncaster, United Kingdom	GBP	60
Bridon (South East Asia) Ltd	Hong Kong, China	HKD	60
Industrias Acmanet Ltda	Talcahuano, Chile	CLP	52
Inversiones Bekaert Andean Ropes SA	Santiago, Chile	CLP	100
Inversiones Impala Perú SA Cerrada	Lima, Peru	USD	52
InverVicson SA	Valencia, Venezuela	VEF	80
Procables Wire Ropes SA	Maipú, Chile	CLP	60
Procercos SA	Talcahuano, Chile	CLP	52

Joint ventures

Industrial companies	Address	FC¹	%²
Latin America			
Belgo Bekaert Arames Ltda	Contagem, Brazil	BRL	45
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Vespasiano, Brazil	BRL	45
Sales offices, warehouses and others			
EMEA			
Netlon Sentinel Ltd	Blackburn, United Kingdom	GBP	50
Asia Pacific			
Bekaert Engineering (India) Pvt Ltd	New Delhi, India	INR	40

¹ Functional currency

² Financial interest percentage

Changes in 2017

1. New investments

Subsidiaries	Address	%
Inversiones BBRG Lima SA	Lima, Peru	58

2. Changes in ownership without change in control

Subsidiaries	Address	
Bekaert (Chongqing) Steel Cord Co Ltd	Chongqing, China	From 50% to 100%
Bekaert (Jining) Steel Cord Co Ltd	Jining City, Yanzhou district (Shandong Province), China	From 80% to 60%
Bekaert Trade Latin America NV	Curaçao, Netherlands Antilles	From 100% to 58%

3. Changes in ownership with change in control

Subsidiaries	Address	
Bekaert Sumaré Ltda	Sumaré, Brazil	From 100% to 45%

4. Mergers / conversions

Subsidiaries	Merged into
Wire Rope Industries USA Inc	Bridon-American Corporation
Joint ventures	Merged into
ArcelorMittal Bekaert Sumaré Ltda	BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda

5. Name changes

New name	Former name
ArcelorMittal Bekaert Sumaré Ltda	Bekaert Sumaré Ltda
BBRG - Macaé Cabos Ltda	Bridon do Brasil Representações Comércio e Indústria de Cabos Ltda
BBRG - Osasco Ltda	Bekaert Cimaf Cabos Ltda
Bekaert Bradford UK Ltd	Cold Drawn Products Ltd
Bekaert (Chongqing) Steel Cord Co Ltd	Bekaert Ansteel Tire Cord (Chongqing) Co Ltd
Bridon-Bekaert ScanRope AS	Bridon Scanrope AS
Inversiones Impala Perú SA Cerrada	Impala SA
PT Bekaert Wire Indonesia	PT Bekaert Southern Wire

6. Closed down

Companies	Address
Bridge Finco LLC	Wilmington (Delaware), United States
Bridon Australia Pty Ltd	Sydney, Australia

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

Companies	Company number
Bekaert Advanced Cords Aalter NV	BTW BE 0645.654.071 RPR Gent
Bekaert Coördinatiecentrum NV	BTW BE 0426.824.150 RPR Kortrijk
Bekaert Investments NV	BTW BE 0406.207.096 RPR Kortrijk
Bekaert Maccaferri Underground Solutions BVBA	BTW BE 0561.750.457 RPR Dendermonde
Bekaert Wire Rope Industry NV	BTW BE 0550.983.358 RPR Dendermonde
Bekintex NV	BTW BE 0452.746.609 RPR Dendermonde
Bridon Ropes NV/SA	BTW BE 0401.637.507 RPR Brussels
NV Bekaert SA	BTW BE 0405.388.536 RPR Kortrijk
Scheldestroom NV	BTW BE 0403.676.188 RPR Kortrijk