

ANNUAL REPORT

2012

BENTELER 

BENTELER GROUP IN FIGURES

FISCAL YEAR (JANUARY 1 – DECEMBER 31)

		2012	2011	2010	2009	2008 ³⁾
External Sales	[€ million]	7,452.0	7,105.6	6,104.9	4,558.3	6,327.4
Employees including trainees ¹⁾ (average for year)		28,007	25,848	23,748	22,654	24,281
Personnel expense	[€ million]	1,330.9	1,269.5	1,160.0	911.5	1,031.3
Personnel expense per employee ¹⁾	[T €]	47.5	49.3	48.9	40.2	42.5
Investments	[€ million]	444.4	385.8	246.5	171.5	208.5
Depreciation and amortization	[€ million]	209.3	203.1	198.0	190.1	164.9
Cash flow from profit	[€ million]	304.1	375.4	334.7	182.7	296.3
Equity ²⁾	[€ million]	1,012.8	1,063.1	1,015.6	892.4	802.3
Total assets	[€ million]	3,819.4	3,641.9	3,116.7	2,667.6	2,551.2
Equity ratio	[%]	26.5	29.2	32.6	33.5	31.4
Profit/loss before tax	[€ million]	63.3	132.8	112.6	-10.5	175.1
Consolidated profit	[€ million]	41.0	97.0	79.9	-8.3	113.6

1) Until 2008: Number of employees; FTEs starting 2009

2) Adjusted equity: Equity + participation certificates

3) Under German GAAP until 2008

BE ENTERTAIN

THE BENTELER GROUP

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THE BENTELER GROUP STANDS FOR OUTSTANDING KNOW-HOW
IN MATERIALS, PRODUCTION AND TECHNOLOGY IN ITS AUTOMOTIVE,
STEEL/TUBE AND DISTRIBUTION DIVISIONS. CONTINUOUS PROGRESS
HAS BEEN AN INTEGRAL PART OF THE COMPANY'S HISTORY FOR
MORE THAN 130 YEARS.

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FOREWORD



Hubertus Benteler

Salzburg, February 2013

LADIES AND GENTLEMEN,

The year 2012 was dominated by the still-slack global economy, slowing the Benteler Group's growth and making itself felt in every unit of the Company.

During 2012, the Benteler Group had a workforce of 28,007 FTEs at 170 locations in 38 countries. It generated revenue of €7,452 million – an increase of 5 % from the year before. The Automotive and Steel/Tube divisions contributed to this growth. The Distribution division saw its revenues decrease. In spite of the satisfying increase in revenue, 2012 proved to be a great challenge. The profit before taxes was well short of our expectations. The Benteler Group's consolidated profit before taxes for 2012 decreased to €63.3 million, 52.3 % below the 2011 figure. At Benteler Automotive, our largest division, this change resulted not only from declining volumes in the series business, especially in Europe, but also from operational problems at some plants. The figure was also reduced by provisions for the necessary restructuring of Benteler Automotive in 2013.

Benteler Automotive has invested in 28 new production locations over the past 10 years, in Asia, the Americas, Africa and Europe. At the same time, we have expanded our lead in the lightweight construction and hybridization business. The associated large capital investments and startup costs, increasing pressure on margins in the automotive industry, and a sharp decrease in volume in the Southern European market as a result of the crisis in the euro, have led to an unsatisfactory earnings situation over the past few years. Further growth in the automotive industry will take place outside Europe. To be sure that we can generate sufficient returns in the future, we have reviewed our procedures and launched a restructuring program. As a part of that program we will also streamline our indirect and overhead structures and processes, reducing a total of 1,800 jobs worldwide. We expect the necessary measures to be complete by the end of 2013.

To safeguard its business for the long term, the Steel/Tube division will have to take a more international approach than before. One important focal point in that regard is the construction of a new seamless-tube plant in the U.S. state of Louisiana. This project will reinforce Benteler Steel/Tube's presence in one of the world's most important growth markets for oil and gas exploration. Construction is scheduled to begin in the spring of 2013, with production to start in the second half of 2015. The Distribution division must also hold its own in stagnating markets. Here too, we will take appropriate steps to improve profitability.

The focus in 2013 will be on the above programs, and thus on significantly improving our profitability. At the same time, we will be holding firm to our corporate goals of continually increasing corporate value, for the long term, while preserving our financial independence. The Benteler Group's product portfolio and geographic range have left it fundamentally well positioned to take advantage of market opportunities and face up to new challenges.

On behalf of the Executive Board of Benteler International AG and the Management Board of Benteler Deutschland GmbH, as well as the Management Boards of Benteler Automotive, Benteler Steel/Tube and Benteler Distribution, I would like to thank our employees for their achievements and for the dedication with which they have supported our Company during a demanding period. We also want to thank all our business partners for working so smoothly with us and showing so much confidence in us, and our shareholders for their constructive cooperation and support.

Hubertus Benteler

Chairman of the Executive Board

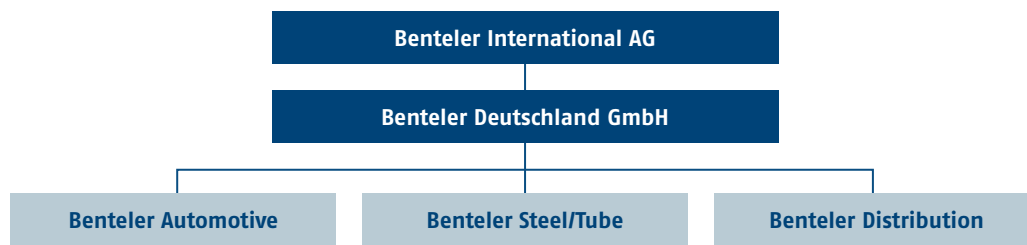
THE BENTELER GROUP AT A GLANCE

CONTINUITY AND PROGRESS – FOR MORE THAN 130 YEARS

The Benteler Group does business internationally. Under the strategic management holding company Benteler International AG, business operations are organized in three legally independent divisions – Benteler Automotive, Benteler Steel/Tube and Benteler Distribution – within Benteler Deutschland GmbH. The Company can look back on more than 130 years of success, and is now owned by the fourth generation of its founding family. Profitable growth and progress drawing on a long tradition are essential so that Benteler can safeguard its entrepreneurial autonomy in the future.

BENTELER EMPLOYS A TOTAL WORKFORCE OF 28,007 FTEs AT 170 LOCATIONS IN 38 COUNTRIES.

OVERVIEW OF THE MANAGEMENT STRUCTURE



BENTELER AUTOMOTIVE DIVISION

Benteler Automotive develops and produces innovative products – always with a focus on safety, the environment and lightweight construction. As a full-service supplier, it serves virtually every major automotive manufacturer in the world, with customer-oriented solutions from within a broad range of products and services.

■ Chassis and Modules Product Group

Optimized lightweight chassis components made of a wide variety of metal and nonmetal materials and combinations as well as highly complex modules for vehicle exteriors and interiors – from assembly only, to full responsibility for system integration – everything from a single source

■ Structures Product Group

Ultra-high-strength lightweight components for safe vehicles and ultra-lightweight aluminum components for environmentally friendly cars

■ Engine and Exhaust Systems Product Group

Solutions for all aspects of engines, as well as components and modules with extensive downsizing potential

■ Benteler Engineering Services Product Group

Development of individual components up to the module level – from concept to the testing phase to support for series production

■ Benteler Mechanical Engineering Product Group

Development and marketing of innovative concepts for machines and plants in architectural, automotive and solar glass, and for optical 3-D measuring systems

■ Benteler Defense Business Unit

Development and production of appropriate protection solutions for a wide variety of customers and market segments

■ Benteler-SGL Automotive Composite Joint Venture

Concepts for innovative composite materials help optimize custom lightweight construction solutions



BENTELER STEEL/TUBE DIVISION

The Benteler Steel/Tube Division develops and produces customized tubes for selected customer groups and applications. Its particular strengths lie in lightweight construction, high-strength products, and surface protection.

- **Benteler Steel/Tube Business Unit**

Worldwide delivery of seamless tubes for the automotive, oil and gas exploration, power plant, building construction and machine construction market segments

- **Benteler Rothrist Business Unit**

Production of welded tubes for various applications in the automotive industry, and also for other industries such as mechanical and plant engineering

- **Benteler Tube Management Business Unit**

Development of new product and business ideas based on tube solutions and tube products

BENTELER DISTRIBUTION DIVISION

Benteler Distribution is one of the world's leading warehouseers and processors of steel and stainless-steel tubes. It offers a full range of tube products and extensive services for all aspects of tube applications. Benteler Distribution supports its customers with customized concepts, based on

- an international sales and logistics network,
- technical consulting,
- extensive know-how in steel
- diverse, up-to-date processing solutions,
- expertise in procurement processes in machine construction, hydraulic cylinders, automotive, construction, health and consumer goods, and energy

PERSONNEL MATTERS

THE EXECUTIVE BOARD OF BENTELER INTERNATIONAL AG

Hubertus Benteler, Chairman

Siegmond Wenk

THE SUPERVISORY BOARD OF BENTELER INTERNATIONAL AG

Robert J. Koehler, Wiesbaden, Germany, Chairman

Chairman of the Executive Board of SGL Carbon SE, Wiesbaden, Germany

Dr. Ralf Bethke, Deidesheim, Germany, Vice Chairman

Chairman of the Supervisory Board of K+S AG, Kassel, Germany

Rolf Eckrodt, Berlin, Germany

Chairman of the Board of Directors of Leclanché SA, Yverdon-les-Bains, Switzerland

Dr. Markus Flik, Schopfloch, Germany

Chairman of the Executive Board of Homag Group AG, Schopfloch, Germany

Axel Prym, Roetgen, Germany

Shareholder in William Prym GmbH & Co. KG, Stolberg, Germany

Dr. Gert Vaubel, Warburg, Germany

Former Member of the Executive Board of Benteler Aktiengesellschaft, Paderborn, Germany

THE MANAGEMENT BOARD OF BENTELER DEUTSCHLAND GMBH

Dr. Thomas Wünsche, Chairman (since February 1, 2012)

Norbert Bergs (until September 30, 2012)

Anders Ivarsson

Matthias Jäger (since October 1, 2012)

Dr. Thomas Späth

THE MANAGEMENT BOARDS OF THE DIVISIONS

BENTELER AUTOMOTIVE

Dr. Thomas Wünsche, Chairman (since February 1, 2012)

Eric Alstrom (until August 31, 2012)

Ralf Göttel

James T. Sheehan (since October 1, 2012)

BENTELER STEEL/TUBE

BENTELER STEEL/TUBE GMBH / BENTELER ROTHRIST GMBH / BENTELER TUBE MANAGEMENT GMBH

Norbert Bergs (until December 31, 2012; Chairman until May 31, 2012)

Matthias Jäger (since June 1, 2012, Chairman)

Dr. Meike Schäffler

BENTELER DISTRIBUTION

Anders Ivarsson, Chairman

Dr. Marcus Schubbe (until December 31, 2012)

Kurt Ternegg (since February 20, 2012)

MANAGEMENT REPORT

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THE YEAR 2012 WAS DOMINATED BY THE STILL-SLACK GLOBAL ECONOMY. IT ALSO SLOWED THE BENTELER GROUP'S GROWTH AND MADE ITSELF FELT IN EVERY UNIT OF THE COMPANY.

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BUSINESS AND GENERAL CONDITIONS

GLOBAL ECONOMY STILL WEAK – FOR THE TIME BEING

The global economy lost further momentum in 2012. According to projections from the Institute for the World Economy (IfW) in Kiel, Germany, global production rose an average of only 3.2 % in 2012, after reasonably moderate growth of 3.8 % the year before. The advanced economies saw only slight changes in gross domestic product; the euro zone even slipped into recession. However, performance varied widely among different Member States. While Germany, Austria and Slovakia saw slight increases in gross domestic product, Greece, Spain and Italy experienced substantial declines. But economic momentum also flagged to a considerable degree in newly industrialized and emerging economies, where business had expanded very vigorously just after the financial crisis. Here the necessary repayment of debt as a consequence of the economic crisis in some countries not only slowed demand but spread unease among investors, leading to a further slowdown of growth.

The global economy lost
further momentum in
2012 as global production
increased by only 3.2 %.

The debt crisis in Europe, together with beleaguered national budgets worldwide, kept the global economy in uncertainty. Weak business conditions were especially evident in global trade, which gained only 1 % over the course of the year. The year's GDP growth in industrialized countries was only 1.3 %. Though GDP continued to rise in emerging economies in 2012, the increase was far less than the year before. China's GDP rose 7.8 % (as against 9.5 % the year before), and India's rose 3.8 % (vs. 7.9 %).

WORLDWIDE AUTOMOTIVE PRODUCTION REMAINS ON A GROWTH TRACK

The world produced about 80.9 million passenger cars in 2012, 5.2 % more than the year before. This figure was above the expected increase of 4.3 % per year in world automotive production for the period from 2012 to 2018. Performance among OEMs varied, with significant implications for the automotive industry. While premium manufacturers had record sales volumes in some instances, some producers of small or midsize vehicles went into restructuring or reorientation. In Europe, the debt crisis added to the adverse effects on sales volumes, and thus also on production volume. On the other hand, the Chinese market and the reviving U.S. market were even more vigorous.

Automotive production accelerated significantly further from 2011 in Asia especially, which produced a total of 40.2 million vehicles – an increase of 9.9 % from the year before. The main growth driver was Japan. Year on year, volume there increased 19.9 %, to 9.5 million vehicles, signaling that the country had fully recovered from the impact of the earthquake and tsunami in the spring of 2011. Automotive production also continued to gain ground in China and India. Production volume grew 6.2 % in China, to 18.4 million vehicles, and 4.8 % in India, to 3.8 million. By 2012, this region accounted for some 50 % of world production, and China alone represented 22.7 %. To profit from ongoing demand in the world's most populous region, large OEMs and suppliers are continuing to expand their local capacity and have been building new plants. In China and India, this is being done as a rule in partnerships with Asian OEMs.

The euro crisis caused 2012 production in Western Europe to decrease 8.5 %, to 12.5 million vehicles. Production declines in Spain, France and Germany had particularly severe effects. Production volume in Spain shrank 18.5 % from the year before, to 1.9 million vehicles. The volume decrease was 13.9 % in France and 4.3 % in Germany. The debt crisis in Europe is expected to exert a slight downward pressure on automotive production again in 2013. The European automotive market is not expected to recover fully, with gains in production volume, until 2014 and beyond.

Performance among OEMs
varied, with significant
implications for the
automotive industry.

Eastern Europe was less severely affected by the euro crisis. Volume remained on a par with the previous year's level, at 6.5 million. Russia had positive performance, producing 2 million more vehicles than in 2011, a 7.7 % increase. In all, Europe accounted for 23.5 % of global automotive production, the second-largest volume after Asia. But any noteworthy expansion of capacity there can be expected only in Eastern Europe at most.

The NAFTA countries had a distinctly good year in 2012. Production volumes rose 15.6 % from the year before, to 15.2 million vehicles. The largest gain in terms of percentage, at 17.6 % or 9.9 million vehicles, was in the USA. Production volume in Mexico gained 11.7 %, to 2.8 million vehicles, while 2012 volume in South America stagnated at 4.3 million vehicles. Brazil remains the region's most important production location.

Changes in mobility expectations, together with environmentally friendly, safe vehicles, remain the megatrends in the automotive industry. Manufacturers and suppliers continue their systematic quest for lower weight, alternative drives, and new vehicle concepts.

STEEL TUBING MARKET DOWN IN SECOND HALF

Many sectors of the European tube industry were able to maintain their 2011 levels for the first half of 2012. Steel tube production too remained at the same level as the year before. Expanding exports to non-European countries compensated almost entirely for the contraction of domestic demand. Exports of welded tubes to non-European countries grew in the first half, but could not prevent a decline in overall production for this type of tube in the 27 EU countries. European tube production slowed in almost every sector during the third quarter. The reasons were the intensifying debt crisis in the EU, decelerating growth in China, and the decline in natural gas production in the USA.

The oil and natural gas exploration in the American market is especially important for Benteler. In the second half of 2012 the number of new wells decreased significantly. The reason was unexpectedly high yields from existing wells, resulting in an oversupply of natural gas. For that reason, new drilling has become somewhat unattractive at the moment, resulting in growing inventories of materials on hand and fewer follow-up orders for tubes. Nevertheless, the long-term outlook remains positive because of the rising demand for energy.

In power plant projects, Asia was almost alone in building new conventional plants. Activity in Europe and the USA focused on major repairs to power plants and refineries.

In 2012 the machine construction sector in Germany profited from a strong export business, primarily to non-EU countries. Production gained 2 % from the year before. However, performance varied from segment to segment. Although agricultural machinery construction grew faster than the sector as a whole, production in construction machinery was down. The hydraulic tube business, which is important for Benteler, declined especially sharply in the second half.

Demand for tube solutions for the European automotive industry outside Germany remained low throughout the year, with the exception of tubes for premium manufacturers' models, which continued uninterrupted. Production figures did not come under pressure in the latter segment until near the end of the year.

DIFFICULT MARKET FOR STEEL TUBE DISTRIBUTORS

Steel tube distribution was likewise affected by the difficult overall condition of the market in 2012. The uncertainty that economic conditions caused in the European markets led demand to slip well below projections. Although the first half got off to an acceptable start, demand for steel tubes declined sharply from mid-year onward. Demand for tubes was especially below expectations in the core segments of machine construction and hydraulics, as well as the automotive supply industry. As businesses still had little propensity to make capital expenditures, sales volumes waned, especially in the European market, but also in other sectors like the construction industry and the power generation industry. Increases in steel tube consumption appeared only in the Asian market. But there too, volumes were less than in previous years, in part because of the slowdown in the Chinese economy. For that reason, many steel tube distributors tried to keep their inventories as low as possible. Even as demand declined, prices grew more and more volatile during the year, as a consequence of fluctuating prices in the upstream markets for raw materials.

Demand for tubes was
below expectations in the
core segments of machine
construction, hydraulics,
and the automotive supply
industry.

EARNINGS SITUATION

BENTELER GROUP REVENUE RISES 5 %

The Benteler Group generated revenue of €7,452 million in 2012 – an increase of 5 % from the year before. The Automotive and Steel/Tube divisions contributed to this growth. The Distribution division saw its revenues decrease.

The Automotive division's external revenue grew 6 % from the prior year. Its share of Group external revenue came to 79 %. Benteler Steel/Tube saw a revenue gain of 7 %, and its share of Group external revenue was 10 %. The Distribution division saw a 3 % revenue decrease. Its share of Group external revenue was 11 %.

Interdivisional revenue (internal sales) for 2012 came to €233 million, and was mostly for deliveries by the Steel/Tube division to the Distribution and Automotive divisions.

REVENUE PERFORMANCE SINCE 2008 – EXTERNAL REVENUE [€ MILLION]

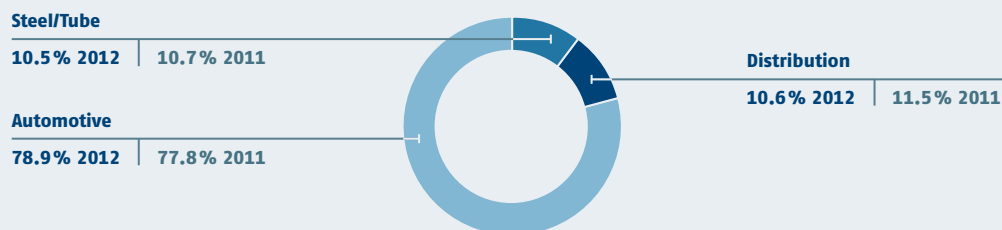


* Under German GAAP until 2008

EXTERNAL REVENUE BY DIVISION

	2012 [€ million]	2011 [€ million]	Change [€ million]	[%]
Automotive	5,879	5,561	318	6
Steel/Tube	1,015	944	71	7
Distribution	791	816	-25	-3
	7,685	7,321	364	5
Less internal revenue	233	215	18	8
External revenue	7,452	7,106	346	5

DIVISIONS' SHARES OF CONSOLIDATED EXTERNAL REVENUE



BENTELER AUTOMOTIVE ACHIEVES REVENUE GROWTH ABOVE MARKET AVERAGE

The **AUTOMOTIVE DIVISION** generated revenue of €5,879 million in 2012. This represents an increase of €318 million, or 6 %, from the year before. A considerable decrease in series calls from customers was compensated by more nonseries business, and by passing on higher purchase prices that resulted from the rising cost of raw materials such as steel.

Benteler Automotive develops and produces ready-to-install modules, components and parts for bodies, chassis and engines at 20 engineering and sales offices and 74 plants in 29 countries.

The **MODULES** Product Group focuses on assembling complete front and rear suspensions. The modules business represented 42 % of Benteler Automotive's total revenue, and increased external revenues by 2 % compared to the year before. The **CHASSIS** Product Group develops and manufactures chassis crossmembers, subframes, control arms and knuckles, and generated 16 % more revenue than the year before. These two Product Groups were merged as of the beginning of 2013, and from now on will be under combined management as the **CHASSIS AND MODULES** Product Group. The objective is to expand the module business further alongside the traditional components business.

The **STRUCTURES** Product Group increased its revenue 7 % from 2011. This unit produces safety components, such as bumpers, roof frames, A- and B-pillars, door beams and instrument panel supports, as well as press parts. It also includes the Benteler Aluminium Systems unit, which makes aluminum components for the automotive industry. Its revenue grew 5 % from 2011.

The **ENGINE AND EXHAUST SYSTEMS** Product Group likewise increased revenue by 5 % from the year before. It develops and produces components and systems to optimize fuel consumption and reduce exhaust gas emissions. These include exhaust gas recirculation systems with coolers to reduce nitrogen oxide emissions in diesel engines. The unit also produces exhaust manifolds and housings for catalytic converters and diesel particulate filters.

In addition to the four product groups, there are separately managed business units with different focuses. These include the **BENTELER ENGINEERING SERVICES** unit, which provides engineering services for both external and internal customers. **BENTELER MECHANICAL ENGINEERING** makes machines and tools for the Benteler Automotive division and for the glass industry. The **BENTELER DEFENSE** unit offers protective solutions appropriate for a variety of customer and market segments in both the civilian and military sectors. As a part of this unit's reorganization, the decision has been made not to continue its North American operations. **BENTELER-SGL**, a joint venture of Benteler Automotive and the SGL Group, develops and makes fiber composite components, thus expanding Benteler's existing capabilities in steel and aluminum materials by adding carbon fiber solutions. For this business unit, Benteler has increased its capacity in response to the market, and has built a new production plant at Ort im Innkreis, Austria. This ultramodern site is expected to begin the first series production of composite components in mid-2013.

22,800 EMPLOYEES

900 DEVELOPMENT ENGINEERS

MORE THAN 70 PLANTS

REVENUE GROWTH IN THE STEEL/TUBE MARKET

In 2012 the **STEEL/TUBE DIVISION** generated revenue of €1,015 million, up 7 % from the year before.

The **BENTELER STEEL/TUBE** business unit supplies seamless tubes worldwide for market segments in the automotive industry, oil and gas exploration, power plants, building construction and machine construction. The Benteler Steel/Tube unit's revenue for 2012 was €667 million, 22 % above the year before. Most of this increase resulted from the successful restart of the Dinslaken, Germany seamless tube plant, after months of downtime following damage from a fire.

The **BENTELER ROTHRIST** business unit produces welded and welded drawn tubes for numerous applications in the automotive industry, and also for other industries such as machine and plant construction. The difficult market situation and the resulting decrease in demand from the automotive industry caused Benteler Rothrist's revenue to decrease 13 % from the year before.

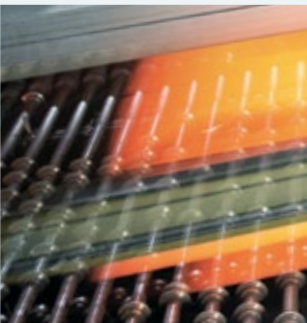
3,400 EMPLOYEES



DECADES OF EXPERIENCE



GLOBAL PRESENCE



DISTRIBUTION DIVISION REVENUE DOWN SLIGHTLY

BENTELER DISTRIBUTION delivers steel and stainless-steel tubing to customers through an international logistics network, and offers a variety of different tube processing solutions, as well as technical consulting. Its business focuses on the machine construction and hydraulic cylinder segments, on the automotive, construction and energy sectors, and on industrial goods and trading.

In 2012 Benteler Distribution generated revenue of €791 million, down 3 % from the year before. The decrease resulted from lower sales volumes and a slight decrease in prices from 2011.

1,500 EMPLOYEES

60 LOCATIONS

COMPREHENSIVE KNOW-HOW IN MANUFACTURING



CONSOLIDATED PROFIT DECREASES

The consolidated profit for the period, before tax, decreased to €63.3 million in 2012, 52.3 % less than the year before. Despite the positive effect of a purchase price allocation resulting from the acquisition of Farsund Aluminium Casting AS (FAC) in Norway, earnings were down as a consequence of lower income and of provisions and impairment of about €32.7 million recognized for restructuring measures pending in 2013 at Benteler Automotive.

Cost of materials, as a percentage of the total performance (inventory turnover and operating revenue) of €7,457 million, decreased slightly from 71.7 % to 70.9 %. The share of personnel expenses remained unchanged at 17.8 %. Depreciation and amortization also remained the same as in 2011, at 2.8 %. Other operating expenses as a percentage of total performance came to 9.4 % (prior year: 9.5 %). The net interest expense grew by €11.8 million to €59.3 million, particularly because of the substantial rise in financial debt.

Despite the welcome rise in revenue at the Automotive division, 2012 proved to be a great challenge. Earnings before taxes fell well short of expectations, so that the profit for 2012, as in 2011, was less than satisfying. Apart from the decreases in volume in the series business, especially in Europe, operating problems at the Goshen and Holland plants – both of them in the USA – and also in South Africa contributed to this result. Good news came with the completion of the stabilization process at the plants in Puebla, Mexico, and Kaluga, Russia, as of the third quarter of 2012. A restructuring program has been adopted to counteract the unsatisfactory earnings situation. Appropriate measures will sustainably safeguard the division's equity financing and profitability, and therefore its continuing viability. Details of the program are provided in the forecast for 2013.

Benteler Steel/Tube showed a before-tax profit for 2012. Part of the profit resulted from the final insurance settlements for the damage caused by fire at the German Dinslaken plant.

Sales volumes at the Distribution division were unable to match the previous year's levels, because of market developments in Europe. Despite savings on costs, profit was down from the year before.

The tax expense came to €22.3 million (tax rate: 35.2 %). The Benteler Group's after-tax profit for fiscal 2012 came to €41.0 million, following a consolidated profit of €97.0 million for the year before. Allowing for €7.4 million attributable to minority shareholders, the Group's net profit was €33.6 million, compared to €92.6 million in 2011.

ASSETS AND FINANCIAL POSITION

CAPITAL EXPENDITURES ABOVE PRIOR YEAR

The Benteler Group invested €444 million during 2012. Consequently investments for the year were considerably more than depreciation and amortization, which came to €209 million. Out of the total, €429 million was paid for property, plant and equipment, and €15 million for intangible assets.

Total investments at the Automotive division came to €335 million for 2012. Out of this total, €182 million, or 54 %, went for project-specific investments and for production facilities and equipment at this division. The largest investment projects were for the Chinese pressing plant in Shanghai, and for the Benteler-SGL joint venture, including the new site at Ort im Innkreis, Austria. The investments of €88 million at the Steel/Tube division went for expansion, rationalization and other such measures, and were 19 % above the prior-year figure of €74 million. The Distribution division invested €12 million. The principal focus there was on investments for replacing and expanding warehousing equipment, as well as production facilities and building renovations.

LIQUIDITY CONSISTENTLY HIGH AT END OF 2012

The cash flow reflects not only the results of operating activities net of non-recurring effects, but depreciation and amortization, changes in noncurrent assets and provisions, and noncash transactions. The cash flow from operating activities also includes changes in working capital and income taxes paid. On these bases, cash flow from operating activities was €294 million, 42 % more than in the previous year. Working capital increased by €19 million to reach €665 million, while taxes paid came to €37 million for the year.

As a general rule, the Benteler Group endeavors to finance all investments (apart from corporate acquisitions) out of cash flow. Investments in property, plant and equipment and in intangible assets, together with capitalized development costs, came to €444 million. They were financed in part out of the cash flow from profit of €304 million, but for the most part out of liquidity on hand.

The cash flow from financing activities came to €41 million in 2012. Cash included in cash funds for 2012 was €39 million higher than in 2011, at €346.7 million. Liquidity represented 9.1 % of total assets, compared to 8.4 % in 2011.

The Benteler Group
invested €444 million
during 2012 – considerably
more than depreciation
and amortization, which
came to €209 million.

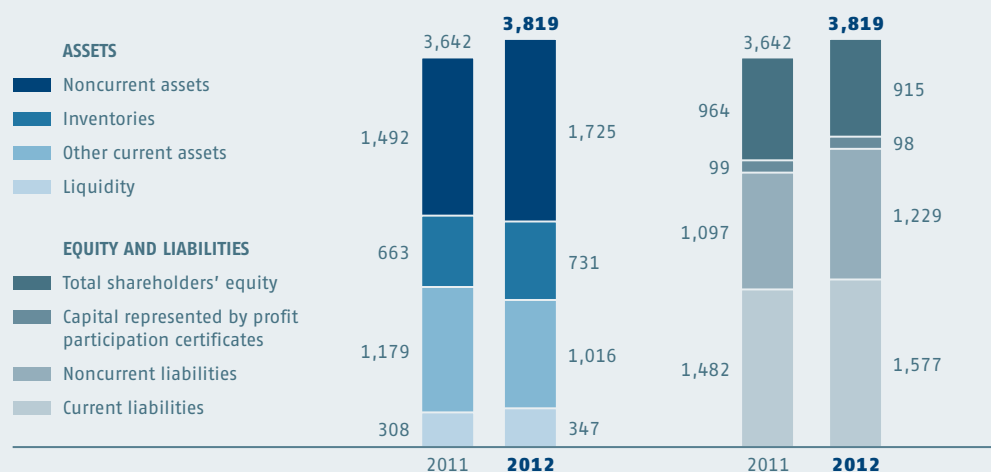
INVESTMENTS

	2012 [€ million]	2011 [€ million]	[€ million]	Change [%]
Automotive	335	286	49	17
Steel/Tube	88	74	14	19
Distribution	12	11	1	9
Other companies	9	15	-6	-40
Total investments	444	386	58	15

CASH FLOW STATEMENT

	2012 [€ million]	2011 [€ million]
Cash flows from operating activities	293.8	207.1
<i>(of which: Cash flow from profit)</i>	304.1	375.4
Cash flows from investing activities (prior year includes €120 million in investments in German federal bonds with maturities of not more than 6 months)	-288.9	-474.7
Cash flows from financing activities	40.6	270.5
Effect of exchange rate changes on cash and cash equivalents	-6.3	2.6
Cash and cash equivalents at beginning of period	307.5	302.0
Cash and cash equivalents at end of period	346.7	307.5

GROUP BALANCE SHEET RATIOS [€ MILLION]



TOTAL ASSETS INCREASE AGAIN

Total assets in 2012 were €3,819 million, 5 % more than in 2011. Noncurrent assets increased by a total of €232 million, to €1,725 million. Property, plant and equipment and intangible assets increased by €177 million. Deferred tax assets grew by €43 million. Additions of €444 million to intangible assets and to property, plant and equipment (not including companies newly included in the consolidated financial statements) were countered by disposals of €63 million at the residual carrying amount, and depreciation and amortization of €209 million.

Total assets in 2012 were
€3,819 million, 5 % more
than in 2011.

Other current assets (not including cash) decreased by €94 million to €1,748 million. Changes during fiscal 2012 resulted from increases of €68 million in inventories, and decreases of €8 million in trade receivables, €20 million in contract production, and €124 million in other current receivables and assets. The prior-year figure for this item as of the reporting date included €120 million in German federal bonds.

The Group's cash funds increased by €39 million, to €347 million. As a result of central cash pool liquidity management, these funds are deposited at Benteler International AG and are available on a daily basis.

SOUND FINANCING STRUCTURE

Equity (not including capital represented by participation certificates, but including minority interests) decreased by €49 million, to €915 million. The consolidated net profit for the year of €41 million, as well as €8 million in changes in the cash flow hedge reserve, contributed to increase equity, while equity was reduced by €51 million for the reserve for actuarial gains and losses because of lower interest rates, and by €28 million for dividend outpayments and €20 million for the foreign currency translation reserve.

Noncurrent liabilities came to €1,230 million at the end of 2012, an increase of €133 million from the year before. Increases of €66 million in noncurrent financial liabilities, €86 million in pension provisions (primarily because of lower interest rates) and €18 million in noncurrent provisions were countered by a decrease of €31 million in other noncurrent liabilities.

Trade payables, at €898 million, were up €14 million from the prior-year figure. Other current liabilities increased by €81 million; current financial liabilities increased by €47 million and other current liabilities increased by €21 million. These primarily comprised liabilities for outstanding invoices, vacation and overtime, employee profit sharing, and other liabilities. Current provisions also increased, by €13 million.

Working capital (current assets less current liabilities) increased by €19 million, to €665 million, and came to 9.0 % of revenue, compared to 9.1 % a year earlier.

Noncurrent capital (equity, capital represented by participation certificates and noncurrent liabilities) came to €2,242 million, still representing 59 % of total assets. It covered 130 % of noncurrent assets.

The adjusted equity ratio for 2012 was 26.5 %, somewhat below the prior year figure of 29.2 %. Net financial debt increased by €182 million, to €589 million (prior year: €407 million), primarily as a consequence of large capital investments; the gearing rate rose from 0.38 to 0.58.

CENTRAL CASH AND FOREIGN EXCHANGE MANAGEMENT

In general, the Benteler Group's capital expenditures financing is centralized. Liquidity surpluses or shortages are pooled by Benteler International AG by way of internal investment and borrowing capabilities. This allows surpluses from individual Group companies to be transferred and used by other Group companies as needed.

As a rule, capital expenditures are financed out of cash flow for the long term, and working capital is financed by short-term funding.

As a rule, capital expenditures are financed out of cash flow for the long term, and working capital is financed by short-term funding. Noncurrent assets are continuously financed out of cash flow and by taking out appropriate long-term loans with matching maturities.

To finance working capital, the Company had cash resources of €347 million available at December 31, 2012, as well as credit facilities promised in writing for a total of €376 million, which are treated as a strategic liquidity reserve. The credit had not been drawn upon as of the reporting date. All credit approvals are free from collateral and from financial covenants.

A large portion of internal payables and receivables have been netted between Group companies by way of Benteler International AG, so that payment transactions can be settled cost-effectively. Because of the revenue growth, the netting volume increased by €87 million in 2012, from €677 million to €764 million.

KEY FINANCIAL RATIOS

		2012	2011
Equity ratio ¹⁾	[%]	26.5	29.2
Internal financing ratio ²⁾		0.68	0.97
Gearing rate ³⁾		0.58	0.38
Dynamic debt-equity ratio ⁴⁾		1.93	1.08
Net financial debt to EBITDA ⁶⁾		1.78	1.06
Return on equity ⁷⁾	[%]	11.8	17.2
ROCE ⁸⁾	[%]	5.8	9.5
Working capital ⁹⁾		664.9	646.3
EBIT ¹⁰⁾	[€ million]	122.6	180.3
EBITDA ¹¹⁾	[€ million]	331.9	383.4

1) Adjusted equity (equity capital + participation certificates) ./ Total assets

2) Cash flow from profit ./ Investments

3) Net financial debt ⁵⁾ ./ Adjusted shareholders' equity (as of year's end)

4) Net financial debt ⁵⁾ ./ Cash flow from profit

5) Net financial debt = Liabilities to banks, finance lease liabilities, financial liabilities to affiliates and other financial liabilities less financial receivables from affiliates, other financial receivables, and cash on hand and bank balances (not including profit participation certificates and pension provisions)

6) Net financial debt ⁵⁾ ./ EBITDA ¹¹⁾

7) Gross operating income after non-recurring effects ./ Adjusted equity (averaged between beginning and end of the year)

8) (Operating profit or loss + net interest income or expense) ./ (Intangible assets + property, plant and equipment + working capital ⁹⁾) (averaged between beginning and end of the year)

9) Working capital = (Inventories + trade receivables from third parties, related and associated companies) ./ (Trade payables to third parties, related and associated companies + notes payable)

10) Gross operating income after non-recurring effects + net income or expense from associates

11) Gross operating income after non-recurring effects + net income or expense from associates + depreciation and amortization

TOTAL CAPITAL INVESTMENTS, DEPRECIATION, AND CASH FLOW [€ MILLION]



RISK REPORT

COMPREHENSIVE RISK MANAGEMENT

The Benteler Group, with its individual companies and divisions, is exposed to a variety of strategic and operational risks that may have a considerable impact on the Group's assets, financial position and results of operations. The Benteler risk management system becomes especially important in periods of high market volatility, when demand is sometimes additionally affected by government programs and other non-recurring factors. It governs the identification, assessment and management of defined risks, and is fully integrated into the Group's processes for strategy, planning and information. The risk management system regularly undergoes a thorough review and its controlling effects within the Group are refined. The efficiency and efficacy of the Group's risk management systems were examined and confirmed once again in 2012 by outside consultants.

Benteler International AG, as a strategic holding company, and Benteler Deutschland GmbH, as the operating management company, guide the divisions by setting goals. A comprehensive management information system monitors goal achievement; it tracks all relevant key performance indicators in terms of actual, planned and projected figures. If there is a deviation for the worse from plans, the management companies initiate appropriate countermeasures.

Each month, all divisions report on their economic performance, and point out opportunities and risks that may affect planned results and future developments. An aggregate risk status report is also submitted to the management bodies every six months, on the basis of an inventory of risks that might pose a threat to the Company's continued existence. In a cascading reporting system, the status of risks and pertinent measures is described for this purpose on the basis of defined indicators about probability and (financial) importance. Officers are appointed to take specific responsibility for each risk and the associated measures.

The Group also has a Company-wide internal control system that arranges organizational safeguards, procedural rules, and system audits. Internal Auditing regularly reviews every unit of the Company. The matters it examines include compliance with guidelines, the regularity and efficiency of business processes and reporting, and the proper functioning of risk management.

Certain especially important risks are transferred to insurers by the Group's central service provider BLV. In particular, claims resulting from any recalls or cases of liability are covered, as are property damage and losses caused by interrupted operations.

The risk management system governs the identification, assessment and management of defined risks, and is fully integrated into the Group's processes.

The risks described below are not the only ones to which the Benteler Group is exposed at present. Unforeseen risks or risks considered negligible today may also have adverse effects on future business activities.

In the current economy, particular attention must be paid to risks resulting from changes in demand due to business cycles and from the financial sector, specific customer and supplier risks, and risks resulting from changes in the supply markets. Management also carefully watches project risks, quality risks, foreign currency risks, IT risks and liquidity risks.

RISKS DUE TO THE IMPACT OF CHANGES IN DEMAND DUE TO BUSINESS CYCLES

The Company's business plans point out opportunities in new products, customers and markets. But these opportunities also entail risks to sales volumes, revenue, profits, liquidity and investments, resulting from unplanned overruns – or even more importantly, underruns – of production volumes in the vehicle models for which Benteler supplies its products. Cyclical fluctuations may also significantly influence business in steel tubes, in both sales and production.

In past years Benteler has initiated numerous projects, and transformed them into standard procedures, to adapt cost structures to demand at the various divisions, and to manage those structures within narrow bounds. These projects particularly include the Profit Improvement and Profit Stabilization projects. Projects to achieve these aims have been an integral part of corporate planning since 2012. The Group's expanded risk management and early warning systems for analyzing customer and supplier credit risks and monitoring short and medium-term liquidity as a part of cash management are expected to mitigate potential cash flow risks. The Group furthermore aims to safeguard its liquidity position for the long term, through efficient investment and working capital management, and to build up reserves for growth projects.

SPECIFIC CUSTOMER AND SUPPLIER RISKS

Adverse economic performance among individual contracting partners could have consequences for the Benteler Group's revenue and earnings. As has already been mentioned, the Company limits these risks by diversifying its customer and supplier base as much as possible, and by constantly watching important market indicators and other early warning indicators.

The Benteler Group could incur losses if the creditworthiness of individual customers deteriorates so that delays or defaults occur in payments, or planned sales volumes cannot be achieved. The Company maintains intensive debtor management to hedge this risk. The divisions' sales and financing officers regularly track customers' economic condition, their payment performance, and the possibility of hedging risks, for example by insuring a portion of receivables.

Particular attention is paid to risks resulting from changes in demand due to business cycles and from the financial sector, specific customer and supplier risks, and risks resulting from changes in the supply markets.

Purchasing teams make
sure that if a crisis arises,
the division's supplies
– and thus its ability to
serve its end customers –
are safe.

To meet its obligations as a supplier, the Benteler Group must rely on materials and services provided by numerous other companies. Existing suppliers may have difficulties in supplying Benteler, or suitable new suppliers might have to be found on short notice, thus hampering the Company's own business. This is especially the case in the current phase of a cooling economy, dominated in part by the euro crisis, as well as rising energy prices and ever-higher technological expectations in emerging markets. The Automotive division has an especially large number of specialized suppliers. Here the purchasing department applies an extensive range of successful tools for monitoring and mitigating risk. For example, suppliers' credit ratings are continually monitored with the assistance of external and internal sources of information. Specialized purchasing teams make sure that if a crisis arises, the division's supplies – and thus its ability to serve its end customers – are safe.

CHANGES IN THE SUPPLY MARKETS

Fluctuations in the price of steel, scrap metal and alloys pose a considerable risk for the Benteler Group. If prices for raw materials rise, for example, it is not always immediately possible to pass on the necessary amount of the increase to customers by raising selling prices. The result may be an adverse effect on operating profits. Conversely, delays in passing on lower procurement prices may also have a positive influence on earnings.

The Automotive division buys considerable quantities of hot-rolled and cold-rolled steel. It passes on most changes in procurement prices to the customer. To compensate for increases in the price of raw materials, the Steel/Tube division has reached agreements with customers on cost-of-materials increases. At Benteler Distribution, declining procurement prices may reduce revenues on the sale of stock on hand. For that reason, the division actively manages its inventory levels, especially when market volatility is high.

PROJECT RISKS

The Automotive division is involved in complex development and production projects. The inherent risks of these projects include unexpected technical difficulties at Benteler or its suppliers. Those, in turn, may sometimes lead to higher costs for the start of series production and/or higher investments than were planned. To avert or reduce these risks, the division applies extensive standards for project execution. These also call for regular project reviews to permit early countermeasures when needed. Suppliers are included in this process, and are audited periodically.

QUALITY RISKS

Shortcomings in development, production or logistics at Benteler plants or suppliers may cause parts to be delivered to customers late or in faulty condition. Such problems may expose Benteler to claims for damages. For that reason, the Benteler Group has introduced extensive operating procedures governing process reliability, quality management and process audits, at its own plants and for its suppliers. To mitigate such risks in their own production operations, the divisions constantly refine their production methods and apply preventive maintenance on their equipment. In parallel, they continue expanding their systems for seamless documentation of the production steps for each part. These measures are intended to minimize recall risks if suppliers deliver defective parts, or if Benteler itself produces or delivers defective products. The Benteler Group has taken out insurance policies to limit residual risks to the Company as a result of liability or damage claims. Damage claims may also result from purchases of defective materials. Through a cooperative arrangement with an insurance broker, the Benteler Group also offers advantageous ways for its external suppliers to take out product liability and recall insurance.

RISKS FROM PROPERTY DAMAGE AND INTERRUPTED OPERATIONS

Benteler further developed its system for operational risk prevention during the year. For this purpose, it set up an interdivisional task force on operating safety and risk prevention, which also draws on the Company's experience from the fire at the German Dinslaken plant. The interdivisional body's principal tasks are to systematically review and classify operational risks at the Group's plants, derive measures for damage prevention on that basis, prepare emergency plans for business processes, and introduce an annual operational safety report.

Benteler further developed
its system for operational
risk prevention during
the year.

FOREIGN EXCHANGE RISKS AND INTEREST RATE RISKS

The scope of its international business operations, especially in purchasing and sales, exposes the Benteler Group to foreign exchange risks as a result of fluctuations in exchange rates. The finance and foreign exchange management functions, which are managed centrally, largely rule out foreign exchange risks by applying an information system and associated hedging transactions. The Group generally hedges customer orders and additional purchasing volumes denominated in foreign currencies, using well-established procedures. The Benteler Group controls risks from changing interest rates by largely matching maturities when it borrows refinancing funds, and by using derivatives (see the Notes to the consolidated financial statements for more information about financing instruments).

LIQUIDITY RISKS

The Benteler Group requires a sufficient supply of liquidity to safeguard its continuing existence and achieve its growth objectives. The financing that must be covered is computed on the basis of plans, and is generally obtained by way of medium- and long-term borrowings, primarily from the Company's house banks. Additional financing needs may develop if economic risks arise. Borrowed funds may also be needed in order to take advantage of opportunities. Ensuring a sufficient prospective supply of liquidity is one of the most important tasks of the Company's financial management.

Thanks to its long-term, conservative financing policy, the Benteler Group is well prepared to handle its planned growth.

Thanks to its long-term, conservative financing policy, the Benteler Group is well prepared to handle its planned growth. The inventory credit lines maintained to finance working capital will still be available for a number of years. A solid financing structure ensures that the Group will remain solvent even under the burden of adverse economic conditions. Additionally, the Benteler Group has taken extensive steps to enable it to assess future liquidity needs even more accurately, and to free up liquidity within the Company. The particular focus here is on working capital management and capital expenditures. As a consequence of its active working capital management and efficient investment approach, the Group enjoyed substantial cash resources as of December 31, 2012.

IT RISKS

The failure of IT systems and/or the manipulation of data could interfere with important processes at the Benteler Group, and might for example result in delivery problems or missed deliveries. The Company counters this risk with a redundant configuration of IT systems and with appropriate authorization rules, emergency plans, and IT security guidelines, all of which are regularly reviewed and monitored.

OVERALL ASSESSMENT OF RISK MANAGEMENT

During the year, in addition to auditing the Consolidated Financial Statements, the auditors once again examined material risk management processes. They concluded that the Benteler Group complies with the requirements of law, and that the Group's early warning system is capable of identifying and managing in a timely way any developments that might pose a threat to its continuing existence.

On the basis of an examination of the current risk situation, there is no identifiable risk at present that could pose a threat to the continuing existence of the Benteler Group.

RESEARCH AND DEVELOPMENT REPORT

PROGRESS THANKS TO NEW PRODUCTS, MATERIALS AND TECHNOLOGIES

The Benteler Group offers its customers competitive advantages by way of high-performance products and processes, extensive service and new materials. Its aim is to develop innovative solutions with a focus on applications, giving particular attention to future trends. The Group's research and development units employ more than 1,200 employees at 32 locations in 18 countries. Research and development expenditures in fiscal 2012 totaled €107.6 million, 1 % more than the year before.

The examples below demonstrate the diversity of the Benteler Group's current activities in research and development:

EMPHASIS ON LIGHTWEIGHT CONSTRUCTION

Research and development activities at Benteler Automotive emphasized safety, efficiency and the environment – in both product development and process development. Activities were carefully tailored to the changing demands of customers, the markets, and the competitive environment. Benteler Automotive filed applications for 79 patents during the year. These not only secured rights to the technologies involved, but to a large degree protected related aspects to ensure that there will be room for further variants.

One matter of central importance is the refocusing and implementation of the materials portfolio, with a key role being assigned to joining techniques. One example is the direct joining of steels to aluminum with spot welding. This technology makes new combinations of materials possible, and consequently represents a very promising building block for extremely lightweight construction.

During the year, half warm forming of aluminum in complex components was developed further, and preparation for series production continued at full speed. This effort was founded on many years of prior research, which for example yielded new test benches to determine the necessary material data that would make it possible to design simulations of components. Another important aspect was in-depth exploration of the special tribological system needed for tool coating, for which the division found a solution suitable for series production.

In 2012 Benteler Automotive launched a project to investigate capabilities in materials and production to be used in combining different materials, such as high-strength steel, aluminum, and fiber-reinforced plastic (FRP). Up to now, economic factors have argued that multi-material construction should not be used in large-scale series production. The aim of the project is to be able to offer lightweight solutions in mixed constructions, at an attractive cost, for vehicles produced in high volumes.

Benteler Engineering
Services and MAN Truck &
Bus won the 2012 eCarTec
Award for outstanding
innovation in future
mobility concepts.

In collaboration with MAN Truck & Bus, Benteler Engineering Services produced the innovative Metropolis waste collection truck, based on a 26-tonne MAN TGS. The Metropolis was conceived as a plug-in hybrid that can operate within its driving range entirely without emitting CO₂, besides being exceptionally low-noise. The project underscores the many diverse options for using electric-powered utility vehicles in heavy-duty applications. The MAN Metropolis was developed among a consortium of experts, and was built entirely at Benteler Engineering Services in Helmond, Netherlands. Benteler contributed numerous innovations to the project, along with both new and previously developed technologies. The truck won Benteler Engineering Services and MAN Truck & Bus the 2012 eCarTec Award in the "Electric Vehicle: Utility Vehicle" category. The prize is given by the Bavarian State Ministry of the Economy, Infrastructure, Transportation and Technology, for outstanding innovation in future mobility concepts.

PRODUCT DEVELOPMENTS IN WELDED TUBES

Crash boxes in passenger cars are intended to absorb energy through a controlled deformation in the event of a crash, thus mitigating the accident's consequences. In its Structures unit, Benteler Rothrist produced its first tubes for these crash box components, which were formerly made of sheet metal. The crash box now consists of a single, coated, thin-walled, laser-welded steel tube.

The Shock Absorption/Shocks unit continued its successful development of a hollow-spring concept for passenger cars, along with production of a precision steel tube with variable wall thickness. These materials can reduce component dimensions by as much as 30 % from conventional production.

PRODUCT DEVELOPMENTS IN SEAMLESS TUBES

In piston rods for passenger-car shock absorbers with controllable shock absorption characteristics, a thick-walled seamless tube was developed and validated for the first time for use in series production in a range of dimensions where hitherto only gun-drilled rods have been used. Infrastructure work, such as the construction of telecommunication and power lines or geothermal plants, calls for suitable mineralogical drill tubes. Benteler has been able to alloy suitable steels for various drill tube applications that can stand up to the most diverse geological formations. Tubes for mobile crane construction pose special requirements for weldability and for low-temperature performance. Benteler worked with a crane builder and a provider of filler metals to develop a new generation of materials with superior low-temperature characteristics.

ENVIRONMENTAL MANAGEMENT REPORT

INTEGRATED ENVIRONMENTAL PROTECTION

Responsible protection of the environment and climate, together with conserving resources, is an important corporate goal of the Benteler Group. For that reason, the obligation to make a positive contribution to a sustainable future is anchored deep in corporate guidelines. Measures for holistic environmental management apply to the entire product range and all production procedures. In its use of raw materials, product development, production, and utilization, all the way to disposal or recycling, Benteler takes the full life cycle of a product into account. Integrated environmental protection stands on an equal footing as a corporate goal in all the Benteler Group's activities, on a par with maximum quality and maximum customer satisfaction, combined with maximum levels of safety for employees. The Benteler Group operates under an environmental management system regularly certified to international standard DIN EN ISO 14000. All plants met the requirements of that standard during the year, and in many cases exceeded them.

The obligation to make
a positive contribution
to a sustainable future is
anchored deep in corporate
guidelines.

ECONOMICS AND ECOLOGY IN BALANCE

It goes without saying that all organizational and technical precautions for environmental protection are continually revised to comply with the latest regulations, and both production procedures and products are designed to be environmentally friendly with an eye to their entire life cycle. Closed coolant loops, chromium-free passivation and low-solvent, water-based paint systems are just as routine at Benteler today as modern energy management using waste heat from production, thus achieving ecological and economic goals both. But the concept of doing business sustainably is also applied in finding areas of potential improvement in business processes. These include not only heat recovery, but recycling production residues and byproducts. Other examples include further developing noise protection, reducing organic solvents in corrosion protectants so as to minimize ozone-damaging emissions, replacing solvent-based corrosion-protective paints with UV-hardened product protection media, and introducing and refining modern furnace control systems in various heat treatment units. The focus of activities in environmental management at Benteler is on preventive measures, support for project management, and assessment of the environmental aspects of business and management processes. The aim of the Group's interdivisional energy management project under DIN EN 16001 is to reduce the cost of energy in all three divisions.

PERSONNEL REPORT

AN INVESTMENT IN THE FUTURE

The dedication of our employees, their personal and professional expertise, and their special abilities to work together both as a team and in their own jobs individually, together with their ideas, are the Benteler Group's most significant capital for competition. They define the Company and its image among customers and business partners. To keep advancing innovative thinking and action, Benteler aims to attract and keep the best people in their fields. An open corporate culture based on mutual trust creates an environment for effective and efficient work together.

As an average for 2012, the Benteler Group had 28,007 full-time equivalents (FTEs) worldwide – a net of 2,159, or 8 %, more than in 2011. The Company is well aware of its social responsibility, and trains young people in a variety of occupations. In 2012 Benteler provided training for 794 young people worldwide (previous year: 714). At the Automotive division, the average workforce increased by 1,907, or 9 %, to 22,758 FTEs. Most of the increase resulted from staff additions in the Northern Europe, North America, and Asia/Pacific regions. About 81 % of all Benteler Group FTEs worked in the Automotive Division in 2012.

The average workforce size at the Steel/Tube division increased by 16 from the year before, to 3,424 FTEs. The average number of employees at the Distribution division increased by 77 to 1,483 FTEs. The average number of employees at the Group's other companies (including the central purchasing company Benteler Global Procurement GmbH) was 342 FTEs, compared to 183 FTEs in 2011. The increase was due to the inclusion of Benteler Global Procurement for the first time for a full fiscal year in the calculations of the average for the year (previous year: only 3 months).

On average, the Group had 9,831 FTEs in Austria and Germany, and 18,176 in other countries.

PEOPLE MAKE FOR SUCCESS

A technology lead can be achieved only with well-trained employees. For that reason, employee training and continuing training are a high priority at Benteler. The range of courses has been expanded in both quantity and quality, and focused to address new challenges. This applies to both the six dual courses of study and the dual-track education system. Today more than 100 young people are completing a dual course of study at Benteler, in which university study is coordinated with practical training. A positive sign is that the proportion of women is now also rising in the technical professions.

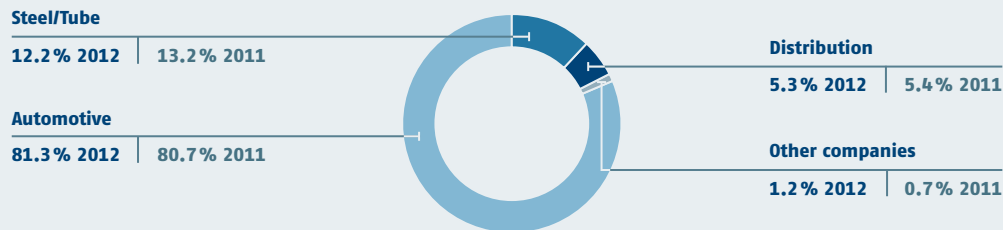
To keep advancing innovative thinking and action, Benteler aims to attract and keep the best people in their fields.

BREAKDOWN OF EMPLOYEES (IN FTEs) BY DIVISION (AVERAGE FOR YEAR)

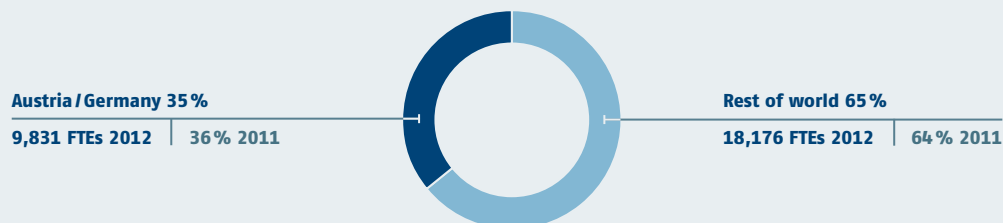
	2012	2011	Change	[%]
Automotive	22,758	20,851	1,907	9.1
Steel/Tube	3,424	3,408	16	0.5
Distribution	1,483	1,406	77	5.5
Other companies	342	183	159	86.9
Employees	28,007	25,848	2,159	8.4
of which: Trainees*	794	714	80	11.3

*Number of persons

PERCENTAGE BREAKDOWN (IN FTEs) OF WORKFORCE BY DIVISION



PERCENTAGE BREAKDOWN OF BENTELER GROUP EMPLOYEES (IN FTEs) IN AUSTRIA AND GERMANY AND IN OTHER COUNTRIES



As society ages, the number of secondary-school graduates who take an interest in professions that involve technical training has decreased sharply over the past few years. This is due both to a substantial decline in the number of children entering school, and to the trend toward seeking higher-level secondary school diplomas. So that Benteler can fill positions requiring training with qualified people, and thus ensure the availability of the next generation of skilled technical workers, the Company appeals to young people with numerous activities. Examples include cooperative programs with schools, technology days, and programs like Girls' Day and Open House at the Benteler Training Center in Paderborn, Germany, where young people can make the acquaintance of various professions by trying them out firsthand.

Contributing toward local development at its sites is an intrinsic part of the Company's social and corporate responsibility. Benteler Automotive has been a presence in the Mercosur economic region for more than 15 years, with its own plants in the Brazilian market. At the Campinas site, the Company opened a training facility based on the German Paderborn model in 2012, to offer a professional and social future for young people from the less privileged strata of society. A similar project is already operating in Mexico.

Jointly defined goals are the managing principle at Benteler. An individual's potential for development and choices for further training are determined at annual employee interviews. To develop these processes further, the Company is continuing its work on a uniform, Group-wide platform so that employee potential and talent can be recognized, developed, and utilized to good purpose. In pursuit of that goal, during 2012 the criteria for filling positions were aligned with uniform standards worldwide.

Benteler must rely on its employees' performance and dedication. The Company protects and encourages good health among its staff through its in-house health management program. It takes a holistic approach that includes offering sports activities and prevention programs, as well as many different campaigns on matters of health, stress relief, and nutrition. In addition, surveys called "health audits" were conducted at several sites in 2012 so that the Group can offer structured programs appropriate to the employees' needs, their desires, and the stresses they face.

The Benteler Group's employees actively contribute their ideas to help further optimize their work environment and job life at the Company. In 2012 they submitted more than 8,700 suggestions for improvements (prior year: 7,500) by way of the Company Suggestion Program.

Employees actively

contribute their ideas to

help further optimize their

work environment and

job life at the Company.

FORECAST

FOCUS REMAINS ON LONG-TERM, PROFITABLE GROWTH

Irrespective of the uncertain economic environment and the business challenges we face, the Benteler Group continues to pursue its corporate goal of a long-term, continual increase in corporate value while maintaining financial independence. The Company's product portfolio and geographic range have positioned it well to take advantage of market opportunities and face up to new challenges. The Benteler Group is well aware of the difficult market situation in the automotive industry in Europe, and is addressing it with appropriate programs.

GLOBAL ECONOMY IN UNSETTLED, UNCERTAIN TIMES

The global economy will continue to operate amid a difficult environment in 2013. The government debt crisis will continue to cloud the economic outlook. However, the agreement reached in the budget dispute in the USA at the beginning of January and the positive changes in economic indicators suggest that there is a good chance for the world's economy to revive over the course of 2013 and the years beyond. Nevertheless, global GDP growth in 2013 will not be significantly greater than in 2012.

The euro zone has a weary journey out of recession ahead of it. The EMU government debt crisis, with the consequent need for budget consolidation, has thrown not just Greece but Spain and Italy into a severe recession. The measures taken by the European Central Bank (ECB) to buy up unlimited amounts of government bonds from distressed countries did help calm the world's financial markets, but the government debt crisis will continue to exert a heavy influence on business conditions in Europe in 2013. The Institute for the World Economy (IfW) in Kiel, Germany, along with the Deutsche Institut für Wirtschaftsforschung e. V. (German Economic Research Institute) and the OECD, initially expect a gradual strengthening of the uptrend, with slight growth, in the emerging markets. The euro zone will again have to contend with a decrease of 0.2 % in GDP. Aside from Spain and Italy, which will remain in recession, France will have to expect its economic output to stagnate. Germany as well is predicted to have only slight GDP growth of 0.3 %, compared to 0.7 % in 2012. The weak growth of about 5 % in the emerging economies in 2012 is the second-lowest figure in the past ten years. An increase of 5.5 % in GDP is expected in 2013. However, there is a risk that another intensification of the EMU government debt crisis might also adversely affect economic performance in the emerging markets.

2013 WILL BE DOMINATED BY RESTRUCTURING AT BENTELER AUTOMOTIVE

Market projections for vehicle production in 2013 assume that the world market will continue to grow. An average increase of 5 % per year is expected over the next five years. This development will continue to be strongly supported by growth in the Asian region. The market situation in Europe that already caused margin losses in 2012, especially in Southern Europe, is expected to continue stagnating or even go into recession.

Over the past ten years, the Automotive division has very ambitiously and successfully assisted its customers in achieving their globalization and technology objectives, investing in 28 new production sites in Asia, the Americas, Africa, and Europe. At the same time, Benteler Automotive expanded its lead in the field of lightweight construction and hybridization. However, the associated large capital investments and startup costs, a steady rise in pressure on margins in the automotive sector, the impact of the euro crisis in the European market that is so important to Benteler, and the increasing volatility in its sales markets, have made earnings less than satisfactory over the past few years. Although automotive production worldwide will continue to grow, most of the growth will be outside Europe. To keep earning

adequate returns in the future, the division has reviewed its procedures and launched a restructuring program. That program will be a dominant feature of 2013. The Company will also streamline its indirect and overhead structures and processes, eliminating a total of 1,800 jobs worldwide, 500 of them in Germany. Strategic partners are being sought for four plants around the world, two of them in Europe – outside Germany – and one each in North and South America. The necessary measures are expected to be completed by the end of 2013.

INTERNATIONALIZATION OF THE STEEL/TUBE DIVISION

As part of the growth strategy for Benteler Steel/Tube division, a study was conducted of which markets will be relevant to the division and its products in the future. The results give reason to expect increasing volumes and market potential in the exploration industry in the United States. For that reason, the Benteler Steel/Tube business unit will expand its presence in one of the world's most important growth markets in oil and gas exploration, by building a seamless tube plant in the USA. Shreveport, in northwest Louisiana, was announced as the future production site in October 2012. The first phase, according to current plans, calls for building a hot-rolling tube mill. Construction is scheduled to begin in mid-2013, with start of production in the second half of 2015. Construction of a steel mill is then planned for a second phase. The investment for the two plants together is around US\$900 million. In its final configuration, the site will employ 675 workers.

Benteler Steel/Tube products are used in oil and gas exploration worldwide, for transportation, and for processing in power plants, in the building and machine construction sectors, and in the automotive industry. But at present almost all market segments are suffering perceptible uncertainty about the short-term outlook.

In the OCTG (oil country tubular goods) segment, development in the North American market is especially relevant. Oil and gas are expected to still represent a significant share of the energy supply for the long term. However, tube consumption faces risks in 2013. The unexpectedly high yields from existing wells have resulted in an oversupply of natural gas. Natural gas prices have decreased considerably, making any further drilling unattractive at present. That has currently reduced tube consumption. However, the long-term outlook remains positive. According to projections by Spears & Associates, the slump in the number of rigs is only temporary. A CAGR of 2 % is expected for the period from 2012 to 2017.

In the heat transfer business, conditions in boiler construction remain almost unchanged from last year's projections. Projects for fossil-fueled power plants are expected to remain slow in 2013 in Europe and North America, in part because of the CO₂ issue. In Asia, by contrast, construction of new plants of this type will remain at a high level, and local production capacity for boiler tubes will continue to expand. However, competition there has changed, as Chinese providers penetrate even more vigorously into the market and the problems with utilization of capacity at almost every tube plant exert pressure on prices.

The Benteler Rothrist business unit depends significantly on developments in the automotive industry. The automotive market in the EU 27 region contracted sharply in the last six months of last year, and especially in the fourth quarter. At present there are no signs of a near-term turnaround in this negative trend. Consequently the Company expects volumes for 2013 to reflect roughly the same business conditions as in the second half of 2012.

Benteler Steel/Tube will expand its presence in one of the world's most important growth markets in oil and gas exploration, by building a seamless tube plant in the USA.

In the hydraulics, precision technology and construction business, the machine construction market segment, with an emphasis in agricultural and construction machinery, remains important, along with the construction industry. After the recovery of 2011, 2012 lagged well behind expectations. The agricultural and construction machinery business is expected to show slight growth in 2013 above the weak second half of 2012. During the first quarter, the reduction in distributors' inventories is likely to reach an end, so that new orders could rise to a level that reflects actual consumption. Prospectively, the markets in Russia, Turkey and India offer growth potential for the drill tube business as mineral resources are tapped there. In all, the Steel/Tube division expects slight growth over 2012 in 2013.

DISTRIBUTION DIVISION EXPECTS A SMALL UPTREND IN 2013

No major improvements are expected in the steel tube market for 2013, at least for the time being. The situation may ease somewhat by the second half at the earliest. But this will depend greatly on how quickly the European economy recovers from the government debt crisis. Only when market confidence can be reestablished can the demand for steel tubes also be expected to increase. In that case, positive developments are then foreseen primarily in the emerging economies, while there is no great optimism about a significant improvement in the European countries. If growth in the European markets does pick up, it will be due primarily to rising export figures, while demand in the market itself will change only insignificantly.

Increasing globalization among many customers will remain a key parameter for Benteler Distribution. For that reason, the factors for success are active working capital management, a flexible, internationally oriented supply chain, and solutions that cover the entire value chain and include services in both processing and technical consulting. With its portfolio of services, Benteler Distribution is well positioned to meet the challenges of 2013 – in part thanks to its presence in more than 30 countries. It can appropriately serve the needs of the machine construction, hydraulic cylinder and automotive sectors, as well as the building construction, healthcare, consumer goods and energy sectors, with a comprehensive portfolio and flexible servicing.

BENTELER GROUP WILL CONCENTRATE ON INCREASING PROFITABILITY IN 2013

The difficult economy and the restructuring of the Automotive division will represent significant encumbrances in 2013. For that reason, activities will focus on improving cost structures and enhancing profitability. The restructuring is expected to be complete by the end of the year. Significantly better profits are then expected again in 2014.

Because of this uncertain environment, the Five Year Plans at all of the Benteler Group's divisions focus equally on expanding their market position and enhancing profitability. Revenue is to increase to more than €11 billion by 2017. Every unit is expected to contribute to that growth. The divisional strategies developed under the guidance of the strategic holding company in Salzburg, Austria, remain valid. Thanks to its sound financing structure, the Benteler Group will still be able to take advantage of market opportunities as they arise. Despite all the imponderables of economic developments, the same conservative financing principles will apply as in the past: capital expenditures will still be financed from cash flow, the equity ratio is still to reach 30 %, and as a rule, gearing is not to exceed 50 %. In addition, noncurrent assets are to be financed with long-term funding.

The difficult economy
and the restructuring of
the Automotive division
will represent significant
encumbrances in 2013.

SUPPLEMENTARY REPORT

In January 2013 the staff of the Automotive division was notified of the planned restructuring measures. They were informed that a total of 1,800 jobs worldwide will be eliminated, 500 of them in Germany. Strategic alternatives are being worked out for four plants, two of them in Europe outside Germany, and one each in North and South America. The restructuring measures are expected to be complete by the end of 2013.

DISCLAIMER

This Management Report contains forward-looking statements about expected developments. These statements are based on current estimations and inherently involve risks and uncertainties. Actual events may differ from the statements presented here.

CONSOLIDATED FINANCIAL STATEMENTS

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ALTHOUGH REVENUE ROSE CONSIDERABLY, THE BENTELER GROUP
FACED A VARIETY OF CHALLENGES IN 2012. EARNINGS BEFORE
TAXES AGAIN FELL SHORT OF EXPECTATIONS. EXTENSIVE MEASURES
HAVE BEEN INITIATED TO IMPROVE PROFITABILITY.

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CONSOLIDATED INCOME STATEMENT (IFRSs)

FOR THE FISCAL YEAR FROM JANUARY 1, 2012 TO DECEMBER 31, 2012

	Note	2012 [T €]	2011 [T €]
Revenue	6	7,452,014	7,105,560
Changes in inventories and other own work capitalized		4,794	37,563
Total operating revenue		7,456,808	7,143,123
Other operating income	7	219,179	310,691
Cost of materials	6	-5,284,254	-5,121,794
Personnel expense	8	-1,330,858	-1,269,479
Depreciation and amortization expense	10	-209,325	-203,075
Other operating expenses	9	-696,865	-680,517
Gross operating income before restructuring		154,685	178,948
Restructuring	11	-32,672	0
Gross operating income after restructuring		122,013	178,948
Net finance expense	12	-59,271	-47,448
Income from associates		556	1,330
Profit/loss before tax		63,298	132,831
Income taxes	13	-22,309	-35,820
Profit for the period		40,989	97,011
Of which:			
Attributable to owners of parent		33,575	92,628
Non-controlling interests		7,414	4,383

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRSs)

FOR THE FISCAL YEAR FROM JANUARY 1, 2012 TO DECEMBER 31, 2012

	Note	2012 [T €]	2011 [T €]
Profit for the period		40,989	97,011
Other comprehensive income (after tax):	22		
Gains on exchange differences on translation for foreign operations		-20,232	-44
Gains (losses) on the measurement of cash flow hedges		8,187	-22,027
Actuarial gains (losses) on defined-benefit plans (net)		-51,282	3,132
		-63,327	-18,939
Total comprehensive income		-22,338	78,072
Of which:			
Attributable to owners of parent		-29,474	72,832
Non-controlling interests		7,136	5,240

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD ENDED DECEMBER 31, 2012 (IFRSs)

	Note	12/31/2012 [T €]	12/31/2011 [T €]
Intangible assets other than goodwill	14	78,754	102,855
Goodwill	14	6,461	6,477
Property, plant and equipment	15	1,467,934	1,267,288
Investments in associates	16	10,650	9,924
Deferred tax assets	17	106,345	63,416
Non-current income tax receivables		6,072	6,648
Other non-current receivables and assets	18	48,538	35,938
Non-current assets		1,724,754	1,492,546
Inventories	19	731,226	662,992
Trade receivables	20.1	843,790	851,281
Receivables from contract production	20.2	9,984	30,234
Current tax receivables		9,499	17,837
Other current receivables and assets	20.3	153,456	277,801
Cash and cash equivalents	21	346,675	307,510
Available-for-sale assets		0	1,742
Current assets		2,094,630	2,149,397
Total assets		3,819,384	3,641,943
Issued capital		200	200
Retained earnings		175,275	175,275
Other reserves		679,851	742,013
Equity attributable to owners of parent		855,326	917,488
Non-controlling interests		59,758	46,202
Total shareholders' equity	22	915,084	963,690
Capital represented by profit participation certificates	23	97,687	99,422
Non-current financial liabilities	26	770,611	704,336
Non-current income tax liabilities	17	24,359	30,986
Other non-current liabilities		66,552	97,639
Pension provisions	25	288,727	202,603
Other non-current provisions	24	79,305	61,347
Non-current liabilities		1,229,554	1,096,911
Current financial liabilities	26	198,961	152,271
Trade payables		897,987	883,936
Current income tax liabilities	27	11,660	10,755
Other current liabilities	28	343,553	322,796
Other current provisions	24	124,898	112,162
Current liabilities		1,577,059	1,481,920
Liabilities		2,806,613	2,578,831
Total shareholders' equity and liabilities		3,819,384	3,641,943

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRSs)

FOR THE FISCAL YEAR FROM JANUARY 1, 2012 TO DECEMBER 31, 2012

See also Note 32	2012 [T €]	2011 [T €]
CASH FLOWS FROM OPERATING ACTIVITIES		
Gross operating income after restructuring	122,013	178,948
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	231,997	203,075
Gains on the disposal of non-current assets	-989	2,303
Changes in non-current provisions	-17,124	-9,927
Other non-cash transactions	-31,738	1,033
Cash flow from profit	304,159	375,432
Changes in inventories	-64,130	-121,292
Changes in receivables	69,709	-138,361
Changes in liabilities	8,290	149,566
Changes in other provisions	12,737	-10,121
Changes in working capital	26,606	-120,208
Income taxes paid	-36,961	-48,124
Cash flows from operating activities	293,804	207,100
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for investments in intangible assets and property, plant and equipment	-434,039	-354,866
Capitalized development costs	-10,325	-30,886
Cash payments for investments in financial assets	-22,287	-124,779
Cash receipts for acquisitions of subsidiaries	18,886	0
Cash receipts from the disposal of intangible assets and property, plant and equipment	22,669	24,427
Cash receipts from the disposal of financial assets	120,487	0
Interest received	15,288	11,019
Dividends received	388	433
Cash flows from investing activities	-288,933	-474,652
CASH FLOWS FROM FINANCING ACTIVITIES		
Assumption/repayment of borrower's note loans	-6,737	243,876
Changes in liabilities to banks	117,224	117,893
Changes in other financial liabilities	10,920	-15,411
Cash receipts from non-controlling interests	10,536	2,950
Cash payments for the acquisition of non-controlling interests	0	-8,225
Interest paid	-63,317	-48,944
Dividends paid	-28,011	-21,693
Cash flows from financing activities	40,615	270,446
Cash flow	45,486	2,894
Effect of exchange rate changes on cash and cash equivalents	-6,320	2,578
Cash and cash equivalents at January 1	307,510	302,037
Cash and cash equivalents at December 31	346,676	307,510

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRSs)

FOR THE FISCAL YEAR FROM JANUARY 1, 2012 TO DECEMBER 31, 2012

See also Note 22

	Issued capital	Retained earnings		
			Foreign currency translation reserve	Cash flow hedge reserve
	[T €]	[T €]	[T €]	[T €]
Balance at January 1, 2011	200	175,275	-14,767	-488
Profit for the period				
Other income (after tax)			-901	-22,027
Capital increases				
Other changes				
Dividends paid				
Balance at December 31, 2011				
= January 1, 2012	200	175,275	-15,668	-22,515
Profit for the period				
Other income (after tax)			-19,954	8,187
Capital increases				
Other changes				
Dividends paid				
Balance at December 31, 2012	200	175,275	-35,622	-14,328

Other reserves			Equity attributable to owners of parent	Non-controlling interests	Total shareholders' equity
Reserve for actuarial gains/losses [T €]	Other [T €]	Total [T €]			
-36,608	747,090	695,227	870,702	45,803	916,505
	92,628	92,628	92,628	4,383	97,011
3,132		-19,796	-19,796	857	-18,939
		0	0	2,950	2,950
	-6,046	-6,046	-6,046	-6,098	-12,144
	-20,000	-20,000	-20,000	-1,693	-21,693
-33,476	813,672	742,013	917,488	46,202	963,690
	33,575	33,575	33,575	7,414	40,989
-51,282		-63,049	-63,049	-278	-63,327
		0	0	10,536	10,536
	-8,687	-8,687	-8,688	-105	-8,793
	-24,000	-24,000	-24,000	-4,011	-28,011
-84,758	814,560	679,851	855,326	59,758	915,084

GENERAL INFORMATION

[1] INFORMATION ABOUT THE COMPANY

Benteler International Aktiengesellschaft ("BIAG" or the "Company"; registered in the Austrian Companies Register of Salzburg Regional Court under FN 319670d, and having its registered office and principal place of business at Schillerstrasse 25–27, 5020 Salzburg, Austria) is the ultimate parent holding company of the Benteler Group, an international corporation with a history of more than 130 years. The Group does business in the following divisions:

- Automotive (94 locations, more than 22,758 (FTE) employees)
- Steel/Tube (22 locations, 3,424 (FTE) employees)
- Distribution (63 locations, 1,483 (FTE) employees)
- Other companies (342 (FTE) employees).

The Benteler Group's various divisions primarily engage in the following activities:

- Developing, producing and selling ready-to-install modules, components and systems made of metals and a wide range of other materials, together with producing and selling the associated tools;
- Developing, producing and selling machines, machine installations, tools, design engineering and similar products;
- Producing steel and developing, producing, machining and selling steel products, especially steel tubes;
- Trading in tubes, tube accessories, profiles, sheet metal and similar products.

The common stock (200,000 shares) of Benteler International Aktiengesellschaft is not listed on a regulated market or in over-the-counter trading, and is closely held by the family, half through Hubertus Benteler Ges.m.b.H., of Salzburg, Austria, and half through Dr. Ing. E. h. Helmut Benteler GmbH, of Paderborn, Germany.

[2] BASIS OF PREPARATION

In accordance with Section 245a (2) of the Austrian Corporations Code, the consolidated financial statements of Benteler International Aktiengesellschaft and its subsidiaries were prepared under International Financial Reporting Standards (IFRSs), taking due account of publications by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed in the European Union under Regulation No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards, and also in compliance with the additional requirements of Section 245a of the Austrian Corporations Code. Figures for prior years were calculated using the same principles.

The separate financial statements of the included entities were prepared as of the same reporting date as the consolidated financial statements.

The consolidated financial statements were prepared on the basis of historical cost, with the exception of derivative financial instruments and available-for-sale financial instruments, which are measured at fair value, and defined-benefit plan assets, which are measured as the net total of plan assets plus unrecognized past service costs and unrealized actuarial losses, less unrealized actuarial gains and the present value of the defined-benefit obligation.

The consolidated income statement was prepared using the nature of expense method.

The consolidated financial statements were prepared in euros. Unless indicated otherwise, all amounts are in thousands of euros (T €). System effects may cause amounts to differ from the unrounded amounts.

The Executive Board approved the consolidated financial statements and Group management report for the period ended December 31, 2012, on February 28, 2013, and released them for presentation to the Supervisory Board. The Supervisory Board is expected to approve the consolidated financial statements and Group management report at its regular meeting on May 3, 2013.

NEW ACCOUNTING STANDARDS

[3]

This section lists all standards and interpretations released by the IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) that were applied for the first time in the fiscal year under report here, or that must be applied in future periods.

Application of the following new standards and changes in existing standards was obligatory for the first time in fiscal 2012:

Standard	Interpretation	Application obligatory for fiscal years beginning on or after:	Endorsed by the EU as of December 31, 2012	Effects on Benteler Group
IAS 12	Deferred tax: Recovery of Underlying Assets	1/1/2012	Yes	Minor
IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters	7/1/2011	Yes	None
IFRS 7	Disclosures – Transfers of financial assets	7/1/2011	Yes	Minor

The following standards, interpretations and changes in existing standards have already been released by the IASB, but application was not yet obligatory for the present financial statements. The Company has decided not to apply them early.

Standard	Interpretation	Issued by IASB	Application obligatory for fiscal years beginning on or after:	Endorsed by the EU as of December 31, 2012	Effects on Benteler Group
IAS 1	Presentation of certain items of other comprehensive income	6/16/2011	7/1/2012	Yes	Change in presentation
IAS 19	Employee Benefits	6/16/2011	1/1/2013	Yes	Actuarial gains are already recognized in OCI, but there will be further changes
IAS 27	Separate Financial Statements	5/12/2011	1/1/2014	Yes	None
IAS 28	Investments in Associates	5/12/2011	1/1/2014	Yes	Minor
IAS 32	Offsetting of financial assets and financial liabilities	12/16/2011	1/1/2014	Yes	Minor
IFRS 1	Government loans	3/13/2012	1/1/2013	No	None
IFRS 7	Disclosures – Offsetting of financial assets and financial liabilities	12/16/2011	1/1/2013	Yes	Minor
IFRS 9	Financial instruments	11/12/2009	1/1/2015	No	Under review
IFRS 9, IFRS 7	Mandatory effective date and transition disclosures	12/16/2011	1/1/2015	No	Under review
IFRS 10	Consolidated Financial Statements	5/12/2011	1/1/2014	Yes	Under review
IFRS 11	Joint Arrangements	5/12/2011	1/1/2014	Yes	Under review
IFRS 12	Disclosure of Interests in Other Entities	5/12/2011	1/1/2014	Yes	Under review
IFRS 10, IFRS 11, IFRS 12	Consolidated Financial Statements, Joint Arrangements, Disclosure of Interests in Other Entities: Transition disclosures	6/28/2012	1/1/2014	No	Under review
IFRS 10, IFRS 12, IAS 27	Investment Entities	10/31/2012	1/1/2014	No	Under review
IFRS 13	Fair Value Measurement	5/12/2011	1/1/2013	Yes	Under review
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	10/19/2011	1/1/2013	Yes	None
Miscellaneous	IFRS Annual Improvements, 2009/2011 Cycle	5/17/2012	1/1/2013	No	Under review

Three new standards were published in May 2011 that deal with the presentation of the consolidated financial statements under IFRSs. IFRS 10 introduces a new standardized definition of control. The impact on the composition of the subsidiaries included in the consolidated financial statements is under review. IFRS 11 largely eliminated proportionate consolidation and replaced it with the equity method. Since the Benteler Group already applies the equity method, no material changes will result. IFRS 12 combines disclosures in the notes to the financial statements regarding consolidated and non-consolidated entities into a separate standard. The new standard will expand the scope of necessary disclosures.

The new IFRS 9 introduces extensive changes in the categorization and measurement of financial assets, impairment of financial assets, and rules for hedge accounting. Because the standard is still under revision, the impact on the Benteler Group cannot be reliably assessed at present. However, according to the current status of the project, application of IFRS 9 will not become obligatory until fiscal years beginning on or after January 1, 2015.

The elimination of the "corridor" method and the obligation to apply the OCI method, which are introduced by the changes in IAS 19, do not affect the Benteler Group because even prior to those changes the Group recognized all actuarial gains and losses in other comprehensive income for the period in which they occurred.

In calculating the net interest expense, the same interest rate will have to be applied in calculating expected returns on plan assets as in discounting defined-benefit obligations (the interest rate for prime-rated, fixed-yield bonds from industrial companies).

There will also be changes in the treatment of past service costs. In the future, the obligation must be recognized in full as a liability in the balance sheet even if it has not matured. Any expense or income must be recognized immediately in the income statement.

In addition, there will be changes in the disclosures in the notes to the financial statements regarding long-term benefits to employees.

IFRS 13 summarizes the requirements for calculating fair value, and thereby replaces the current rules stated in various IFRSs in this regard. With a few exceptions, IFRS 13 must be applied whenever a fair value measurement or a fair value disclosure in the Notes is required or permitted under any other standard. The Benteler Group is currently examining its fair value measurement methods.

The changes in IAS 1 will result in a change in presentation. Line items that are never recognized in profit or loss, such as actuarial gains and losses, will be presented separately from items that may be recognized in profit or loss in the future, such as gains and losses on cash flow hedges.

In addition, there are a number of further standards, amendments and interpretations that either are not relevant to the Group or have no influence whatsoever on the Group's profit or loss, assets or liabilities. These standards and interpretations will be applied once their application is obligatory in the EU (following endorsement).

[4] CONSOLIDATION

[4.1] Basis of consolidation

The consolidated financial statements include Benteler International Aktiengesellschaft and all significant **subsidiaries** in which Benteler International Aktiengesellschaft has the power to exercise a controlling influence, directly or indirectly (control relationship). As defined in IAS 27, control exists where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is generally presumed when the Group holds a majority of the voting rights (more than 50 %). Subsidiaries are fully consolidated in the consolidated financial statements as of the date when the power of control is obtained. Entities are deconsolidated as of the date on which the Group no longer holds this power.

Business combinations are recognized using the **acquisition method** under IFRS 3. In the initial consolidation, identifiable assets and liabilities are measured at fair value. A positive difference between the consideration transferred and the Group's share of the net fair value of the acquired assets and liabilities is recognized as goodwill. Any negative difference is recognized in profit or loss as of the acquisition date, if a review indicates that all assets acquired and liabilities assumed have been correctly identified and valued.

Non-controlling interests represent the share of earnings and net assets that is not attributable to the Group. Any profit or loss attributable to these interests is presented separately in the statement of comprehensive income from the share of profit or loss attributable to the owners of the parent company. In the balance sheet, non-controlling interests are recognized as a part of equity, separately from the equity attributable to the owners of the parent company. In cases where non-controlling interests hold put options, (synthetic) forwards or similar return privileges, the non-controlling interests' share of the company's net assets is recognized as a liability. Transactions (acquisitions and sales) entered into with non-controlling interests that do not result in a loss of control are recognized only in equity.

All intra-Group netted amounts (receivables, liabilities, provisions), transactions, income and expenses, as well as intercompany profits between consolidated companies, are eliminated in the preparation of the consolidated financial statements. Both unrealized losses and unrealized gains are eliminated, unless there are indications that an asset is impaired.

Associated entities – in other words, ownership interests in entities in which the Company can exercise a significant influence over financial and operating policy decisions, but cannot control them – are recognized and measured using the equity method. A significant influence is presumed when the Group directly or indirectly holds 20 % or more of voting rights.

For **joint ventures** – in other words, entities that are managed jointly on the basis of a contractual agreement among multiple parties regarding an economic activity – the Group exercises its option to report using the equity method.

In regard to interests held in a **joint operation** (in which there is no separate jointly managed entity, and no joint assets), only the assets under the Group's power of disposition and the debts incurred, expenditures made, and proportional income from the sale of goods and services from the joint operation are recognized.

Investments in entities whose impact on the Group's assets and liabilities, financial position and profit or loss is of minor significance, as well as **other investments** in which the Benteler Group does not exercise a significant influence, are recognized as a financial instrument in accordance with IAS 39.

Goodwill resulting from corporate acquisitions represents the amount by which the acquisition cost exceeds the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associate or joint venture at the acquisition date. It therefore represents the strategic added value of the corporate acquisition.

Goodwill that results from the acquisition of a subsidiary is recognized separately in the statement of financial position. Goodwill resulting from the acquisition of an associate or joint venture is included in the amortized carrying amount of the investment in the associate or joint venture. In the event of the sale of a subsidiary, associate or joint venture, the attributable portion of goodwill is taken into account in measuring the net gain or loss on disposal.

Goodwill is tested annually for impairment ("impairment test") unless indications of an impairment are found or events that indicate a possible impairment occur at some other date. For purposes of the impairment test, goodwill is attributed to the goodwill-holding cash-generating units that are expected to derive benefits from the synergies resulting from the business combination (see Note 5.6, Impairment).

Companies included in the consolidated financial statements

[4.2]

Overview

The number of subsidiaries included in the consolidated financial statements changed as follows in fiscal 2012:

	Germany	Other countries	Total
Companies fully consolidated at Dec. 31, 2011	7	130	137
First included in 2012	0	8	8
Removed in 2012	0	3	3
Companies fully consolidated at Dec. 31, 2012	7	135	142

The fully consolidated entities include special purpose entities (solely real estate companies), which are consolidated in accordance with IAS 27 and SIC 12, if these entities are controlled by Benteler Group companies, allowing for the economic content of the relationship to Benteler International Aktiengesellschaft.

Fourteen companies (prior year: 22) were not included in the consolidated financial statements, because of their minor importance for the Benteler Group's assets and liabilities, financial position, and profit or loss.

A complete list of the Group's shareholdings is included as an appendix to these notes (list of shareholdings).

Corporate acquisitions in fiscal 2012

One company was acquired in fiscal 2012.

As of July 1, 2012, the Benteler Group acquired all shares of Farsund Aluminium Casting AS (FAC) in Norway. FAC operates in the automotive industry.

FAC was acquired with the aim of enabling the Group to produce low-pressure permanent-mold castings for the automotive sector.

The purchase price was NOK 1.

The present values of the principal assets and liabilities resulting from the purchase price allocation are as follows:

ASSETS AND LIABILITIES FROM PURCHASE PRICE ALLOCATION	[T €]
Property, plant and equipment	9,523
Intangible assets	24,064
Receivables	26,500
Cash and cash equivalents	18,886
Other assets	4,295
Deferred tax liabilities	6,947
Provisions	37,655
Other liabilities	12,923
Difference (gain on business combination)	25,743

The difference was recognized under other operating income in the consolidated income statement.

Total comprehensive income includes € –5,696 thousand for the net result on the period from the additional business generated by the acquired company.

The Group's revenue for this period includes €13,581 thousand from the acquired company.

[5] ACCOUNTING POLICIES

The significant accounting policies used in preparing these consolidated financial statements are described below. The following accounting policies were applied uniformly throughout the Group for all presented reporting periods.

[5.1] Foreign currency translation

Translation to the functional currency (transaction difference)

In the separate financial statements of a consolidated company that are prepared in local currency, receivables and cash in foreign currencies and liabilities owed in foreign currencies are translated at the rate as of the end of the reporting period. The resulting foreign currency translation gains and losses are recognized in the income statement as a part of the other net finance income or expense.

Translation to the reporting currency (translation difference)

The annual financial statements of foreign Group companies whose functional currency is not the euro are translated to the Group's reporting currency, the euro, applying the concept of a functional currency. In general, the functional currency of foreign Group countries is their local national currency. One exception is Benteler Distribution Hungary Kft., of Budapest, Hungary, which reports in the euro as its functional currency.

Assets and liabilities of the foreign Group company are translated at the exchange rate prevailing at the end of the reporting period. Equity is recognized at historical rates. Expenses and income are translated to euros at the weighted average exchange rate for the period concerned. Foreign currency translation differences are recognized in equity, as net gains or losses outside profit or loss. A foreign currency translation difference recognized in equity is not recognized in profit or loss until the associated corporate unit is deconsolidated.

The following exchange rates were used in translating the currencies that are of primary significance for the Benteler Group:

	Average exchange rate		Exchange rate at end of period	
	2012	2011	12/31/2012	12/31/2011
CHF	1.20	1.23	1.20	1.21
CNY	8.14	9.02	8.21	8.14
CZK	25.13	24.60	25.12	25.82
GBP	0.81	0.87	0.81	0.83
MXN	16.94	17.43	17.20	18.07
NOK	7.46	7.79	7.36	7.77
SEK	8.68	9.01	8.58	8.91
USD	1.29	1.39	1.31	1.29

Recognition of income and expenses

[5.2]

The proceeds from the sale of products, goods and services are recognized when the owed goods or services have been provided, the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be measured reliably, and it is probable that the amount will be paid. Moreover, the Benteler Group can retain no residual right of disposal such as is commonly associated with ownership, nor an effective right of disposal over the sold assets. Revenue is recognized less such reductions as discounts, customer loyalty bonuses and rebates.

Series production contracts fulfilled within Benteler Automotive are contracts that cover multiple elements (known as "multi-component contracts"). Revenue for these contracts is not recognized until series production begins.

Operating expenses are recognized in profit or loss when the service is utilized or risk for the goods is transferred.

For long-term contracts, revenue is recognized using the percentage of completion method. From fiscal 2012 onward, revenue recognition using the percentage of completion method (IAS 11) will be applied only for Benteler Mechanical Engineering and for Engineering.

The percentage of completion is determined from the ratio of the contract costs incurred up to the end of the reporting period relative to the total estimated contract costs as of the end of the reporting period. If a period of more than one year is needed to complete a production order, the contract costs also include directly attributable borrowing costs. Production contracts are measured according to the contract costs incurred up to the end of the reporting period, plus the proportion of profit resulting from the achieved percentage of completion. These revenues, less advance payments received, are recognized in the statement of financial position as part of receivables from contract production. Changes in orders, additions, or performance bonuses are taken into account if they will probably result in revenue in an amount that can be estimated reliably. If the net result from a production order cannot be estimated reliably, the probable achievable revenue is recognized up to the amount of the incurred costs. Contract costs are recognized as expenses for the period in which they are incurred. If it is foreseeable that the total contract costs will exceed the contract revenue, the expected loss is recognized immediately as an expense.

Interest is recognized as an expense or income on an accrual basis, using the effective interest method. Dividend income from capital investments is recognized when the legal entitlement to payment arises.

[5.3] Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Grants related to capital expenditures (grants toward assets) are recognized as deferred income in the balance sheet and are progressively recognized in income over the useful life of the asset. Grants not related to capital expenditures (grants toward expenses) are recognized in profit or loss, and are offset in the periods in which the expenses that are to be compensated by the grants are incurred.

[5.4] Intangible assets

Intangible assets acquired separately are recognized at cost. Borrowing costs directly attributable to the acquisition or production of an asset have been capitalized as part of the cost, if a period of more than one year is needed for the acquisition or production of the asset in order to bring the asset into condition for its intended use or sale. Intangible assets are amortized over their useful life.

Internally generated intangible assets are recognized in the amount of their capitalizable development costs if an unambiguous allocation of expenses is possible and after both technical and commercial feasibility have been established. Here the Benteler Group particularly distinguishes between development for customers and development not performed for customers. Development activity must furthermore have a sufficient probability of future economic benefits, which are derived from the applicable business plan. The capitalized costs include direct personnel expenses, as well as directly attributable overheads and cost of materials, if these serve to prepare for the use of the asset.

Research and development expenses are recognized in profit or loss when incurred, unless they are to be capitalized under IAS 38.

The reporting guideline on capitalizing development costs was revised in 2012. In accordance with that change, internally generated development work that can be used for multiple customers may be capitalized, but customer-specific development work ("customer applications") is recognized as an expense.

Amortization of intangible assets is based on the following useful lives (figures refer to the useful lives used in both periods), and is applied on a straight-line basis:

	Useful life in years
Concessions, intellectual property rights	3–15
Capitalized development costs	3–7
Software	3–5
Other intangible assets	3–5

Except for goodwill, intangible assets are regularly derecognized from assets at their gross value when they are fully amortized.

Property, plant and equipment

[5.5]

Property, plant and equipment is measured at cost, less cumulative depreciation – where the item is subject to wear and tear – and cumulative impairment charges.

The acquisition cost of an item of property, plant and equipment includes the purchase price and all directly attributable costs necessary to bring the asset to working condition for its intended use. Rebates, bonuses and discounts are deducted from the purchase price. The cost of internally generated equipment includes all costs that are directly attributable to the production process, together with a reasonable share of production-related overheads and depreciation. Repair and maintenance costs that do not generate additional economic benefits are not included in production costs.

If an asset is made up of multiple components with different useful lives, each part of the asset having a significant acquisition value is depreciated separately in proportion to the total value of the item.

Depreciation of property, plant and equipment is recognized straight-line over the economic useful life, using the useful lives below as a basis. Land is not depreciated.

	Useful life in years
Business and production buildings	13–50
Outdoor installations	5–50
Technical equipment and machinery	4–21
Office and other equipment	3–15

Impairment

[5.6]

Intangible assets and property, plant and equipment with an identifiable useful life are reviewed at the end of each reporting period, in accordance with IAS 36, to determine whether there are indications of possible impairment – for example, if exceptional events or market developments indicate a possible loss of value. If such indications are present, the recoverable amount of the asset is determined. The recoverable amount is defined as the higher of an asset's fair value less costs to sell and its value in use.

If the fair value less costs to sell cannot be determined, or if it is lower than the carrying amount, the value in use is calculated. In calculating the value in use by discounting the future expected cash flows at a risk-adequate after-tax interest rate, the current and future cash flows are taken into account, together with technological, economic and general development trends, on the basis of approved and adjusted financial plans.

If the carrying amount exceeds the recoverable amount of the asset, an impairment loss is recognized in profit or loss, for the amount by which the carrying amount exceeds the recoverable amount. For the impairment test, assets are combined at the lowest level for which separate cash flows can be identified. If the cash flows for an asset cannot be identified separately, the impairment test is performed on the basis of the cash generating unit to which the asset belongs.

Assets are written up to the new recoverable amount if the reasons for impairment in previous years no longer apply. The upper limit for reversals of impairment losses is the amortized cost that would have resulted if no impairment had been recognized in previous years.

Irrespectively of whether there are indications of potential impairment, intangible assets with an indefinite life, as well as goodwill, are tested annually for impairment. Indications of potential impairment exist if the carrying amount is greater than the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Goodwill is attributable primarily to the Steel/Tube Division. The recoverable amount is calculated using the discounted cash flow method. Cash flows for the next five years are determined on the basis of company planning. The discount factor (WACC) is 7.0 % (prior year: 7.0 %); the perpetual annuity applies a long-term growth rate of 1.0 % (prior year: 1.5 %).

If the recoverable amount is less than the carrying amount of an asset, an impairment is recognized in profit or loss in accordance with IAS 36. A need for impairment greater than the value of the goodwill is recognized against the other assets of the cash-generating unit. The amount is distributed on the basis of carrying amounts.

[5.7] Investments in associates

At the acquisition date, the difference between the cost of acquisition and the Group's share of equity is recognized as goodwill and included in the carrying amount of financial investments accounted for using the equity method. If the cost of acquisition is less than the fair value of the Group's share of the associate's net assets as of the acquisition date, the negative difference is recognized in profit or loss.

Investments in associates are recognized proportionately to the share of equity held, unless there is impairment. For this purpose, the shares of net profit or loss and components of other comprehensive income are included.

If the recoverable amount is less than the carrying amount of investments in an associate, the carrying amount of the investment is written down to the recoverable amount. The recoverable amount is defined as the higher of the value in use and the fair value less costs to sell. The impairment is recognized in the consolidated income statement as part of the line item for income from associates.

[5.8] Borrowing costs

If qualifying intangible assets or items of property, plant or equipment take a rather extended period to produce, the borrowing costs directly attributable to the assets until their completion are capitalized as part of the production cost, in accordance with IAS 23. Borrowing costs are capitalized until the time when the assets are ready for their intended use, and are amortized over the economic useful life. All other and recurring borrowing costs are recognized in profit or loss as part of the financial expense in the period in which they are incurred.

Inventories

[5.9]

Inventories are normally stated at the lower of cost or net realizable value. The net realizable value represents the estimated selling price of the end product on normal market terms, less all estimated costs of completion and the estimated costs necessary to make the sale. Recognizable inventory risks are accounted for with appropriate write-downs.

The cost of inventories is determined using the average method, and includes the cost of acquisition and the costs incurred to bring the inventories to their current location and current status. Production costs include cost of materials, individual production costs, other individual costs, and attributable production-related overheads. Overheads are distributed on the basis of a normal utilization of capacity.

Deferred tax

[5.10]

Deferred tax assets and liabilities are recognized, using the asset and liability method, on all temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and those in the balance sheet that provides the tax base, and also on consolidation measures that affect profit or loss at the Group level. In addition, deferred tax assets for tax loss carry-forwards are recognized if it is probable that taxable profits will be available against which the assets can be utilized, and it appears sufficiently certain that the loss carry-forwards can in fact be used.

Deferred income tax assets and liabilities are measured at the tax rates and using the tax rules that are expected to apply in the period in which the liability is settled or the asset realized, based on the current status of the law.

Financial instruments

[5.11]

In accordance with IAS 39, and depending on their classification, financial assets are recognized either at (amortized) cost or at fair value.

Interests in unconsolidated entities, as well as securities, belong to the category of "available for sale financial assets." They are measured at fair value at their initial recognition. If the fair values can be determined reliably, they are applied. Fluctuations in the value of financial assets in the "available for sale" category are recognized outside profit or loss in other comprehensive income, taking deferred taxes into account. Amounts recognized outside profit or loss are not included in the profit or loss for the period until the time of their disposal, or in the event of an impairment of the financial assets concerned.

Trade receivables, loans granted, and other receivables and assets are categorized as "loans and receivables" and are recognized at amortized cost, using the effective interest method where applicable. If collection is in doubt, the receivables are recognized at their lower realizable amount.

The Benteler Group makes no use of the "financial investments held to maturity" category at present.

Liabilities to banks, other loan liabilities and trade payables, as well as other liabilities, are recognized in the "financial liabilities at amortized cost" category, at their amortized cost, using the effective interest method where applicable.

All financial assets and liabilities are measured at their settlement date. Financial assets and liabilities are derecognized when the rights to payment under the investment are extinguished or transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

The Benteler Group normally uses derivative financial instruments only for risk reduction, especially for reducing interest rate risks, foreign currency risks and commodity price risks. Derivatives are recognized as of the trade date. All derivative financial instruments are recognized at fair value, in accordance with IAS 39.

The Benteler Group applies the rules for hedging relationships under IAS 39 (Hedge Accounting) to hedge future cash flows if significant fluctuations in value are expected from the derivatives. Gains or losses on derivative financial instruments for which cash flow hedges were possible are recognized outside profit or loss, in other comprehensive income, as of the date of realization of the underlying transaction. Any changes in profits resulting from the ineffectiveness of these derivative financial instruments are recognized in profit or loss in the income statement.

For further information, see Notes 30 and 31 on financial instruments.

[5.12] Cash and cash equivalents

Cash and cash equivalents include cash, sight deposits and other short-term, highly liquid financial assets that are exposed only insignificantly to the risk of fluctuations in value, and have an original maturity of not more than three months.

[5.13] Employee Benefits

The Benteler Group makes pension commitments in various forms to employees in Germany. In all other countries, the Benteler Group pays into social-security pension funds as required by law (government plans) for some of its employees. Alternatively, company retirement benefits are ensured by way of a group foundation funded by the employees of member companies.

Post-employment benefit plans are classified as either defined-contribution plans or defined-benefit plans, depending on their economic content, which derives from the underlying terms and requirements for the plan's benefits.

For defined-benefit retirement plans, the pension expense is calculated using the actuarial projected unit credit method provided under IAS 19. For this purpose, the pension payments to be made at the time when benefits become payable, taking dynamic parameters into account, are distributed over the employees' service time, also allowing for future adjustments in income and pensions. The pension obligations are calculated as the present value of the benefit obligation to employees, minus the fair value of plan assets, plus any unrecognized past service costs.

Actuarial gains and losses are recognized in full outside profit or loss, in other comprehensive income, and are shown in the consolidated statement of comprehensive income. Payments for defined-contribution plans, on the other hand, are recognized as expenses as they become payable.

If a fund asset set up to refinance pension obligations and similar liabilities exceeds those liabilities, the surplus is capitalized only to a limited degree. If payment obligations in connection with fund assets exist under minimum endowment rules for benefits already earned, an additional provision may be recognized if the economic benefit to the Company from a funding surplus, after allowing for minimum endowments still to be paid in, is limited. The limitation is determined by any still unrecognized service costs from retroactive plan changes, together with the present value of future refunds from the plan, or of reductions in future contributions.

The service cost for pensions and similar obligations is recognized as a personnel expense. The interest expense included in the net pension expense and the expected investment income from the fund assets are included within the net finance expense in the consolidated income statement.

Severance is paid if an employee is dismissed before regular retirement age, or voluntarily leaves employment in return for a severance payment. Severance payments are recognized when the Group has entered into a legally binding obligation. Benefits payable more than twelve months after the end of the reporting period are discounted to their present value.

Provisions

[5.14]

Other provisions are recognized when a past event results in a present legal or constructive obligation to third parties that will probably result in a future cash outflow whose amount can be estimated reliably. These are measured as a best estimate of the amount of the obligation at the end of the reporting period.

Provisions with a remaining term of more than one year are measured at their discounted settlement amount. Increases in provisions as a result of accruing interest are recognized as part of the net finance result. Expected future cash flows are discounted using a pretax interest rate that reflects current market expectations regarding the effect of interest rates. The employed interest rates are determined specifically for each country and maturity. For the year under report they ranged from 2.82 % to 4.73 % (prior year: 3.98 %–5.45 %).

Provisions for impending losses from onerous contracts are recognized if the expected benefit of the underlying contract is less than the unavoidable costs of meeting the obligations.

Warranty and guarantee obligations may arise by virtue of law or contract, or as a gesture of goodwill. Performance on these obligations may in particular be expected if the warranty period has not expired, if warranty expenses have been incurred in the past, or if a specific case is currently emerging. The provision is recognized at the time when the underlying products are sold or the service is provided. Initial recognition is based on individual estimates and values from past experience.

Leasing

[5.15]

Leases that transfer substantially all the risks and rewards of ownership of the leased property to the Benteler Group, as the lessee, are classified as finance leases. In this case the leased property is capitalized at the present value of the minimum lease payments, or its lower fair value, at the commencement of the lease, and a financial debt is recognized at the same time.

If a transfer of ownership after the expiration of the lease is not sufficiently certain, the asset is depreciated on a straight-line basis over the lease term, if that term is shorter than the expected useful life. Otherwise the asset is depreciated on a straight-line basis over its expected useful life.

Assets leased under operating leases are not recognized in the consolidated statement of financial position. The payments made in this regard are recognized as an expense on a straight-line basis over the term of the lease.

[5.16] Assumptions and estimates

In preparing the consolidated financial statements, certain assumptions and estimates must be made that affect the amount and recognition of assets and liabilities, income and expenses, and contingent liabilities.

The assumptions and estimates refer primarily to the uniform determination within the Group of the economic useful lives of intangible assets and property, plant and equipment, estimates of percentages of completion for long-term production, the circumstances under which development expenses can be capitalized, the criteria for recognizing finance leases, the realization of receivables, measurement of inventory, the recognition and measurement of pension provisions and other provisions, and the possibility of using tax loss carry-forwards. The assumptions and estimates are based on the knowledge available as of the preparation date of the separate and consolidated financial statements.

Unforeseeable developments outside management's control may cause actual amounts to differ from the original estimates. In that case the underlying assumptions, and if necessary the carrying amounts of the pertinent assets and liabilities, will be adjusted accordingly. Changes are recognized in the period in which they occur, and also in later periods if the changes affect both the reporting period and subsequent ones.

The following entries in these Notes provide further explanations about those balance sheet items for which estimates and/or discretionary decisions have a significant effect on measurements in the consolidated financial statements:

- Determination of useful lives and impairment
(Note 5.4, Intangible assets, Note 5.5, Property, plant and equipment, and Note 5.6, Impairment)
- Recognition and measurement of deferred taxes (Note 17, Deferred tax assets and liabilities)
- Measurement of inventories (Note 5.9, Inventories)
- Doubtful debt allowances on receivables (Note 20, Receivables)
- Measurement of defined-benefit obligations
(Note 25, Provisions for pension plans and similar commitments)
- Recognition and measurement of provisions (Note 24, Provisions)

NOTES TO THE CONSOLIDATED INCOME STATEMENT

REVENUE AND COST OF MATERIALS

[6]

The Benteler Group's revenue breaks down as follows:

	2012 [T €]	2011 [T €]
Sale of goods	7,433,065	7,039,636
Construction contracts	9,955	36,753
Other	8,994	29,171
Total	7,452,014	7,105,560

Business operations result in the following expenses for cost of materials and purchased services:

	2012 [T €]	2011 [T €]
Cost of raw materials, supplies, and purchased goods	5,047,345	4,938,987
Cost of purchased services	236,909	182,806
Total	5,284,254	5,121,794

OTHER OPERATING INCOME

[7]

	2012 [T €]	2011 [T €]
Insurance claims	60,417	178,061
Foreign exchange gains	31,959	50,804
Gains from business combinations	25,743	0
Income from the reversal of provisions	14,054	13,921
Income from the disposal of property, plant and equipment	6,198	2,828
Government grants	4,695	1,341
Income from the reversal of impairment charges	3,356	2,507
Other	72,757	61,230
Total	219,179	310,691

Among the insurance claims, €51 million was for the Dinslaken, Germany plant fire (Benteler Steel/Tube), as compensation for the interruption of business.

[8] PERSONNEL EXPENSE

	2012 [T €]	2011 [T €]
Wages and salaries	1,087,645	1,010,403
Social security expenses	243,213	259,076
Total	1,330,858	1,269,479

[9] OTHER OPERATING EXPENSES

	2012 [T €]	2011 [T €]
Repairs and maintenance (not including IT)	165,247	152,265
Shipping charges	118,521	104,243
Other operating costs	64,063	68,978
Leases of real estate/movable goods	63,767	55,992
Selling costs and travel expenses	42,542	40,721
IT costs/communications/monetary transactions	41,605	38,433
Foreign exchange losses	30,586	45,384
Legal, auditing and consulting expenses	23,882	30,416
Non-recurring operating expenses	19,426	10,100
Insurance expenses	18,906	17,389
Operating taxes	12,198	14,580
Impairments of receivables	12,206	8,073
Losses on disposal of assets	5,209	5,131
Other expenses	78,707	88,812
Total	696,865	680,517

Lease expenses primarily pertain to the vehicles, utility vehicles and IT equipment leased for business operations, together with business land or buildings that are not owned by the Benteler Group.

The other operating expense includes such charges as donations and dues, portions of research expenses, depreciation and amortization of current assets, and expenses paid to associated, unconsolidated entities.

DEPRECIATION AND AMORTIZATION EXPENSE**[10]**

	2012 [T €]	2011 [T €]
Amortization of intangible assets	21,401	31,476
Depreciation of property, plant and equipment	186,288	169,808
Impairment	2,026	3,098
Recoveries	-390	-1,306
Total	209,325	203,075

Impairment charges of €22,672 thousand pertain to restructuring expenses and are reported separately (see Note 11, Restructuring).

RESTRUCTURING**[11]**

	2012 [T €]	2011 [T €]
Impairment	22,672	0
Onerous contracts	10,000	0
Total	32,672	0

For further details see Note 37, Events after the reporting period.

NET FINANCE EXPENSE**[12]**

	2012 [T €]	2011 [T €]
Income from derivative financial instruments	5,263	5,389
Interest income from loans and other financial investments	4,569	823
Foreign currency translation income	3,798	0
Interest income from bank accounts	1,659	9,189
Accrued interest on provisions	25	98
Finance income	15,313	15,500
	2012 [T €]	2011 [T €]
Interest expense for financial liabilities	41,554	42,564
Expenses from derivative financial instruments	7,927	3,597
Interest expense for pension obligations	10,193	8,593
Profit participation certificate expenses	7,356	7,125
Foreign currency translation loss	3,981	0
Accrued interest on provisions	1,630	1,028
Other finance expenses	1,942	40
Finance expenses	74,583	62,947

[13] INCOME TAXES

	2012 [T €]	2011 [T €]
Current tax expense	46,759	38,484
of which: pertaining to the current year	48,184	36,455
of which: for previous periods	-1,425	2,029
Deferred tax expense/income	-24,450	-2,664
Total tax expense/income	22,309	35,820

The following table shows a reconciliation between the expected and actual recognized tax expense. To calculate the expected tax expense, the profit before tax is multiplied by a weighted average tax rate of 30 % (prior year: 30 %).

	2012 [T €]	2011 [T €]
Profit for the period before tax under IFRSs	63,298	132,831
Group income tax rate (%)	30 %	30 %
Expected tax expense/income for year	18,990	39,850
Effect of changes in tax rates	-2,427	-2,109
Effect of differences in tax rates	-2,006	-3,728
Effect of income that is exempt from taxation and other deductions	-932	-2,381
Effect of non-tax-deductible operating expenses and other additions	3,252	3,706
Effect of taxes from previous years recognized during the year	1,660	263
Effect of income taxes not creditable toward income tax (withholding tax and foreign taxes)	2,868	514
Effect of impairments/adjustments	-599	-2,086
Other effects	1,503	1,791
Total tax expense (+)/tax income (-)	22,309	35,820

NOTES TO THE CONSOLIDATED BALANCE SHEET

INTANGIBLE ASSETS

[14]

Research expenses, amortization of capitalized development costs, and non-capitalized development costs are recognized as expenses.

	2012 [T €]	2011 [T €]
Research and development costs (total)	107,566	106,817
Capitalized development costs	-10,325	-30,886
Amortization and impairment of capitalized development costs	15,520	28,792
Research and development costs recognized in the consolidated income statement	112,761	104,723
Capitalization level (in %)*	9.6 %	28.9 %

* Capitalized development costs as a percentage of total research and development costs (before capitalization)

The reduction in capitalized development costs is the result of a revised approach to capitalizing development costs (see Note 5.4).

Research and development costs consist primarily of personnel expenses and cost of materials. The Benteler Group has about 1,200 employees in research and development, at 32 locations in 18 countries. Research and development activities concentrate particularly on lightweight construction, through the development, design and production of composite structural parts and aluminum components. At the Steel/Tube Division, the emphasis is on developing the properties and behavior of materials. At the Automotive division, the research and development emphasis is on safety, efficiency and lightweight construction, in a context of product and process development.

Concessions, industrial property rights, similar rights and assets and licenses to such rights and assets pertain primarily to expenses payable to third parties in connection with the purchase of user software.

The existing goodwill pertains primarily to Rohstoffhandelsgesellschaft Günther Voth GmbH, of Paderborn, Germany, a commodities trading company that was formerly recognized as an associate but was fully consolidated for the first time in fiscal 2010.

Intangible assets include intangible assets with restricted ownership rights, for a carrying amount of €365 thousand. In all, no intangible assets are pledged as collateral.

As in previous years, capitalized development costs include no borrowing costs. At the reporting date, there were contractual obligations to acquire intangible assets in the amount of €3,116 thousand (prior year: €604 thousand).

Intangible assets changed as follows:

	Concessions, industrial property rights, similar rights and assets, and licenses to such rights and assets [T €]	Goodwill [T €]	Advance payments made [T €]	Capitalized development costs [T €]	Total [T €]
COSTS					
Balance at January 1, 2012	92,066	10,889	145	206,548	309,648
Additions	4,731	0	551	10,325	15,607
Acquisitions of companies	24,064	0	0	0	24,064
Reclassifications	1,990	0	-71	-1,214	706
Disposals	-45,227	0	-12	-1,785	-47,024
Foreign currency exchange differences	-579	111	-5	-464	-937
Balance at December 31, 2012	77,045	11,000	609	213,410	302,063
AMORTIZATION					
Balance at January 1, 2012	44,080	4,411	0	151,824	200,316
Current amortization	6,326	0	0	15,075	21,401
Impairment	0	16	0	445	461
Recoveries	0	0	0	0	0
Reclassifications	450	0	0	-450	0
Disposals	-4,036	0	0	-746	-4,781
Foreign currency exchange differences	-454	111	0	-206	-549
Balance at December 31, 2012	46,366	4,539	0	165,943	216,847
CARRYING AMOUNT					
Balance at January 1, 2012	47,986	6,477	145	54,723	109,332
Balance at December 31, 2012	30,679	6,461	609	47,467	85,216
of which: from finance leases	0	0	0	0	0

	Concessions, industrial property rights, similar rights and assets, and licenses to such rights and assets [T €]	Goodwill [T €]	Advance payments made [T €]	Capitalized development costs [T €]	Total [T €]
COSTS					
Balance at January 1, 2011	95,939	11,697	173	174,664	282,473
Additions	2,392	0	121	30,886	33,399
Acquisitions of companies	0	0	0	0	0
Reclassifications	-3,036	-687	-113	3,808	-28
Disposals	-2,658	-140	-20	-2,471	-5,288
Foreign currency exchange differences	-571	18	-16	-339	-908
Balance at December 31, 2011	92,066	10,889	145	206,548	309,648
AMORTIZATION					
Balance at January 1, 2011	42,620	4,478	0	125,051	172,148
Current amortization	4,079	16	0	27,380	31,476
Impairment	0	39	0	1,465	1,504
Recoveries	-3	0	0	-53	-56
Reclassifications	271	0	0	-271	0
Disposals	-2,425	-140	0	-1,647	-4,212
Foreign currency exchange differences	-462	18	0	-101	-545
Balance at December 31, 2011	44,080	4,411	0	151,824	200,316
CARRYING AMOUNT					
Balance at January 1, 2011	53,320	7,219	173	49,613	110,325
Balance at December 31, 2011	47,986	6,477	145	54,723	109,332
of which: from finance leases	0	0	0	0	0

[15] PROPERTY, PLANT AND EQUIPMENT

	Land and buildings [T €]	Technical equipment and machinery [T €]	Other equipment [T €]	Advance payments and construction in progress [T €]	Total [T €]
COSTS					
Balance at January 1, 2012	651,991	2,379,370	339,378	189,010	3,559,749
Additions	20,801	145,131	32,378	230,447	428,757
Acquisitions of companies	0	9,523	0	0	9,523
Reclassifications	26,522	90,823	46,303	-164,354	-706
Classification as held for sale	0	0	0	0	0
Disposals	-2,269	-63,936	-21,765	-10,388	-98,358
Foreign currency exchange differences	-105	-4,433	-1,574	-1,512	-7,624
Balance at December 31, 2012	696,940	2,556,478	394,720	243,203	3,891,342
DEPRECIATION					
Balance at January 1, 2012	331,813	1,711,274	249,374	0	2,292,461
Current depreciation	19,179	139,523	27,585	0	186,288
Impairment	843	23,382	13	0	24,237
Recoveries	-88	-178	-124	0	-390
Reclassifications	896	-16,493	15,597	0	0
Classification as held for sale	0	0	0	0	0
Disposals	-2,114	-55,296	-20,507	0	-77,917
Foreign currency exchange differences	812	-1,346	-738	0	-1,272
Balance at December 31, 2012	351,341	1,800,867	271,199	0	2,423,407
CARRYING AMOUNT					
Balance at January 1, 2012	320,179	668,096	90,003	189,010	1,267,288
Balance at December 31, 2012	345,599	755,612	123,521	243,203	1,467,934
of which: from finance leases	9,888	4,846	3,831	0	18,564

	Land and buildings [T €]	Technical equipment and machinery [T €]	Other equipment [T €]	Advance payments and construction in progress [T €]	Total [T €]
COSTS					
Balance at January 1, 2011	643,233	2,240,412	319,513	122,857	3,326,016
Additions	19,227	151,428	32,150	149,547	352,353
Acquisitions of companies	0	0	0	0	0
Reclassifications	4,528	60,652	3,065	-68,218	28
Classification as held for sale	-2,024	0	0	0	-2,024
Disposals	-13,230	-67,950	-15,145	-14,228	-110,553
Foreign currency exchange differences	258	-5,173	-206	-949	-6,071
Balance at December 31, 2011	651,991	2,379,370	339,378	189,009	3,559,749
DEPRECIATION					
Balance at January 1, 2011	318,103	1,635,532	240,902	0	2,194,538
Current depreciation	17,751	129,561	22,496	0	169,808
Impairment	296	1,288	10	0	1,594
Recoveries	-1	-211	-1,038	0	-1,250
Reclassifications	796	-2,475	1,679	0	0
Classification as held for sale	-282	0	0	0	-283
Disposals	-5,763	-50,437	-14,471	0	-70,672
Foreign currency exchange differences	912	-1,983	-203	0	-1,274
Balance at December 31, 2011	331,813	1,711,274	249,374	0	2,292,461
CARRYING AMOUNT					
Balance at January 1, 2011	325,130	604,880	78,611	122,857	1,131,478
Balance at December 31, 2011	320,179	668,096	90,004	189,009	1,267,288
of which: from finance leases	15,569	4,806	3,821	0	24,197

Borrowing costs of €16,036 thousand (after deduction of investment income) were capitalized for 2012 (prior year: €5,035 thousand). Interest rates between 2.12 % and 4.41 % (prior year: 4.0 %–5.6 %) were applied for this purpose.

Property, plant and equipment include items with restricted ownership rights, for a carrying amount of €5,626 thousand (prior year: €10,990 thousand). Property, plant and equipment for a total of €1,641 thousand is pledged as collateral (prior year: €988 thousand).

As of the end of the period, contractual obligations to acquire property, plant and equipment came to €88,940 thousand (prior year: €104,273 thousand).

Leases

The Benteler Group is the lessee under various leases. The leases pertain to rent for buildings and for technical equipment and machines.

Future minimum lease payments under non-terminable operating leases are as follows for the various periods:

	12/31/2012 [T €]	12/31/2011 [T €]
Future minimum lease payments due within one year	36,026	27,649
due in 1 to 5 years	93,838	85,289
due after 5 years	39,168	38,717
Total	169,032	151,654

Future minimum lease payments under non-terminable finance leases are as follows for the various periods:

	12/31/2012 [T €]	12/31/2011 [T €]
Future minimum lease payments due within one year	3,115	3,501
due in 1 to 5 years	7,959	9,526
due after 5 years	5,854	8,646
Nominal value	16,927	21,674
Interest component	1,899	2,406
Present value of minimum lease payments	15,028	19,268

Payments of €63,767 thousand under rental and lease agreements were recognized in expenses for 2012 (prior year: €55,992 thousand).

INVESTMENTS IN ASSOCIATES**[16]**

As of the end of the period, investments in associates accounted for using the equity method, amounting to €10,650 thousand (prior year: €9,024 thousand), pertained to the following companies:

- Polarputki Oy, Helsinki, Finland (50.0 %; 37.5 % after adjustment for other interests)

The following table shows summary financial information about the entities accounted for using the equity method (each 100.0 %):

	12/31/2012 [T €]	12/31/2011 [T €]
Assets	27,167	29,824
Liabilities	6,552	9,523
Shareholders' equity	20,615	20,301
Revenue	48,028	55,019
Profit for the period	1,113	2,660

DEFERRED TAX ASSETS AND LIABILITIES**[17]**

Deferred tax assets and liabilities result from temporary differences and tax loss carry-forwards as follows:

	12/31/2012		12/31/2011	
	Assets [T €]	Liabilities [T €]	Assets [T €]	Liabilities [T €]
Intangible assets	6,192	-18,725	6,215	-27,714
Property, plant and equipment	6,650	-55,481	7,337	-42,615
Current and non-current investments	2,153	-2,548	5,747	-900
Inventories	9,418	-7,010	3,106	-5,942
Current and non-current receivables and other assets	3,952	-10,972	7,382	-6,115
Pension provisions	38,456	-3,071	12,994	-2,476
Other provisions	22,043	-2,119	22,477	-1,312
Total liabilities	27,472	-8,540	15,013	-5,460
Other	0	-301	0	-2,013
Tax loss carry-forwards	71,074	0	46,706	0
Tax credits	3,343	0	0	0
Gross value	190,753	-108,767	126,977	-94,547
Netting	-84,408	84,408	-63,561	63,561
Total recognized	106,345	-24,359	63,416	-30,986

Deferred tax assets and liabilities are netted where there is a legal right to net them and where the Group intends to make an adjustment on a net basis.

As in the comparable 2011 period, deferred tax items are recognized in other comprehensive income for the 2012 reporting year (see Note 22, Equity)

At December 31, 2012, there were tax loss carry-forwards of €476,833 thousand (prior year: €427,866 thousand). The Company assumes that loss carry-forwards of €240,374 thousand (prior year: €152,953 thousand) can probably be utilized. No deferred tax was recognized for loss carry-forwards of €236,459 thousand (prior year: €274,913 thousand).

The unused loss carry-forwards can be carried forward again as follows:

	12/31/2012 [T €]	12/31/2011 [T €]
Lapsing in the next 10 years	55,476	47,671
Lapsing in more than 10 years	41,933	82,641
May be carried forward without limitation	139,050	144,601
Total	236,459	274,913

As of December 31, 2012, the Group recognized deferred tax receivables for companies that had shown a loss in the previous period. These receivables exceeded the deferred tax liabilities. The basis for recognizing deferred taxes was management's belief that these companies will earn taxable income to which the unused tax losses and deductible temporary differences can be applied.

Where the requirements of IAS 12.39 were satisfied, no deferred tax liabilities were recognized for temporary differences pertaining to investments in subsidiaries.

Potential dividend distributions to shareholders of Benteler International Aktiengesellschaft have no tax implications for the Group. In connection with foreseeable future intra-Group dividend distributions, deferred tax liabilities were recognized for the resulting increase in the tax base for German recipients of dividends by 5 % of the gross dividend (notional non-deductible operating expenses).

[18] OTHER NON-CURRENT RECEIVABLES AND ASSETS

	12/31/2012 [T €]	12/31/2011 [T €]
Investments in companies	3,219	9,499
Securities	796	578
Financial receivables	28,434	12,024
Other receivables	308	1,237
Other assets	15,781	12,600
Total	48,538	35,938

INVENTORIES**[19]**

	12/31/2012 [T €]	12/31/2011 [T €]
Raw materials and supplies	282,769	215,136
Work in progress	133,290	150,563
Finished goods and products	315,167	297,292
Total	731,226	662,992

RECEIVABLES**[20]****Trade receivables****[20.1]**

	12/31/2012 [T €]	12/31/2011 [T €]
Trade receivables, gross	857,344	859,487
Doubtful debt allowances on trade receivables	-13,554	-8,206
Carrying amount	843,790	851,281

Trade receivables consist primarily of receivables from third parties and, to a small extent, receivables from affiliated, unconsolidated entities or associates.

Doubtful debt allowances on trade receivables changed as follows:

	12/31/2012 [T €]	12/31/2011 [T €]
Status at January 1	8,206	4,144
Additions	12,206	8,073
Reversals	-3,356	-2,507
Used	-3,525	-1,380
Effects of foreign exchange rates and other changes	24	-125
Status at December 31	13,554	8,206

Both individual and lumped specific doubtful debt allowances on the basis of a portfolio approach are recognized for trade receivables. The lumped specific doubtful debt allowances are distributed on a percentage basis over the maturity structure of the receivables, based on experience from previous years.

The maturity structure of unadjusted receivables is as follows:

	12/31/2012 [T €]	12/31/2011 [T €]
Receivables neither past due nor impaired	767,544	771,148
Receivables that are past due but not impaired	72,865	74,153
less than 30 days past due	50,483	45,907
30 to 60 days past due	14,629	16,936
61 to 90 days past due	4,014	4,411
more than 90 days past due	3,739	6,900
Receivables with specific doubtful debt allowances	3,381	5,981
Carrying amount at December 31	843,790	851,281

At the end of the period on December 31, 2012, as in previous years, no trade receivables had been pledged.

[20.2] Receivables from construction contracts

Receivables for long-term construction contracts recognized using the percentage-of-completion method are calculated as follows:

	2012 [T €]	2011 [T €]
Incurred contract costs	22,875	52,951
Recognized gains less recognized losses	0	6,127
Production orders with outstanding balances receivable from customers	22,875	59,077
Advance payments and partial invoices	-12,892	-28,843
Receivables from construction contracts	9,984	30,234

[20.3] Other current receivables and assets

	12/31/2012 [T €]	12/31/2011 [T €]
Advance payments made on inventories	21,385	18,869
Prepaid expenses	7,100	7,986
Securities	1	120,489
Other financial assets	22,473	9,752
Other non-financial assets	102,497	120,705
Total	153,456	277,801

The other non-financial assets particularly include other tax receivables (particularly for value added tax and energy tax) and tax refund entitlements.

CASH AND CASH EQUIVALENTS**[21]**

The cash and cash equivalents are available at all times, and are not subject to restrictions.

EQUITY**[22]**

The evolution of consolidated equity is shown in the statement of changes in equity, which is presented as a separate part of the financial statements. In particular, it shows the allocation of profits.

Because of the reverse acquisition that took place in 2010, the issued capital of the Group's legal parent company, Benteler International Aktiengesellschaft, is still recognized as the share capital as of the present reporting date, December 31, 2012. Because of the continuation of the financial statements of the economic acquirer, the recognized issued capital and reserves are those of the legal subsidiary, Benteler Deutschland GmbH (formerly Benteler Aktiengesellschaft).

The share capital as of December 31, 2012, was €200 thousand, divided into 200,000 registered no-par shares with restricted transferability. Under the Company's articles of incorporation, two share certificates (global shares) were issued, each for one-half of the shares in the same category.

The **other components of equity** changed as follows (non-controlling interests are included in the foreign currency translation effects):

	Fiscal 2012		
	Before tax [T €]	Tax effect [T €]	After tax [T €]
Foreign currency translation effects	-20,232	0	-20,232
Effects of cash flow hedging	11,527	-3,340	8,187
Actuarial gains and losses	-71,383	20,101	-51,282
Total	-80,088	16,761	-63,327

	Fiscal 2011		
	Before tax [T €]	Tax effect [T €]	After tax [T €]
Foreign currency translation effects	-44	0	-44
Effects of cash flow hedging	-27,885	5,858	-22,027
Actuarial gains and losses	4,445	-1,311	3,133
Total	-23,484	4,547	-18,938

[23] CAPITAL REPRESENTED BY PROFIT PARTICIPATION CERTIFICATES

In previous years, Benteler Deutschland GmbH raised “mezzanine capital” by way of profit participation certificates without a maturity date, for a total par value of up to €100,000 thousand. At the end of the reporting period, the value of the capital represented by profit participation certificates was €97,687 thousand (December 31, 2011: €99,422 thousand).

The profit participation certificates are made out to the bearer and may be transferred at will without the Company's consent. The Company issued 1,900 bearer profit participation certificates with a par value of €50,000.00, and a further 200 with a par value of €25,000.00. The profit participation certificates participate in any loss for a given fiscal year only up to the full amount of the par value that is recorded in the annual financial statements of Benteler Deutschland GmbH under the German Commercial Code, after being offset against certain reserves and any profit carried forward.

Amounts payable under the profit participation certificates have junior priority to the amounts payable to all other creditors of the Company, except those that represent subordinated capital. The profit participation certificates do not confer any share in the proceeds from the liquidation of the Company. The Company may call them for redemption on six months' notice, as of the end of any calendar year, but no earlier than December 31, 2014. The holders of profit participation certificates may redeem them for cause without notice.

The Company has been entitled since July 1, 2010, to agree upon and carry out a partial or full recall of profit participation certificates with some or all certificate holders. Profit participation certificates with a value of €1,735 thousand were recalled during the year.

[24] PROVISIONS

Provisions in accordance with IAS 37 and obligations for employee benefits under IAS 19 can be summarized as follows:

	Note	12/31/2012 [T €]	12/31/2011 [T €]
Pension provisions – non-current	25	288,727	202,603
Other provisions for employee benefits	24.2	24,879	32,852
Provisions for onerous contracts	24.1	16,476	322
Provisions for guarantees and warranties	24.1	11,310	10,827
Other provisions	24.1	26,640	17,346
Other non-current provisions		79,305	61,347
Pension provisions – current	25	6,629	12,154
Other provisions for employee benefits	24.2	12,891	18,142
Provisions for onerous contracts	24.1	20,916	10,174
Provisions for guarantees and warranties	24.1	39,872	28,804
Other provisions	24.1	44,590	42,888
Current provisions		124,898	112,162

Statement of changes in provisions**[24.1]**

Current and non-current provisions changed as follows during the period:

	Guarantees and warranties [T €]	Onerous contracts [T €]	Other provisions [T €]	Total [T €]
Balance at January 1, 2012	39,631	10,496	60,234	110,361
Additions	18,438	4,280	55,070	77,789
Used	-5,016	-10,683	-37,365	-53,065
Reversals	-1,694	-4,189	-8,171	-14,054
Reclassifications	0	-669	669	0
Interest accrued/Discounts	-132	-2	0	-134
Acquisitions of companies	0	37,655	0	37,655
Foreign currency translation	-43	504	793	1,253
Balance at December 31, 2012	51,183	37,392	71,230	159,805
of which: current	39,872	20,916	44,590	105,378
of which: non-current	11,310	16,476	26,640	54,426

The provisions for warranty risks serve primarily to cover deferred risks from customer complaints. They are determined on the basis of revenue generated from outside customers during the year, taking historical experience into account.

The other provisions relate primarily to litigation risks, other taxes, and procurement processes.

Non-current provisions are expected to be used within five years at the latest.

Other provisions for employee benefits**[24.2]**

Other non-current employee benefits primarily comprise obligations under partial retirement arrangements and for employee jubilees. Provisions for partial retirement arrangements generally have terms of five years or less.

Collateral has been placed in a trust account to hedge credit balances under the Partial Retirement Block Model under Section 8a of the German Partial Retirement Act. The funds transferred to the trustee are to be managed for the preservation of capital, and may be used in the future solely and irrevocably to meet the associated obligations. The trust assets left after performance of the partial retirement obligations represent plan assets under IAS 19.128. The obligations are shown netted against the fair value of the plan assets.

[25] PROVISIONS FOR PENSION PLANS AND SIMILAR COMMITMENTS

[25.1] Pensions and other defined-benefit obligations

Some employees within the Benteler Group are currently granted different forms of retirement benefits. Accordingly, the Benteler Group maintains different defined-benefit and defined-contribution retirement plans. Defined-benefit plans are appraised annually by independent experts.

The actuarial calculation of the amount of the obligation as of each measurement date is based on the following assumptions:

	12/31/2012 [%]	12/31/2011 [%]
Assumed rate of interest	2.00–6.75	1.70–4.99
Rate of salary increase/rate of benefit increase (pre-retirement)	2.00–5.00	0.00–4.00
Expected return on plan assets	2.00–5.00	2.50–6.00
Rate of pension increase	0.00–2.00	0.00–3.00

Reconciliation of obligation under defined-benefit plans with provisions for pensions and similar obligations

	12/31/2012 [T €]	12/31/2011 [T €]
Obligation under defined-benefit plans	428,373	334,772
Fair value of plan assets	-137,166	-133,024
Net balance	291,207	201,748
Past service costs not yet recognized	-209	0
Assets not included per IAS 19.58(b)	4,358	13,009
Provisions for pension plans and similar commitments at December 31	295,356	214,757
Surplus balance for defined-benefit plans	0	0

The funding status shows how much of pension obligations are covered by plan assets as of the measurement date. It changed during past periods as follows:

	12/31/2012 [T €]	12/31/2011 [T €]	12/31/2010 [T €]	12/31/2009 [T €]	12/31/2008 [T €]
Present value of defined-benefit obligation	428,373	334,772	326,060	290,551	256,774
Fair value of plan assets	-137,166	-133,024	-123,754	-105,985	-105,317
Surplus/underfunding of plan	291,207	201,748	202,306	184,566	151,457

Changes in obligations under defined-benefit plans

	2012 [T €]	2011 [T €]
Obligation under defined-benefit plans at January 1	334,772	326,060
Total benefits paid to beneficiaries	-13,753	-9,502
Current service cost	11,359	9,196
Interest expense	14,338	13,577
Actuarial losses/gains	78,283	-8,112
Foreign currency translation	1,885	2,544
Other changes in basis of consolidation	-3	473
Other changes	1,493	537
Obligation under defined-benefit plans at December 31	428,373	334,772

Changes in plan assets

	2012 [T €]	2011 [T €]
Fair value of plan assets at January 1	133,024	123,754
Paid into plan	14,594	5,783
Benefits paid out of plan	-13,753	-368
Expected income from plan assets	4,145	4,984
Actuarial (losses)/gains	-1,065	-2,301
Foreign currency translation	1,092	1,965
Other changes	-871	-793
Fair value of plan assets at December 31	137,166	133,024

During the year under report, actuarial losses of €7,965 thousand not recognized in other comprehensive income because of the upper limit under IAS 19.58(b).

As of the measurement date, the plan assets comprised the following:

	12/31/2012 [T €]	12/31/2011 [T €]
Equity instruments	1,245	987
Debt instruments	1,998	13,122
Other assets	133,923	118,915
Total	137,166	133,024

	2012 [T €]	2011 [T €]
Actual income from plan assets	3,081	2,683
Expected payments into plan assets for subsequent year	12,957	3,961

Costs recognized in the consolidated income statement:

	2012 [T €]	2011 [T €]
Service costs	11,626	9,196
Net income from plan payments	-1,937	0
Interest expense	14,338	13,577
Expected income from plan assets	-4,145	-4,984
Total expenses for pensions and similar obligations	19,882	17,789

[26] FINANCIAL LIABILITIES

	12/31/2012		12/31/2011	
	current [T €]	non-current [T €]	current [T €]	non-current [T €]
Borrower's note loans ("bonded" loans)	17,641	436,250	11,878	448,750
Liabilities to banks	170,261	322,064	136,979	238,122
Lease liabilities	2,731	12,297	3,040	16,228
Other	8,329	0	375	1,235
Total	198,961	770,611	152,271	704,336

As in previous years, liabilities to banks are not secured with either land liens or security interests.

The other financial liabilities include loans to related entities. As in the prior year, market interest rates were agreed upon for these.

INCOME TAX LIABILITIES**[27]**

The non-current and current income tax liabilities comprise corporate income tax, including the German reunification surtax ("solidarity surcharge") and local business income tax ("trade tax"), for the Group's companies in Germany, as well as comparable income tax liabilities for companies in other countries.

OTHER CURRENT LIABILITIES**[28]**

	12/31/2012 [T €]	12/31/2011 [T €]
Other tax liabilities	46,508	51,667
Pending invoices payable	41,415	39,441
Liabilities to employees	68,944	74,118
Advance payments received	42,457	27,625
Social security liabilities	22,035	19,918
Other financial liabilities	13,516	11,878
Other non-financial liabilities	108,677	98,150
Total	343,553	322,796

Other non-income-tax tax liabilities primarily concern payroll taxes and value added taxes.

The other non-financial liabilities include general deferred expenses, sales allowances, and government grants.

ADDITIONAL INFORMATION

[29] FINANCIAL RISK MANAGEMENT

The Benteler Group is exposed to various financial risks through its business operations and financing transactions. The most significant of these risks are foreign currency risks, interest rate risks, commodity price risks, default risks, and liquidity risks.

The Benteler Group additionally applies well-established controlling and management instruments to monitor financial risks. The Group's reporting system makes it possible to detect, analyze, assess and manage financial risks on a regular basis, by way of the central Group Treasury unit. This system also includes all relevant companies in which the Group holds ownership interests.

[29.1] Foreign exchange risk

Foreign exchange risks particularly arise where receivables, liabilities and planned transactions are denominated in a currency other than the local one. In most cases, the risk of fluctuations in future cash flows results from operating activities, but there is also some risk from financing and investing activities. However, the Benteler Group's principal foreign exchange risk derives from the volatility of the euro and U.S. dollar.

The amount of hedging needed is evaluated each month. Currency derivatives are used to hedge foreign exchange risks. These transactions hedge against changes in exchange rates for cash flows in foreign currencies. The functional currency is hedged, not the Group currency. The hedging horizon is typically between one and three years.

In addition to transaction-related foreign currency risks, the Group is also exposed to translation risks for the assets and liabilities of subsidiaries outside the euro zone. These long-term effects are calculated and analyzed continuously, but in general they are not hedged, because the line items are of a lasting nature.

For foreign exchange risk, sensitivity analyses were performed to determine the impact of hypothetical changes in exchange rates on the Group's profit (after tax) and equity. As a basis for sensitivity to foreign exchange fluctuations, the analysis used those primary financial instruments recognized as of the end of the reporting period that were not denominated in the functional currencies of the Benteler Group's individual companies, together with the derivative financial instruments held in the portfolio. It was assumed that the risk at the reporting date substantially represents the risk for the fiscal year as a whole. The effects of the translation of foreign subsidiaries' financial statements from foreign currencies into the Group's reporting currency (the euro) were not included. The Group's tax rate of 30 % was applied as the tax rate.

If the value of the euro against the foreign currencies had hypothetically been 10 % higher than the actual exchange rates at the reporting date, the profit (after tax) would have been €215 thousand (prior year: €1,587 thousand) more and equity (after tax) would have been €4,562 thousand (prior year: €2,208 thousand) less. The sensitivity of equity here is affected not only by the sensitivity of after-tax profits, but by the sensitivity of the cash flow hedge reserve of €4,777 thousand (prior year: €3,795 thousand), which had the effect of reducing equity.

If the value of the euro against the foreign currencies had hypothetically been 10 % less than the actual exchange rates at the reporting date, the profit (after tax) would have been €263 thousand (prior year: €1,937 thousand) less and equity (after tax) would have been €6,239 thousand (prior year: €2,667 thousand) more. The sensitivity of equity here is affected not only by the sensitivity of after-tax profits, but by the sensitivity of the cash flow hedge reserve of €6,502 thousand (prior year: €4,605 thousand), which had the effect of increasing equity.

If the value of the U.S. dollar against the foreign currencies had hypothetically been 10 % more or less, respectively, than the actual exchange rates at the reporting date, equity (after tax) would have been €1,574 thousand (prior year: €2,009 thousand) less and €1,924 thousand (prior year: €2,446 thousand) more, respectively.

The sensitivity results primarily from derivatives associated with hedging future cash flows in foreign currencies, and from derivatives not associated with on-balance-sheet hedging relationships.

Interest rate risk

[29.2]

The Benteler Group incurs interest rate risks primarily from its liabilities from borrowings. Risks also result from bank balances.

The Benteler Group counters interest rate risk by continuously monitoring the money market and capital market, and by using derivative interest rate hedges. The emphasis here is on hedging the Group's needs for funds against increases in market interest rates. Interest rate swaps were entered into to hedge this risk (cash flow risk).

For interest rate risk, sensitivity analyses were performed to reveal the impact of hypothetical changes in market interest rates on the Group's profit (after tax) and equity. The Group's affected variable-interest-rate holdings of primary financial instruments and derivative financial instruments as of the reporting date were used as a basis. It was assumed that the risk at the reporting date substantially represents the risk for the fiscal year as a whole. The Group's tax rate of 30 % was applied as the tax rate. It was also assumed that all other variables, especially foreign exchange rates, would remain constant.

If the market interest rate hypothetically had been 100 bps (basis points; 100 basis points = 1 %) higher than the actual market interest rate, profit (after tax) would have been €1,381 thousand (prior year: €2,095 thousand) higher and equity (after tax) would have been €9,130 thousand (prior year: €10,656 thousand) higher. The sensitivity of equity here is affected not only by the sensitivity of after-tax profits, but by the sensitivity of the cash flow hedge reserve of €7,749 thousand (prior year: €8,561 thousand), which had the effect of increasing equity.

If the market interest rate hypothetically had been 100 bps lower than the actual market interest rate, profit (after tax) would have been €1,381 thousand (prior year: €2,010 thousand) lower and equity (after tax) would have been €8,171 thousand (prior year: €11,030 thousand) lower. The sensitivity of equity here is affected not only by the sensitivity of after-tax profits, but by the sensitivity of the cash flow hedge reserve of €6,790 thousand (prior year: €9,010 thousand), which had the effect of reducing equity.

Commodity price risk

[29.3]

The Benteler Group is exposed to the risk of changes in commodity prices – especially the risk of changes in the price of aluminum and steel – through its procurement of intermediate goods and services.

Steel price risk

[29.3.1]

Unlike the other industrial metals, the risks and opportunities that result from the volatility of the price of steel are passed on to customers under supply contracts the Company negotiates itself.

[29.3.2] Aluminum price risk

The strategy for hedging aluminum price risk must take account not only of physical hedging, but of the complexity of how the risk arises. This results from the diverse contract specifications with automotive manufacturers, including

- the time lapse between the purchase of commodities and semifinished products, and the sale of components to the carmakers,
- the large number of fixed prices and formula-based pricing mechanisms and price validities,
- the use of different exchanges and underlyings in pricing, and
- the different currencies involved.

Building on the planned amounts to be purchased by customers and the reported needs of the decentralized units, the production location decides on the production schedule and on the purchases of the necessary aluminum. At a monthly management meeting, a list of the contracts entered into is prepared for which firm aluminum pricing on the selling or buying side is to begin in the coming month. On that basis, Benteler Treasury enters into commodity swaps with a bank to exchange the variable prices on the buy and sell side for firm prices. Different swaps are negotiated for each month, depending on the individual customers' pricing formulas and the planned and reported volumes.

Sensitivity analyses were conducted for commodity price risk, showing the impact of hypothetical changes in commodity price on equity. The derivative financial instruments recognized as of the reporting date were used as the basis for commodity price sensitivity. It was assumed that the risk at the reporting date substantially represents the risk for the fiscal year as a whole.

If the commodity price level had hypothetically been 10 % higher than the actual market price level based on the closing prices at the reporting date, equity (after tax) would have been €1,283 thousand (prior year: €1,687 thousand) more.

If the commodity price level had hypothetically been 10 % lower than the actual market price level based on the closing prices at the reporting date, equity (after tax) would have been €1,283 thousand (prior year: €1,687 thousand) less.

Default risk**[29.4]**

Default risk is the risk that a contracting partner may be unable to meet its payment obligations. The Benteler Group's default risks result primarily from receivables from customers. Default risks also arise in connection with financial transactions, such as investing cash or acquiring securities.

The Benteler Group counters the risk of default on receivables in operating activities by way of professional debtor management. Before signing a contract, especially with key customers, it carefully reviews the customer's economic condition and business competence. All relevant data about the debtor are collected and analyzed centrally, and assessed in an individualized credit rating. In addition, the Group has credit insurance, from which selected customers with good credit ratings are excepted. In ongoing business operations, payment performance is regularly evaluated and monitored, including with an eye to dynamic leading indicators. The doubtful debt allowances recognized for this purpose take account of the default risk on receivables.

Because of its customer structure on the original equipment manufacturer (OEM) side, the Group is not exposed to any significant concentration of default risk. The maximum default risk for financial assets lies in the risk that the customer might default, and therefore amounts to the carrying amount of the receivable from that customer.

See Note 20 for more information about default risk.

Liquidity risk**[29.5]**

Liquidity risk is the risk that the Benteler Group might not have sufficient cash to meet its payment obligations. Particularly large payment obligations arise in connection with the procurement of raw materials and goods for operating activities.

Liquidity risk is countered by systematic, day-by-day liquidity management whose absolute fundamental requirement is that solvency must be guaranteed at all times. On the assumption that events progress as planned, the liquidity supply is assured by a liquidity forecast over a defined planning horizon and the Group's access to sufficient credit facilities, confirmed in writing. The aim is a comfortable, cost-efficient liquidity supply that permits the Group to respond appropriately to a dynamic market environment and take advantage of opportunities. The financial planning process includes a rolling three-month plan (direct method) and a one- to five-year plan (indirect method). At the end of the period on December 31, 2012, the Group had access to credit facilities totaling about €375,919 thousand (prior year: €393,410 thousand).

The following table shows the undiscounted contracted maturities for financial liabilities (including contractual interest payments):

Item		Maturity of financial debts					
		1 year		2 to 5 years		after 5 years	
	Carrying amount 12/31/2012 [T €]	Interest expense [T €]	Repay-ment [T €]	Interest expense [T €]	Repay-ment [T €]	Interest expense [T €]	Repay-ment [T €]
Financial liabilities (non-current and current)	969,572	34,547	198,962	89,395	632,675	6,635	137,935
Borrower's note loans ("bonded" loans)	453,891	18,984	17,641	53,861	361,250	3,321	75,000
Liabilities to banks	492,324	15,179	170,261	34,692	264,308	2,640	57,755
Liabilities under finance leases	15,028	384	2,731	842	7,117	674	5,180
Other financial liabilities	8,329	0	8,329	0	0	0	0
Capital represented by profit participation certificates	97,687	7,090	0	14,181	98,150	0	0
Trade payables	897,987	0	897,987	0	0	0	0
Other liabilities (non-current and current)	86,609	8,746	53,947	20,029	9,560	1,054	400
Negative market values of derivatives without on-balance-sheet hedging relationship	2,415	384	721	0	1,309	0	0
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	36,040	8,362	11,761	20,029	1,962	1,054	0
Other financial liabilities	48,154	0	41,465	0	6,289	0	400
Total	2,051,855	50,383	1,150,896	123,605	740,385	7,689	138,335

Item		Maturity of financial debts					
		1 year		2 to 5 years		after 5 years	
	Carrying amount 12/31/2011 [T €]	Interest expense [T €]	Principal repay- ment [T €]	Interest expense [T €]	Principal repay- ment [T €]	Interest expense [T €]	Principal repay- ment [T €]
Financial liabilities (non-current and current)	856,607	25,919	152,271	72,223	460,142	13,113	244,193
Borrower's note loans ("bonded" loans)	460,628	18,746	11,878	60,848	243,750	11,006	205,000
Liabilities to banks	375,101	6,712	136,979	10,318	206,688	1,220	31,434
Liabilities under finance leases	19,268	461	3,040	1,057	8,469	887	7,759
Other financial liabilities	1,610	0	375	0	1,235	0	0
Capital represented by profit participation certificates	99,422	7,244	0	21,672	100,000	0	0
Trade payables	883,936	0	883,936	0	0	0	0
Other liabilities (non-current and current)	122,985	7,193	52,933	13,591	25,554	2,321	27,511
Negative market values of derivatives without on-balance-sheet hedging relationship	4,999	1,563	2,914	432	508	0	0
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	26,717	5,630	10,529	13,159	1,229	2,321	-449
Other financial liabilities	91,268	0	39,491	0	23,817	0	27,960
Total	1,962,949	40,356	1,089,140	107,486	585,697	15,434	271,705

The table above includes all instruments held on December 31 for which payments had already been agreed to by contract. Projected figures for new future liabilities are not included. Amounts in foreign currencies are translated at the spot rate on the reporting date (December 31). Variable interest payments on financial instruments were calculated on the basis of the most recently determined interest rates.

[29.6] Capital management

The objective of capital management is to ensure a sound financial profile. In particular, the aim is to ensure reasonable dividend payments for shareholders, and to generate benefits for other interest groups as well. Additionally, the Benteler Group intends to keep sufficient financial leeway available so that it can maintain its growth course.

The capital management strategy ensures that Group companies have equity capitalization appropriate to local requirements. The goal is to give them the requisite latitude for action in financing and liquidity. The requirement communicated to all Group subsidiaries is to safeguard financing with matching maturities.

The financial profile is actively managed and monitored. The adjusted equity ratio is primarily used for this purpose. For purposes of capital management, capital represented by participation certificates is treated as part of equity.

	12/31/2012 [T €]	12/31/2011 [T €]
On-balance-sheet equity	915,084	963,690
+ Capital represented by profit participation certificates	97,687	99,422
Adjusted equity	1,012,771	1,063,112
Total assets	3,819,384	3,641,943
Adjusted equity ratio	26.5 %	29.2 %

[30] DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

As of the end of the period, the Benteler Group held derivative financial instruments to hedge foreign exchange risks and interest rate risks, as well as risks from the price of aluminum and the price of natural gas.

The Benteler Group uses various derivative financial instruments to hedge the above risks – currency forwards, currency options, interest swaps, interest/currency swaps, and commodity forwards. Foreign currency derivatives are held in USD, NOK, MXN, CHF, CZK, HUF, DKK, ZAR, RUB, JPY, CAD, BGN, PLN, RON, SEK and GBP; interest rate swaps are in EUR, USD, GBP, ZAR and CHF. The partners in the transactions are solely German and international banks with good credit ratings.

Most of the derivative financial instruments indicated here were recognized in the balance sheet as cash flow hedges, under hedge accounting. These cover both variable future cash flows from non-current liabilities with terms to 2019, and future operating cash flows in foreign currencies with terms of generally up to 12 months, and in no case more than 36 months. The employed commodity derivatives hedge variable cash flows until 2015; they are primarily aluminum price hedges, and to a small extent natural gas price hedges.

The prospective effectiveness of hedging relationships is determined using the critical terms match method under IAS 39. Retrospective effectiveness is measured using the dollar offset method.

Changes in fair values of derivatives, in the amount of the effective portion, are recognized for a total of € -382 thousand (prior year: € -25,470 thousand) in the cash flow hedge reserve; €11,909 thousand (prior year: € -2,415 thousand) was withdrawn from the cash flow hedge reserve, of which €5,706 thousand (prior year € -2,415 thousand) was reallocated to the income statement and €6,203 thousand (prior year €0 thousand) to initial acquisition costs. The result for the year under review includes an ineffective portion in the amount of €223 thousand (prior year: € -13 thousand).

The following table shows the types and amounts of foreign currency and interest rate hedges held, including the recognized fair values as of the end of the period:

	12/31/2012 [T €]		
	Nominal volume	Positive fair value	Negative fair value
Derivatives without on-balance-sheet hedging relationship	305,531	2,631	2,415
Interest rate and interest/currency hedges	22,751	0	384
Foreign currency hedges	282,780	2,631	2,031
Derivatives with on-balance-sheet hedging relationship (hedge accounting)	652,311	18,647	36,040
Interest rate and interest/currency hedges	348,714	736	22,317
Foreign currency hedges	250,840	9,270	1,764
Commodity hedges	52,757	8,641	11,959

	12/31/2011 [T €]		
	Nominal volume	Positive fair value	Negative fair value
Derivatives without on-balance-sheet hedging relationship	253,543	998	4,999
Interest rate and interest/currency hedges	47,962	0	3,142
Foreign currency hedges	205,581	998	1,857
Derivatives with on-balance-sheet hedging relationship (hedge accounting)	738,585	7,348	26,717
Interest rate and interest/currency hedges	314,778	0	14,242
Foreign currency hedges	377,507	6,434	9,389
Commodity hedges	46,300	914	3,087

The foreign currency hedges without an on-balance-sheet hedging relationship are primarily hedges used to hedge internal loans extended in foreign currency to subsidiaries.

[31] ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

The following tables show the carrying amounts of the individual financial assets and liabilities for each individual category of financial instrument, and reconcile them with the associated items on the balance sheet, for the end of the period on December 31, 2012, and the comparable date.

	Measurement category per IAS 39	Carrying amount at 12/31/2012 [T €]
Trade receivables	1)	843,790
Receivables from contract production	1)	9,984
Other receivables and assets (non-current and current)		201,994
Securities	2)	797
Investments in unconsolidated, associated entities	2)	3,219
Financial receivables	1)	29,246
Positive market values of derivatives without on-balance-sheet hedging relationship	3)	2,631
Positive market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	n/a	18,647
Other financial receivables	1)	690
Other non-financial receivables	n/a	146,764
Cash and cash equivalents	1)	346,675
Total		1,402,443
of which: by measurement category under IAS 39:		
1) Loans and receivables		1,230,385
2) Financial assets available for sale		4,016
3) Financial assets held for trading		2,631
Financial liabilities (non-current and current)		969,572
Borrower's note loans ("bonded" loans)	1)	453,891
Liabilities to banks	1)	492,324
Liabilities under finance leases	n/a	15,028
Other financial liabilities	1)	8,329
Capital represented by profit participation certificates	1)	97,687
Trade payables	1)	897,987
Other liabilities (non-current and current)		410,105
Negative market values of derivatives without on-balance-sheet hedging relationship	2)	2,415
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	n/a	36,040
Other financial liabilities	1)	48,154
Other non-financial liabilities	n/a	323,496
Total		2,375,351
of which: by measurement category under IAS 39:		
1) Financial liabilities measured at amortized cost		1,998,372
2) Financial liabilities held for trading		2,415

Measurement per IAS 39			Measurement per IAS 17	Non-financial items	Fair value at 12/31/2012
(Amortized) cost	Fair value outside profit or loss	Fair value through profit or loss			
[T €]	[T €]	[T €]	[T €]	[T €]	[T €]
843,790					843,790
9,984					9,984
33,155	19,444	2,631	0	146,764	55,230
	797				797
3,219					3,219
29,246					29,246
		2,631			2,631
	18,647				18,647
690					690
				146,764	n/a
346,675					346,675
1,233,604	19,444	2,631	0	146,764	1,255,679
1,230,385	0	0			1,230,385
3,219	797	0			4,016
0	0	2,631			2,631
954,544	0	0	15,028	0	997,929
453,891					480,489
492,324					493,867
			15,028		15,244
8,329					8,329
97,687					110,838
897,987					897,987
48,154	36,040	2,415	0	323,496	86,609
		2,415			2,415
	36,040				36,040
48,154					48,154
				323,496	n/a
1,998,372	36,040	2,415	15,028	323,496	2,093,363
1,998,372	0	0			2,039,664
0	0	2,415			2,415

	Measurement category per IAS 39	Carrying amount at 12/31/2011 [T €]
Trade receivables	1)	851,281
Receivables from contract production	1)	30,234
Other receivables and assets (non-current and current)		313,739
Securities	2)	121,066
Investments in unconsolidated, associated entities	2)	9,499
Financial receivables	1)	13,830
Positive market values of derivatives without on-balance-sheet hedging relationship	3)	998
Positive market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	n/a	7,348
Other financial receivables	1)	837
Other non-financial receivables	n/a	160,161
Cash and cash equivalents	1)	307,510
Total		1,502,765
of which: by measurement category under IAS 39:		
1) Loans and receivables		1,203,692
2) Financial assets available for sale		130,566
3) Financial assets held for trading		998
Financial liabilities (non-current and current)		856,607
Borrower's note loans ("bonded" loans)	1)	460,628
Liabilities to banks	1)	375,101
Liabilities under finance leases	n/a	19,268
Other financial liabilities	1)	1,610
Capital represented by profit participation certificates	1)	99,422
Trade payables	1)	883,936
Other liabilities (non-current and current)		420,414
Negative market values of derivatives without on-balance-sheet hedging relationship	2)	4,999
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)		26,717
Other financial liabilities		91,268
Other non-financial liabilities		297,429
Total		2,260,378
of which: by measurement category under IAS 39:		
1) Financial liabilities measured at amortized cost		1,911,964
2) Financial liabilities held for trading		4,999

No reclassifications among categories of financial instruments were performed in either the year under review or the prior year.

Measurement per IAS 39			Measurement per IAS 17	Non-financial items	Fair value at 12/31/2011
(Amortized) cost	Fair value outside profit or loss	Fair value through profit or loss			
[T €]	[T €]	[T €]	[T €]	[T €]	[T €]
851,281	0	0	0	0	851,281
30,234	0	0	0	0	30,234
24,166	128,414	998	0	160,161	153,579
0	121,066	0	0	0	121,066
9,499	0	0	0	0	9,499
13,830	0	0	0	0	13,830
0	0	998	0	0	998
0	7,348	0	0	0	7,348
837	0	0	0	0	837
0	0	0	0	160,161	n/a
307,510	0	0	0	0	307,510
1,213,191	128,414	998	0	160,161	
1,203,692	0	0			1,203,692
9,499	121,066	0			130,566
0	0	998			998
837,339	0	0	19,268	0	868,378
460,628	0	0	0	0	472,165
375,101	0	0	0	0	375,887
0	0	0	19,268	0	18,716
1,610	0	0	0	0	1,610
99,422	0	0	0	0	110,756
883,936	0	0	0	0	883,936
91,268	26,717	4,999	0	297,429	122,985
		4,999			4,999
0	26,717	0	0	0	26,717
91,268	0	0	0	0	91,268
0	0	0	0	297,429	n/a
1,911,964	26,717	4,999	19,268	297,429	
1,911,964	0	0			1,935,623
0	0	4,999			4,999

The carrying amount for current primary financial instruments, especially trade receivables and trade payables and other current receivables and liabilities, is the same as the fair value. The fair value of fixed-interest loans extended and liabilities is the present value of expected cash flows. They are discounted on the basis of the interest rates in effect at the end of the reporting period. For variable-interest liabilities, the carrying amounts are the same as the fair values.

The fair value of currency forwards is calculated as a present value on the basis of the spot exchange rate in effect at the end of the reporting period, allowing for the forward premiums and discounts for the respective remaining term of the contract compared to the contracted forward rate. For currency options, generally accepted models are used for calculating option prices. The fair value of an option is affected not only by the remaining term of the option, but by other factors such as the current level and volatility of the underlying exchange rate, or the underlying base interest rate.

Interest rate swaps and interest/currency swaps are measured at fair value by discounting expected cash flows. The market interest rates in effect for the remainder of the contract are used as a basis. For interest/currency swaps, the exchange rates for the foreign currencies in which cash flows take place are also taken into account.

The fair value of aluminum commodity forwards is based on official market quotations (LME – London Metal Exchange).

Measurements are performed both internally and by external financial partners at the end of the period.

Fair value hierarchy

The fair values of financial assets and liabilities measured at fair value can result from the following base data, according to the fair value hierarchy defined in IFRS 7:

Level 1 Measured on the basis of quoted prices on active markets for similar instruments.

Level 2 Measured on the basis of directly or indirectly observable market inputs other than Level 1 quoted prices.

Level 3 Measured on the basis of models not based on observable market inputs.

The measurement hierarchy reflects the importance of the factors considered in calculating fair values.

The following table shows the carrying amounts of the financial assets and liabilities measured at fair value, broken down by measurement level. No reclassifications among levels have been made.

	12/31/2012			
	Total [T €]	Level 1 [T €]	Level 2 [T €]	Level 3 [T €]
Financial assets at fair value				
Fair value through profit or loss				
Derivatives without on-balance-sheet hedging relationship (financial assets held for trading)	2,631		2,631	
Fair value outside profit or loss				
Financial assets available for sale	797	797		
Derivatives with on-balance-sheet hedging relationship (hedge accounting)	18,647		18,647	
Total	22,075	797	21,278	0
Financial liabilities at fair value				
Fair value through profit or loss				
Derivatives without on-balance-sheet hedging relationship (financial liabilities held for trading)	2,415		2,415	
Fair value outside profit or loss				
Derivatives with on-balance-sheet hedging relationship (hedge accounting)	36,040		36,040	
Total	38,455	0	38,455	0

	12/31/2011			
	Total [T €]	Level 1 [T €]	Level 2 [T €]	Level 3 [T €]
Financial assets at fair value				
Fair value through profit or loss				
Derivatives without on-balance-sheet hedging relationship (financial assets held for trading)	998	0	998	0
Fair value outside profit or loss				
Financial assets available for sale	121,066	121,066	0	0
Derivatives with on-balance-sheet hedging relationship (hedge accounting)	7,348	0	7,348	0
Total	129,413	121,066	8,347	0
Financial liabilities at fair value				
Fair value through profit or loss				
Derivatives without on-balance-sheet hedging relationship (financial liabilities held for trading)	4,999	0	4,999	0
Fair value outside profit or loss				
Derivatives with on-balance-sheet hedging relationship (hedge accounting)	26,717	0	26,717	0
Total	31,716	0	31,716	0

Net gains or losses

The following table shows the net gains (before tax) on financial instruments recognized in the consolidated income statement or in other comprehensive income, as the case may be, broken down by measurement category. The figures do not include effects of finance leases on profit or loss, or those of derivatives used for hedge accounting, since they do not belong to a measurement category under IAS 39.

	2012 [T €]	2011 [T €]
Loans and receivables	-2,637	4,426
Financial assets available for sale	30	17
Derivatives without on-balance-sheet hedging relationship (financial assets and liabilities held for trading)	-2,664	2,373
Financial liabilities measured at amortized cost	-57,418	-48,666
Total net gains or losses	-62,689	-41,850
of which: Net interest expense for financial assets and liabilities not measured at fair value through profit or loss	-51,365	-39,112
of which: Impairment expense for trade receivables	-8,850	-5,566
of which: Gains/losses on available-for-sale financial assets recognized outside profit or loss	0	28

The net gain from the "loans and receivables" category results primarily from interest income on financial receivables and adjustments on trade receivables.

The net figure in the "financial assets available for sale" category results from the securities and bonds held by the Benteler Group, as well as unconsolidated ownership interests in associated entities.

The gains and losses on derivatives that do not meet the hedge accounting requirements under IAS 39 are included in the "derivatives without on-balance-sheet hedging relationship" category.

The "financial liabilities measured at amortized cost" category includes interest expenses for financial liabilities and income from the capitalization of borrowing costs.

[32] CASH FLOW STATEMENT

The cash flow statement is prepared in accordance with IAS 7, and is organized into cash flows from operating, investing, and financing activities. The effects of changes in the companies included in the consolidated financial statements are recognized in the changes in the various balance sheet items; their impact on cash and cash equivalents is shown separately, as is the impact of changes in foreign exchange rates on cash and cash equivalents.

Out of the figure for investments in property, plant and equipment, €2,054 thousand (prior year: €1,552 thousand) was carried out in non-cash form, through finance leases.

The discussion and further comments in Note 21 provide additional information about the composition of cash and cash equivalents.

[33] CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Benteler Group furnished no additional collateral during the year for its borrowings, above and beyond the joint liability of individual Group members to other Group members and the collateral indicated in Note 26, Financial liabilities.

Land liens for €153.4 million, held by Price Waterhouse Coopers AG, of Düsseldorf, Germany, have been recorded on the Group's own property or properties owned by production company subsidiaries. Under an agreement dated May 4, 1987 (in its current version of August 28, 2001), these liens provide a collateral pool that is managed in trust by Price Waterhouse Coopers AG for the participating lenders to Benteler Deutschland GmbH. The banks' receivables from Benteler Deutschland GmbH are covered by the collateral provided by the assets held in trust, by way of accession agreements.

Benteler Deutschland GmbH's lender banks declared their written consent to the lifting of land liens for a total of €153.4 million. No loans were secured by land liens as of December 31, 2012. Thus the entire trust agreement was placed on "inactive" status under an agreement dated November 12, 2003.

As of the end of the period on December 31, 2012, the Group had granted guarantees to third parties for a total of €4,638 thousand (prior year: €4,424 thousand). Liabilities to third parties under warranty agreements (through contract performance bonds or supply bonds) came to €666 thousand as of the end of the period (prior year: €104 thousand).

There were other off-balance-sheet obligations – particularly to employees, tax authorities and customs authorities – of €1,139 thousand as of December 31, 2012 (prior year: €464 thousand).

[34] WORKFORCE

The Benteler Group worldwide has 28,007 FTEs (prior year: 25,848).

GOVERNING BODIES

[35]

Executive Board

- Hubertus Benteler, Salzburg, Austria
Chairman of the Executive Board,
In charge of: Corporate Strategy and Business Development, Corporate Communications,
Corporate Human Resources, Compliance and Board Affairs
- Siegmund Wenk, Munich, Germany
In charge of: Corporate Finance and Accounting, Corporate Taxes, Corporate Legal and Insurance,
Mergers and Acquisitions

Supervisory Board

The following members were appointed to the Supervisory Board of Benteler International Aktiengesellschaft:

- Robert J. Koehler, Wiesbaden, Germany, Chairman
(Chairman of the Executive Board of SGL Carbon SE, Wiesbaden, Germany)
- Dr. Ralf Bethke, Deidesheim, Germany, Vice Chairman
(Chairman of the Supervisory Board of K+S AG, Kassel, Germany)
- Rolf Eckrodt, Berlin, Germany
(Chairman of the Board of Directors of Leclanché SA, Yverdon-les-Bains, Switzerland)
- Dr. Markus Flik, Schopfloch, Germany
(Chairman of the Executive Board of Homag Group AG, Schopfloch, Germany)
- Axel Prym, Roetgen, Germany
(Shareholder in William Prym GmbH & Co. KG, Stolberg, Germany)
- Dr. Gert Vaubel, Warburg, Germany
(former member of the Executive Board of Benteler Aktiengesellschaft, Paderborn, Germany)

[36] RELATED PARTY TRANSACTIONS

The Group's related parties within the meaning of IAS 24 are substantially the members of the Supervisory Board and Shareholders' Committee, the members of the Benteler family, members of Group management, and, as entities, the associates of the Benteler Group and entities controlled or significantly influenced by related parties. See Note 35 for additional information.

The entities included in the consolidated financial statements of the Benteler Group have engaged and/or continue to engage in corporate transactions with related parties.

Except for compensation paid to key management (see below), no significant transactions have been conducted with related parties that extend beyond their capacity as shareholders or members of governing bodies.

Disclosures of compensation paid to key members of management

During fiscal 2012, Benteler International Aktiengesellschaft paid total compensation of €11,133 thousand (prior year: €16,287 thousand) to members of management in key positions (13 persons; prior year 11 – comprising members of the Executive Board of Benteler International Aktiengesellschaft and the managing directors of the principal subsidiaries). No share-based compensation was granted above and beyond those amounts.

	2012 [T €]	2011 [T €]
Short-term payments – fixed	5,395	4,785
Short-term payments – variable	4,306	7,099
Post-employment benefits	1,004	1,426
Severance benefits	428	2,977
Total	11,133	16,287

The exemption under Section 266(7) of the Austrian Commercial Code has been exercised.

The members of the Supervisory Board of Benteler International Aktiengesellschaft received compensation of €375 thousand in fiscal 2012 (prior year: €225 thousand). There were no other reportable transactions with related parties of the Benteler Group.

The pension provisions at December 31, 2012, like those for the year ended December 31, 2011, include no provisions for former executives of Benteler International Aktiengesellschaft.

[37] EVENTS AFTER THE REPORTING PERIOD

Over the past few years, the increasing pressure on margins in the automotive industry, the impact of the euro crisis on the European market that is of such importance to Benteler, and the increasing volatility of its selling markets have made the results of operations at the Automotive Division less than satisfactory. Moreover, future growth in automotive production will take place outside Europe. In view of these conditions, a restructuring program has been initiated to streamline the division's processes and overhead structures worldwide. The program calls for a reduction of 1,800 jobs around the world, 500 of them at locations in Germany. Strategic alternatives will also be sought for four plants, two of them in Europe outside Germany, and one each in North and South America. The employees at the Automotive Division were informed of the restructuring program in January of 2013. The associated measures will be developed in the first two quarters of 2013 and are expected to be implemented by year's end.

Restructuring expenses are calculated at approximately €80 million. Some €33 million in provisions were already set aside in the annual financial statements for 2012.

Otherwise no events or developments occurred after the end of the period that might cause a significant change in the recognition or measurement of individual asset or liability items as of December 31, 2012, or that were otherwise reportable.

AUDITOR'S FEES AND SERVICES

[38]

The information required under Section 266(11) of the Austrian Commercial Code regarding the fees paid to the Group's independent auditor (KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft) is provided below by category of service.

	2012 [T €]	2011 [T €]
Audit of consolidated financial statements	180	175
Audit of separate financial statements	63	55
Other audit services	22	6
Other services	18	0
Total fees	283	236

The figures refer to the accrued expense for the period. Services provided by the independent auditor's network are not included.

PROPOSED ALLOCATION OF PROFIT

[39]

Under the terms of the Austrian Stock Corporations Act, the allocation of profits is to be based on the separate financial statements of Benteler International Aktiengesellschaft as of December 31, 2012, prepared under Austrian GAAP.

The Executive Board will propose to the Shareholders' Meeting that out of the distributable profit of €25,998,777.74, a total of €14,000,000.00 should be distributed in dividends, and the remaining €11,998,777.74 should be carried forward to the new period.

Salzburg, February 28, 2013

The Executive Board

Hubertus Benteler

Siegmund Wenk

LIST OF SHAREHOLDINGS

AS OF DECEMBER 31, 2012

	Interest held %
1. Benteler International Aktiengesellschaft, Salzburg, Austria	–
SUBSIDIARIES	
2. Benteler Deutschland GmbH, Paderborn, Germany	100
Automotive Division	
3. Aluminex (Pty) Ltd., Alberton (Johannesburg), South Africa	100
4. B.E. S.r.l., Turin, Italy	100
5. Benteler Aluminium Systems Denmark AS, Tønder, Denmark	100
6. Benteler Aluminium Systems France SNC, Louviers, France	100
7. Benteler Aluminium Systems Korea Ltd., Seoul, South Korea	100
8. Benteler Aluminium Systems Michigan, Inc., Holland (Michigan), USA	100
9. Benteler Aluminium Systems Norway AS, Raufoss, Norway	100
10. Benteler Aluminium Systems Sweden AB, Skultuna, Sweden	100
11. Benteler Automobiltechnik Eisenach GmbH, Eisenach, Germany	100
12. Benteler Automobiltechnik GmbH, Paderborn, Germany	100
13. Benteler Automobiltechnik Thailand Ltd., Bangkok, Thailand	100
14. Benteler Automotive (Changshu) Company Limited, Changshu, China	100
15. Benteler Automotive (China) Investment Co. Ltd., Shanghai, China	100
16. Benteler Automotive (Chongqing) Co. Ltd., Chongqing, China	100
17. Benteler Automotive (Fuzhou) Co., Ltd., Fuzhou, China	100
18. Benteler Automotive (Shanghai) Co., Ltd., Shanghai, China	100
19. Benteler Automotive Alabama, Inc., Opelika (Alabama), USA	100
20. Benteler Automotive Belgien GmbH, Paderborn, Germany	100
21. Benteler Automotive Belgium N.V., Gent, Belgium	100
22. Benteler Automotive Canada Corporation, Windsor (Ontario), Canada	100
23. Benteler Automotive Component (Shanghai) Ltd., Shanghai, China	100
24. Benteler Automotive Corporation, Auburn Hills (Michigan), USA	100
25. Benteler Automotive India Private Limited, Pune, India	100
26. Benteler Automotive International Beteiligungs GmbH, Salzburg, Austria	100
27. Benteler Automotive International GmbH, Paderborn, Germany	100
28. Benteler Automotive K.K., Tokyo, Japan	100
29. Benteler Automotive Netherlands B.V., Helmond, Netherlands	100
30. Benteler Automotive Rumburk s.r.o., Rumburk, Czech Republic	100
31. Benteler Automotive S.A., Tigre (Buenos Aires), Argentina	100
32. Benteler Automotive S.p.A., Turin, Italy	100
33. Benteler Automotive SAS, Migennes, France	100
34. Benteler Automotive SK s.r.o., Malacky (Bratislava), Slovakia	100
35. Benteler Automotive South Africa (Pty) Ltd., Alberton (Johannesburg), South Africa	100
36. Benteler Automotive South Africa GmbH, Paderborn, Germany	100
37. Benteler Automotive UK Ltd., Corby, United Kingdom	100
38. Benteler Automotive USA GmbH, Paderborn, Germany	100
39. Benteler Automotive Vigo SL, Valladares – Vigo, Spain	100

	Interest held %
40. Benteler Autótechnika Kft, Mór, Hungary	100
41. Benteler Bohemia s.r.o., Liberec, Czech Republic	100
42. Benteler Canada, Inc., Auburn Hills (Michigan), USA	100
43. Benteler CAPP Automotive System Co., Ltd., Changchun, China	60
44. Benteler Carbon Composites Beteiligungs GmbH, Paderborn, Germany	100
45. Benteler Componentes Automotivos Ltda., Campinas (São Paulo), Brazil	100
46. Benteler CR Holding GmbH, Paderborn, Germany	100
47. Benteler CR s.r.o., Chrastava, Czech Republic	100
48. Benteler de México S.A. de C.V., Puebla, Mexico	100
49. Benteler Defense GmbH & Co. KG, Bielefeld, Germany	100
50. Benteler Defense GmbH, Paderborn, Germany	100
51. Benteler Defense Verwaltungs GmbH, Paderborn, Germany	100
52. Benteler Engineering Chennai Private Limited, Chennai, India	60
53. Benteler Engineering Services AB, Västra Frölunda, Sweden	100
54. Benteler Engineering Services B.V., Helmond, Netherlands	100
55. Benteler Engineering Services GmbH, Paderborn, Germany	100
56. Benteler España S.A., Burgos, Spain	100
57. Benteler Gebze Tasit Sanayi ve Ticaret Limited Sirketi, Cayirova/Kocaeli, Turkey	100
58. Benteler Ibérica Holding SL, Barcelona, Spain	100
59. Benteler JIT Barcelona SL, Abrera (Barcelona), Spain	100
60. Benteler JIT Douai SAS, Migennes, France	100
61. Benteler JIT Düsseldorf GmbH & Co. KG, Düsseldorf, Germany	100
62. Benteler JIT Düsseldorf Verwaltungs-GmbH, Paderborn, Germany	100
63. Benteler JIT Pamplona, S.L., Orcoyen Navarra, Spain	100
64. Benteler JIT Valencia S.A., Almussafes (Valencia), Spain	100
65. Benteler Management Consulting (Shanghai) Co., Ltd., Shanghai, China	100
66. Benteler Maschinenbau CZ s.r.o., Liberec, Czech Republic	100
67. Benteler Maschinenbau GmbH, Bielefeld, Germany	100
68. Benteler Netherlands Holding B.V., Helmond, Netherlands	100
69. Benteler Palencia S.L., Palencia, Spain	100
70. Benteler Participation SA, Migennes, France	100
71. Benteler SGL Composite Technology GmbH, Ried im Innkreis, Austria	50
72. Benteler SGL GmbH & Co. KG, Paderborn, Germany	50
73. Benteler SGL Verwaltungs GmbH, Paderborn, Germany	50
74. Benteler Sistemas Automotivos Ltda., São José dos Pinhais, Paraná, Brazil	100
75. Benteler Spanien International GmbH, Paderborn, Germany	100
76. Benteler-Indústria de Componentes para Automóveis Lda., Palmela, Portugal	100
77. Componentes Automotivos Aragón SL, Zaragoza, Spain	100
78. EUPAL Beteiligungs GmbH & Co. Vermietungs-KG, Pullach i. Isartal, Germany	100
79. Farsund Aluminium Casting AS, Farsund, Norway	100
80. J.I.T. Martorell S.A., Abrera (Barcelona), Spain	100

	Interest held %
81. 000 Benteler Automotive, Kaluga, Russia	100
82. RABET GmbH & Co. KG, Pullach i. Isartal, Germany	100
83. Shanghai Benteler Huizhong Automotive Co., Ltd., Shanghai, China	60
84. Swissauto Engineering S.A., Etagnières, Switzerland	51
85. Wuhu Benteler-POSCO Automotive Co. Ltd., Anhui, China	90
Steel/Tube Division	
86. Benteler (U.K.) Ltd., Wolverhampton, United Kingdom	100
87. Benteler Benelux B.V., Breda, Netherlands	100
88. Benteler France SAS, Asnières-sur-Seine, France	100
89. Benteler North America Corporation, Wilmington (Delaware), USA	100
90. Benteler Rothrist AG, Rothrist, Switzerland	100
91. Benteler Rothrist GmbH, Paderborn, Germany	100
92. Benteler Steel & Tube Corporation, Houston (Texas), USA	90
93. Benteler Steel Tube GmbH, Paderborn, Germany	100
94. Benteler Steel Tube International Beteiligungs GmbH, Salzburg, Austria	100
95. Benteler Steel/Tube Manufacturing Corporation, Wilmington (Delaware), USA	100
96. Benteler Tube Management GmbH, Paderborn, Germany	100
97. Benteler Tubos y Maquinaria S.A., Barcelona, Spain	100
98. Noordned Holding B.V., Franeker, Netherlands	62.5
99. Noord-Nederlandse Schrootverwerking B.V., Franeker, Netherlands	62.5
100. Rohstoff-Handelsgesellschaft Günther Voth GmbH, Paderborn, Germany	62.5
101. Schrootverwerkingsbedrijf Kootstertille B.V., Franeker, Netherlands	62.5
Distribution Division	
102. A/S Thos. Sonne Junr., Middelfart, Denmark	75
103. Benteler Comercial Ltda., Cotia (São Paulo), Brazil	100
104. Benteler Distribución Ibérica, S.L., Barcelona, Spain	100
105. Benteler Distribution (Shanghai) Co., Ltd., Shanghai, China	100
106. Benteler Distribution (Thailand) Co., Ltd., Bangkok, Thailand	100
107. Benteler Distribution Austria GmbH, Biedermannsdorf, Austria	100
108. Benteler Distribution Czech Republic spol. s.r.o., Dobříš (Prague), Czech Republic	100
109. Benteler Distribution Germany Beteiligungs GmbH, Duisburg, Germany	72
110. Benteler Distribution Germany GmbH & Co. KG, Duisburg, Germany	72
111. Benteler Distribution France S.à.r.l., La Madeleine de Nonancourt, France	100
112. Benteler Distribution Hungary Kft., Budapest, Hungary	100
113. Benteler Distribution India Private Limited, Pune, India	100
114. Benteler Distribution International Beteiligungs GmbH, Salzburg, Austria	100
115. Benteler Distribution International GmbH, Düsseldorf, Germany	100
116. Benteler Distribution Limited, Bolton (Lancashire), United Kingdom	100
117. Benteler Distribution Poland Sp. z o.o., Dabrowa Górnicza, Poland	100
118. Benteler Distribution Services (BDS) AG, Wil, Switzerland	100
119. Benteler Distribution Singapore Pte Ltd, Singapore, Singapore	100
120. Benteler Distribution Slovakia, s.r.o., Pusté Úľany, Slovakia	100

	Interest held %
121. Benteler Distribuzione Italia S.p.A., Trezzano sul Naviglio, Italy	100
122. Benteler Holdings Limited, Bolton (Lancashire), United Kingdom	100
123. Benteler Trading GmbH, Düsseldorf, Germany	100
124. Benteler Trading International GmbH, Düsseldorf, Germany	100
125. Benteler Trgovina d.o.o., Sentjanz, Slovenia	100
126. Heléns OÜ, Saue, Estonia	75
127. Heléns Rör A/B, Halmstad, Sweden	75
128. Heléns Rör A/S, Lilleström, Norway	75
129. Heléns Rör A/S, Middelfart, Denmark	75
130. Kindlimann AG, Wil, Switzerland	100
131. 000 Heléns, St. Petersburg, Russia	75
132. PT Benteler Distribution Indonesia, Jakarta, Indonesia	100
133. SC Benteler Distribution Romania S.R.L., Slatina City, Olt County, Romania	100
134. UAB Heléns Distributoriai, Vilnius, Lithuania	75
Others	
135. Benteler Capital Corporation, Auburn Hills (Michigan), USA	100
136. Benteler Financial Services GmbH, Paderborn, Germany	100
137. Benteler Global Procurement GmbH, Paderborn, Germany	100
138. Benteler International Beteiligungs GmbH, Salzburg, Austria	100
139. Benteler Reinsurance Company Ltd., Dublin, Ireland	100
140. Benteler RV GmbH, Paderborn, Germany	100
141. BLV Versicherungsmanagement GmbH, Dortmund, Germany	55
142. NAPOL GmbH & Co. KG, Objekt Schloss Neuhaus KG, Pullach i. Isartal, Germany	100
ASSOCIATED COMPANIES	
143. Polarputki Oy, Helsinki, Finland	37.5
ASSOCIATED COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS	
144. Benteler Defense Corp., Auburn Hills (Michigan), USA	100
145. Benteler Distribution Boru Sanayi ve Ticaret Limited, Cayirova/Kocaeli, Turkey	100
146. Benteler Distribution EOOD, Stara Zagora, Bulgaria	100
147. Benteler Distribution Ukraine LLC, Lviv, Ukraine	100
148. Benteler Engineering Services Shanghai Company Limited, Shanghai, China	100
149. Benteler Italiana S.r.l., Italy	100
150. Benteler N.V., Gent, Belgium	100
151. Benteler Otomotiv Adapazari Sanayi Ticaret Limited Sirketi, Istanbul, Turkey	100
152. Benteler Trgovina d.o.o., Zlatar Bistrica, Croatia	100
153. Blitz 11-487 GmbH, Munich, Germany	100
154. Blitz 11-488 GmbH, Munich, Germany	100
155. Delta Steel Tube Corporation, Wilmington (Delaware), USA	100
156. IFB Tools & Accessories Pvt. Ltd., Pune, India	49
157. 000 Benteler Avtotechnika Novgorod, Veliky Novgorod, Russia	100

INDEPENDENT AUDITORS' REPORT

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Benteler International Aktiengesellschaft, Salzburg, Austria, for the fiscal year from January 1 to December 31, 2012. These consolidated financial statements comprise the consolidated statement of financial position as of December 31, 2012, the consolidated statement of comprehensive income/statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2012, together with a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements and for the accounting system

The Company's management is responsible for the Group's accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. This responsibility includes designing, implementing and maintaining an internal controlling system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and description of type and scope of the statutory audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the laws and regulations applicable in Austria and the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2012, and of its financial performance and cash flows for the fiscal year from January 1 to December 31, 2012, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Report on the management report for the Group

Pursuant to the terms of law, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements, and as to whether the other disclosures are misleading with respect to the Company's position. The auditor's report must also contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements.

In our opinion, the management report for the Group is consistent with the consolidated financial statements.

Salzburg, February 28, 2013

KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Cäcilia Gruber
Wirtschaftsprüfer
[Austrian Chartered Accountant]

Mag. Gabriele Lehner
Wirtschaftsprüfer
[Austrian Chartered Accountant]

REPORT OF THE SUPERVISORY BOARD

OF BENTELER INTERNATIONAL AG FOR FISCAL 2012

Meetings and Committees

As is its responsibility, the Supervisory Board actively monitored and supported the strategic development of Benteler International AG. The Supervisory Board performed the duties and exercised the authorities incumbent upon it by law and under the Articles of Incorporation at four regular meetings during fiscal 2012. The Executive Board reported regularly, promptly, and fully, in writing and orally, about the course of business and the situation of the Company, together with its risk situation and risk management system and those of its consolidated subsidiaries. The Chairman of the Executive Board also maintained regular contact with the Chairman of the Supervisory Board, providing information about strategy and business performance, as well as the situation of the Company and its Group subsidiaries.

Extensive information about the current status of the Steel/Tube Division's project to build a steel works and a tube plant in the United States was provided at all four meetings of the Supervisory Board, and also in a written ad hoc report on the choice of a location. All decisions on financing, project organization, contract awards and the location were approved by the Supervisory Board.

In the course of its meeting on February 24, 2012, the Supervisory Board obtained information about the key figures of the 2011 consolidated financial statements, and approved the corporate planning for fiscal 2012 through 2016. Among the matters it addressed at its meeting on May 4, 2012, the Supervisory Board approved the consolidated financial statements prepared under IFRSs for the period ended December 31, 2011.

Among the business at its meeting on August 10, 2012, the Supervisory Board received reports about improving profitability at the Automotive Division, and about the Group's systems for risk management, internal control, and compliance.

At the meeting of the Supervisory Board on December 14, 2012, the Executive Board presented the preliminary corporate planning for fiscal years 2013 through 2017. The concluding discussion of the finalized corporate planning was held at the meeting on February 25, 2013, with the inclusion of the planned restructuring and efficiency-enhancement measures for the Automotive and Steel/Tube Divisions.

The Personnel Committee met twice in fiscal 2012, focusing its deliberations primarily on the bonus system, employment contracts, and the conferral of corporate powers of attorney. Other personnel matters were discussed at the August and December meetings of the Supervisory Board.

Parent-company and consolidated annual financial statements

The parent-company financial statements and management report, together with the consolidated financial statements and Group management report, of Benteler International Aktiengesellschaft for fiscal 2012 were audited by the independent auditors appointed by the Shareholders' Meeting and engaged by the Chairman of the Supervisory Board, KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Kudlichstrasse 41–43, 4020 Linz, Austria. According to the auditors' final findings, the audit found no cause for objection. The auditors confirmed that the accounting system, the parent-company financial statements and management report, and the consolidated financial statements and Group management report comply with legal requirements and give a true and fair view of the Group's net assets, financial position and results of operations in accordance with proper accounting standards, and that the management report and Group management report are consistent with the parent-company and consolidated financial statements. The parent-company financial statements and management report, and the consolidated financial statements and Group management report, therefore received an unqualified audit opinion. A management letter reported separately to the Chairman of the Supervisory Board.

The independent auditors sufficiently explained the parent-company and consolidated financial statements in a detailed discussion with the Chairman of the Supervisory Board and the Chief Financial Officer. Following its own thorough discussion and audit, the Supervisory Board concurs in full with these results of the audit of the financial statements.

The final findings of the Supervisory Board's audit of the Executive Board's management report, the parent-company financial statements, the consolidated financial statements and the Group management report, together with the Supervisory Board's audit of management, revealed no cause for objections. The Supervisory Board approved the parent-company and consolidated financial statements, which are therefore adopted in accordance with Sec. 96(4) of the Stock Corporations Act. The Supervisory Board concurs in the Executive Board's proposal for the allocation of profits.

The Supervisory Board nominates KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Kudlichstraße 41-43, 4020 Linz, Austria as the independent auditor for the parent-company and consolidated financial statements for fiscal 2013.

Personnel matters

Effective March 1, 2013, the Supervisory Board appointed Mr. Hubertus Benteler for another five-year term as a member and Chairman of the Executive Board of Benteler International AG. Mr. Siegmund Wenk, Chief Financial Officer, will leave the Company by mutual accord as of May 31, 2013. As his successor, the Supervisory Board appointed Mr. Boris Gleissner, effective March 1, 2013, for a five-year term as a member of the Executive Board of Benteler International AG.

The Supervisory Board was always promptly informed in writing about decisions concerning positions on the Management Boards of the divisional parent companies of the Benteler Group.

Salzburg, May 3, 2013



Robert J. Koehler

Chairman of the Supervisory Board

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