ANNUAL REPORT

2013

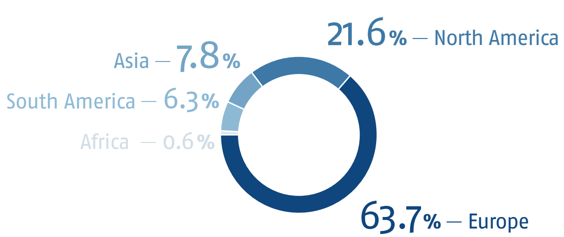
BENTELER

FISCAL YEAR JANUARY 1 – DECEMBER 31

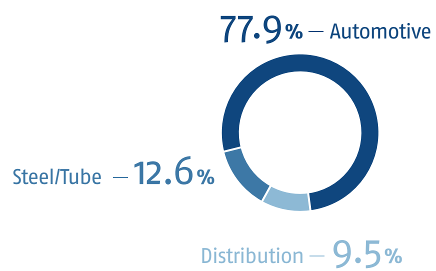
		2013	2012
External revenue	€ MILLION	**7,425**	7,452
Employees including trainees (average for year)		**28,166**	28,007
Personnel expense	€ MILLION	**1,373**	1,330
Personnel expense per employee	€ THOUSAND	**48.8**	45
Investments	€ MILLION	**349**	444
Depreciation and amortization	€ MILLION	**220**	209
Cash flow from profit	€ MILLION	**263.8**	304
Equity 1)	€ MILLION	**942**	1,012
Total assets	€ MILLION	**3,806**	3,819
Equity ratio	%	**24.8**	26
Profit/loss before tax	€ MILLION	**4.3**	63
Consolidated profit	€ MILLION	**3.1**	41

[1] Adjusted equity: Equity + profit participation certificates

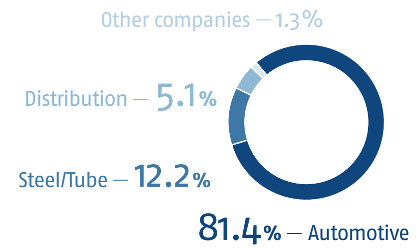
REVENUE BY REGION



REVENUE BY SEGMENT



EMPLOYEES BY DIVISION



ANNUAL REPORT

2013

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.

FOREWORD

»THE FOCUS IN 2014 WILL BE ON SIGNIFICANTLY IMPROVING OUR PROFITABILITY.«

Hubertus Benteler
CEO of Benteler International AG

LADIES AND GENTLEMEN,

Fiscal 2013 was a year of changes for the Benteler Group, dominated by restructuring in all divisions and considerable investment in the Company's future.

Initial positive effects arising from reorganization measures that have already been completed and those that are still ongoing became apparent in key financial ratios in the second half of 2013. However, as in previous years, the result was characterized by pressure on margins and the weakness of individual markets, primarily in Southern Europe.

During 2013, the Benteler Group had a workforce of 28,166 employees (FTEs) at 170 locations in 38 countries. Revenue came close to the previous year's level at €7.425 billion (–0.4%). The Automotive division increased its revenue by 1.3%, whereas the Steel/Tube (–5.5%) and Distribution (–7.9%) divisions saw a drop in revenue. Cost-cutting measures largely offset any negative effects, but not significant restructuring costs. Consolidated profit before tax totaled €4.3 million, and so remained down considerably on the previous year (€63.3 million).

Nevertheless, there were increasing signs of a trend reversal towards the end of 2013 and indications that the Benteler Group would return to growth. We opened up opportunities for the future by making large capital investments. Structures and processes were optimized or realigned as part of an efficiency drive. Based on our belief that growth in the automotive industry will take place outside Europe in future, we have specifically strengthened our position on the Chinese market and beyond.

Benteler Automotive opened a new plant in Shanghai for the production of chassis parts and constructed new headquarters for the Asia-Pacific region on the same site. This capital investment will support the further growth of Benteler Automotive, primarily on the dynamic Chinese market.

We made a determined effort to press ahead with the internationalization of the Steel/Tube division. A key aspect of this is the start of construction of the new seamless tube plant in Shreveport in Louisiana. As Benteler Steel/Tube's first production location in the USA, this plant will be a vital component of our global growth strategy. It will open the door to the world's largest steel tube market and one of the most important oil and gas exploration markets. The total capex volume is in the region of US$1 billion.

Measures were taken to increase profitability in the Distribution division. Logistics were improved, and we are also set to expand our expertise in the field of processing to an even greater degree in the future, which will enable us to exploit our particular competitive position.

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. I am convinced that the efforts we have made in 2013 will have a lasting effect and lead to more business, more customers and even higher product quality.

THE BENTELER GROUP AT A GLANCE

1.2

BENTELER INTERNATIONAL AG

BENTELER DEUTSCHLAND GMBH

CONTINUITY AND PROGRESS – FOR MORE THAN 135 YEARS

In line with the international focus of the Benteler Group, business operations – under the strategic management holding company Benteler International AG – are organized in three legally independent divisions – Benteler Automotive, Benteler Steel/Tube and Benteler Distribution – within Benteler Deutschland GmbH.

Continuous progress has been an integral part of the Company's history for more than 135 years. Consistently concentrating on our strengths and strategic initiatives and focusing on long-term, profitable growth help us to safeguard our corporate independence on a sustainable basis.

The Company is now owned by the fourth generation of its founding family, and employs around 30,000 employees at 170 locations in 38 countries.

BENTELER AUTOMOTIVE

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.

— **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 3D 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.

EMPLOYEES — APPROXIMATELY 30,000 FTEs

BENTELER STEEL/TUBE

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

Benteler Distribution is one of the world's leading warehousers 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:

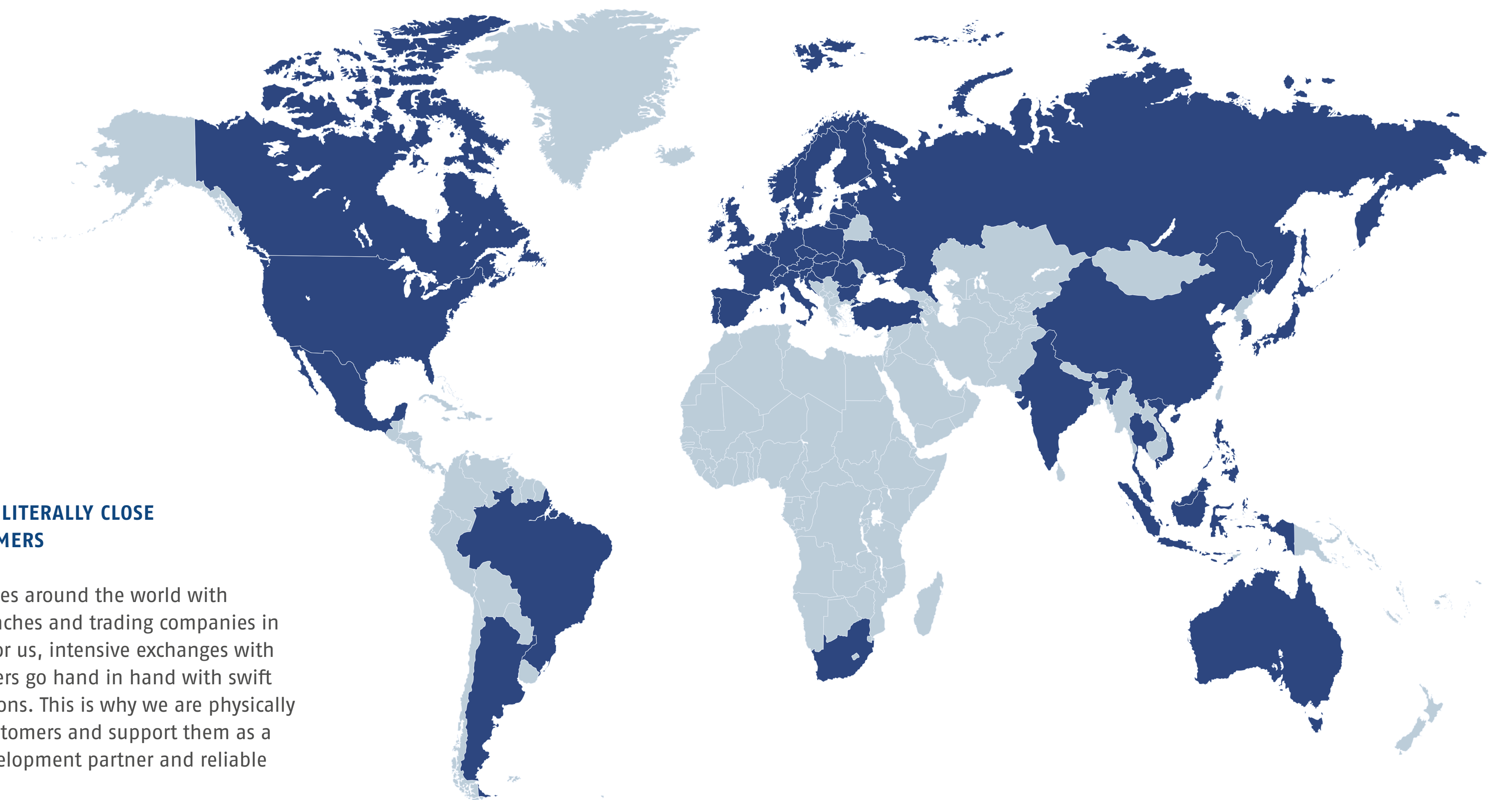
- an international sales and logistics network,
- technical consulting,
- extensive know-how in steel,
- diverse, up-to-date processing solutions,
- expertise in procurement processes in machine construction, hydraulic cylinders, automotive, construction, health and consumer goods, and energy.

COUNTRIES — 38

LOCATIONS — 170

BENTELER GROUP LOCATIONS

1.3



WE ARE QUITE LITERALLY CLOSE TO OUR CUSTOMERS

Benteler operates around the world with 170 plants, branches and trading companies in 38 countries. For us, intensive exchanges with business partners go hand in hand with swift business decisions. This is why we are physically close to our customers and support them as a competent development partner and reliable supplier.

PERSONNEL MATTERS 1.4

THE EXECUTIVE BOARD OF BENTELER INTERNATIONAL AG

Hubertus Benteler, Chairman
Siegmund Wenk (until May 31, 2013)
Boris Gleißner (from March 1, 2013)

THE SUPERVISORY BOARD OF BENTELER INTERNATIONAL AG

Robert Koehler,
Wiesbaden, Germany
Chairman
Chairman of the Executive Board of SGL Carbon SE, Wiesbaden, Germany (until December 31, 2013)

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 Advisory Board, Huawei Technologies Deutschland GmbH

Dr. Markus Flik,
Stuttgart, 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 (until May 3, 2013)

Frederik Vaubel,
Düsseldorf, Germany
Managing Director of Vaubel Entwicklungs- und Beteiligungs GmbH & Co. KG (from May 4, 2013)

THE MANAGEMENT BOARD OF BENTELER DEUTSCHLAND GMBH

Dr. Thomas Wünsche, Chairman
Matthias Jäger
Anders Ivarsson (until February 28, 2013)
Dr. Jost A. Massenberg (from March 1, 2013)
Dr. Thomas Späth

THE MANAGEMENT BOARDS OF THE DIVISIONS

BENTELER AUTOMOTIVE

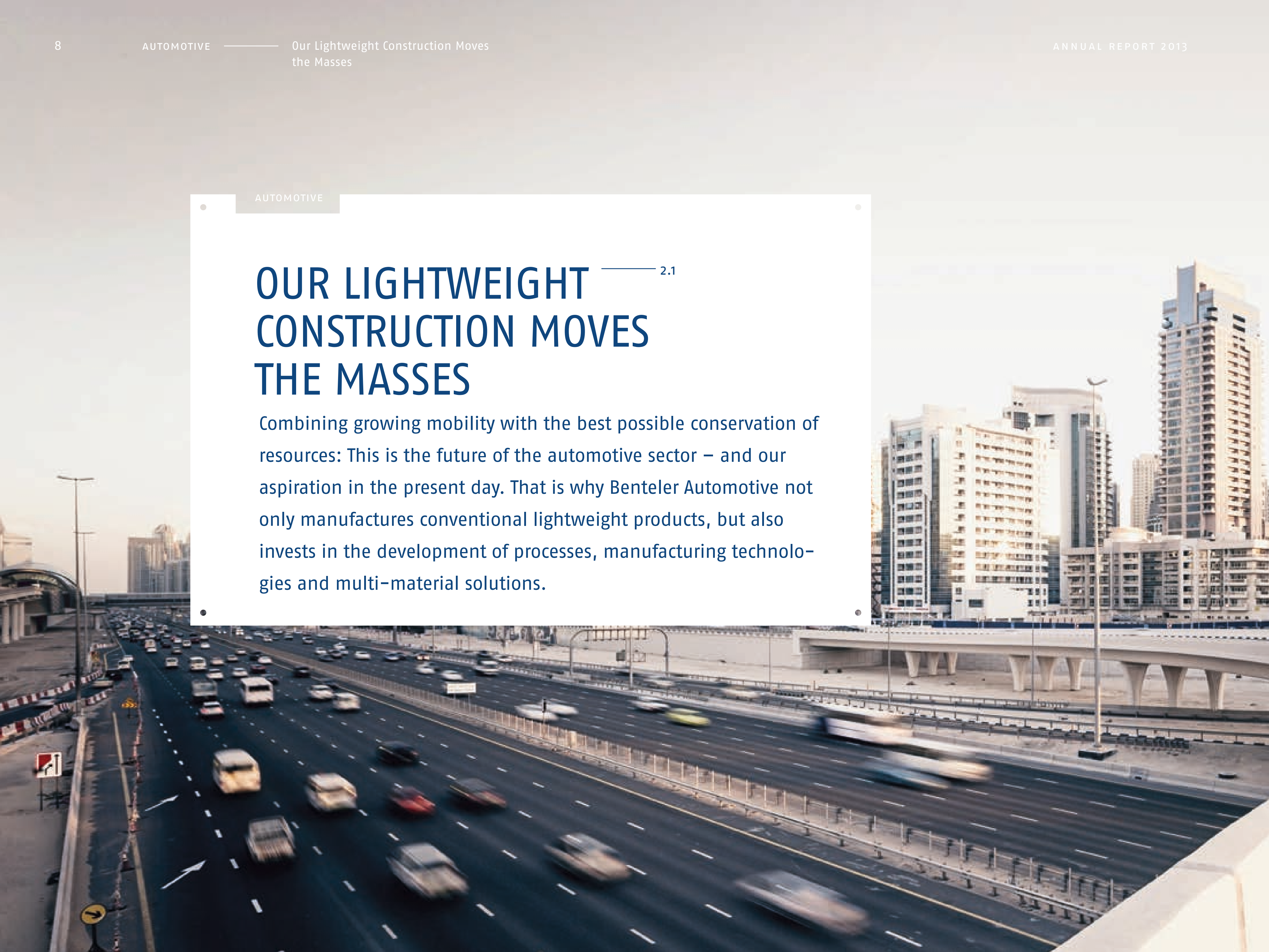
Dr. Thomas Wünsche, Chairman
Ralf Göttel
James T. Sheehan

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

Matthias Jäger, Chairman
André Sombecki (from July 1, 2013)
Dr. Andreas Hauger (from January 1, 2013)
Dr. Meike Schäffler

BENTELER DISTRIBUTION

Anders Ivarsson, Chairman (until February 28, 2013)
Dr. Jost A. Massenberg, Chairman (from March 1, 2013)
Kurt Ternegg



AUTOMOTIVE

OUR LIGHTWEIGHT CONSTRUCTION MOVES THE MASSES

2.1

Combining growing mobility with the best possible conservation of resources: This is the future of the automotive sector – and our aspiration in the present day. That is why Benteler Automotive not only manufactures conventional lightweight products, but also invests in the development of processes, manufacturing technologies and multi-material solutions.

Agile, safe and economical: Benteler develops solutions for the car of the future.

Aluminum, fiber-reinforced composite materials or steel? For us, lightweight construction does not mean a fundamental choice between one material or another: the car is always multi-material. The future of lightweight construction is far more about finding the optimal composition – and realizing it through innovative processes. Ultimately, the only way to make the sustainable mobility of the future a reality is with an understanding of the varied applications of automotive technology and the specific characteristics of different materials.

€101 million

was the amount Benteler invested in research and development in 2013 – as well as submitting 74 new patent applications.

»Safety and dynamics go together.«

Interview with Andreas Hitz: On innovations in automotive technology and development in the field of automotive lightweight construction/multi-material

2.1.1

Left — Working in the Development department of the Structures product group: Andreas Hitz.

Right — Innovation requires experience and a dedicated team.

Mr. Hitz, why is lightweight construction such an important topic at Benteler?

— HITZ: Since cars were invented, they have become heavier and heavier from one generation to the next – a side effect of increasing expectations in terms of safety and comfort. Yet the heavier a vehicle is, the more fuel it consumes. So we need efficient lightweight construction solutions to reduce emissions – this is placing more pressure on carmakers and has given us new incentives to develop innovative lightweight solutions.

For example, air pollution is rising sharply in growth regions such as China due to urbanization and the high volume of traffic in megacities. Electric vehicles can remedy the situation, but they weigh a considerable amount more due to their battery drive systems. We need to compensate for this by developing new approaches and material combinations.

–50%
Future vehicle generations need to be lighter.

What is Benteler currently focusing on in terms of the development of lightweight solutions for structural components?

—— HITZ: Steel, aluminum, fiberglass and carbon are being combined more and more frequently in vehicle bodies. High-strength and ultra-high-strength materials within one family of materials offer the greatest potential for lightweight construction. Our guiding principle is: The right material in the right place.

In order to be able to offer "customized" solutions for each application, we concentrate on developing efficient processes to produce ultra-high-strength steel structural components with different mechanical properties.

We also focus on developing high-strength and ultra-high-strength aluminum alloys for future shell applications. Our aim here is to achieve extremely high strengths combined with low costs.

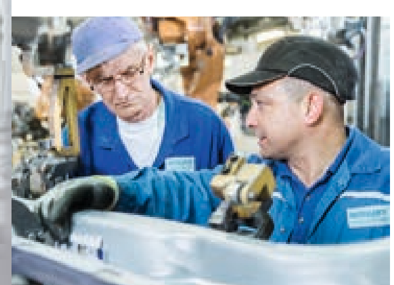
Ultra-lightweight applications made of fiberglass and carbon used in vehicle structures are also an important theme. While we have mostly developed individual components here to date, large multi-material modules are now in series production as well.

What particular challenges do we need to rise to in this process?

—— HITZ: For starters, we need to at least partly offset the higher cost of lightweight materials by introducing more efficient manufacturing processes. The full potential of a component needs to be exploited for that to happen – of course, our long-term aim is to develop solutions which, as well as producing a lower weight with the same or improved functionality, also reduce costs.

Another important aspect is building up know-how in growth regions. For example, a Chinese automotive manufacturer would like to work with Chinese engineers who understand the local markets. We need to continue our successful trainee programs in order to meet growing technical demands in these regions.

Above —— A good eye for detail: Sheet metal for structural parts is formed in the production hall.



Above — Simultaneous engineering guarantees success

20,850 FTEs

20,850 employees at 70 plants

29 countries

20 engineering and sales offices in 29 countries

Future Trend: Lightweight Construction — 2.1.2

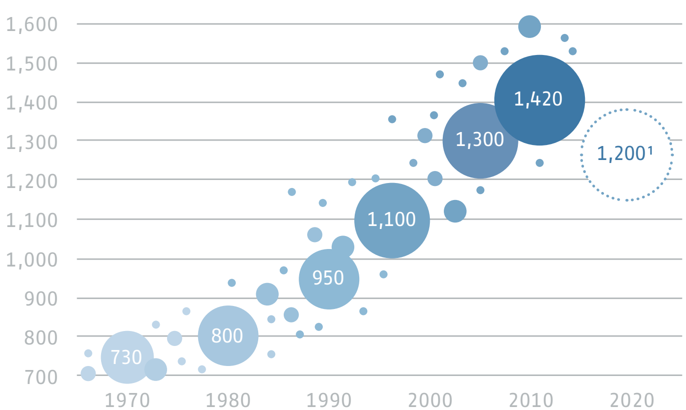
21st century society demands more sustainability. Energy costs are rising, polluters face tough sanctions – and the automotive sector has no choice but to find efficient responses to this trend. This is also reflected in the figures: The lightweight construction market is expected to increase fivefold by 2025, reaching a volume of around €100 billion.

Higher expectations in terms of travel comfort and safety are also driving the multi-material composite construction approach, since ultra-high-strength steel body components in a vehicle's aluminum shell construction can improve crash performance significantly. However, new solutions come at a price – and manufacturers are still keeping this in mind. For example, further cost savings can be achieved by using synthetic fibers. And the potential offered by aluminum is far from being exhausted.

While lightweight construction is a clear driver of innovation in Europe and North America, it has so far been of minor importance in the automotive growth markets of the BRIC nations, where the desire for cheaper mobility remains the decisive factor for the time being.

Because automotive manufacturers nowadays are increasingly operating on global platforms, demand for ultra-high-strength steel components is also on the rise in these markets. After all, one thing is certain: As long as sustainability becomes more important in all areas of everyday life, lightweight construction will remain an irreversible trend in the field of automotive technology.

Weight of a compact vehicle 1970 – 2020 (in kg)

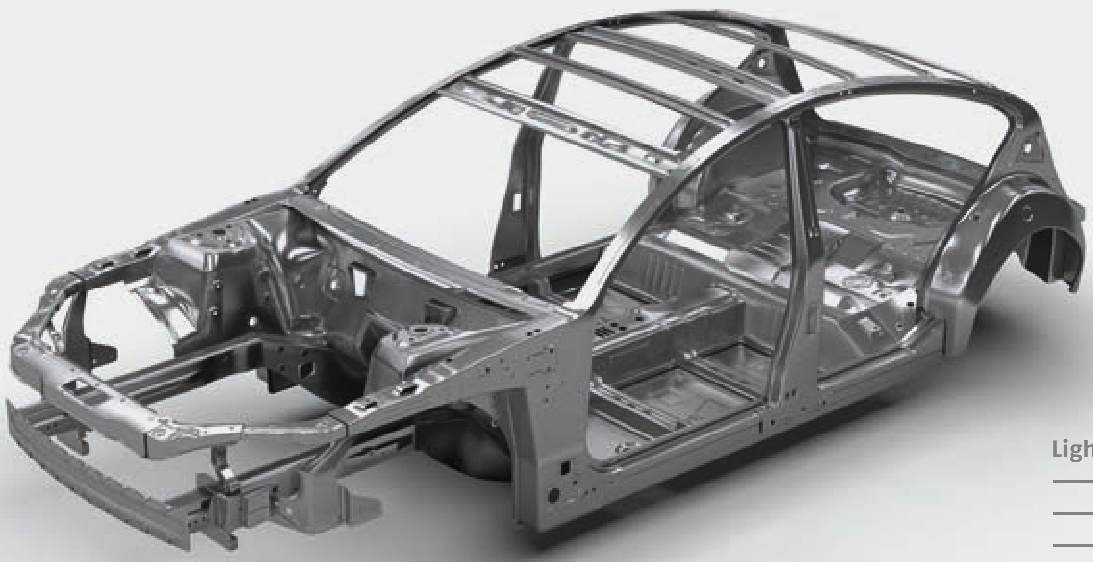


[1] Forecast

LIGHTWEIGHT CONSTRUCTION PRINCIPLES AND TECHNOLOGIES

Lightweight form
- Structured or cambered sheet metal
- Application of ribbing

Lightweight materials
- High-strength steels
- Aluminum
- Plastics



Lightweight production
- Profiled sheet metal
- Tailored tubes
- Patchwork technology
- Composite sheet metal

Lightweight design
- Construction with advantageous ratio of functionality to weight

0.3 liters

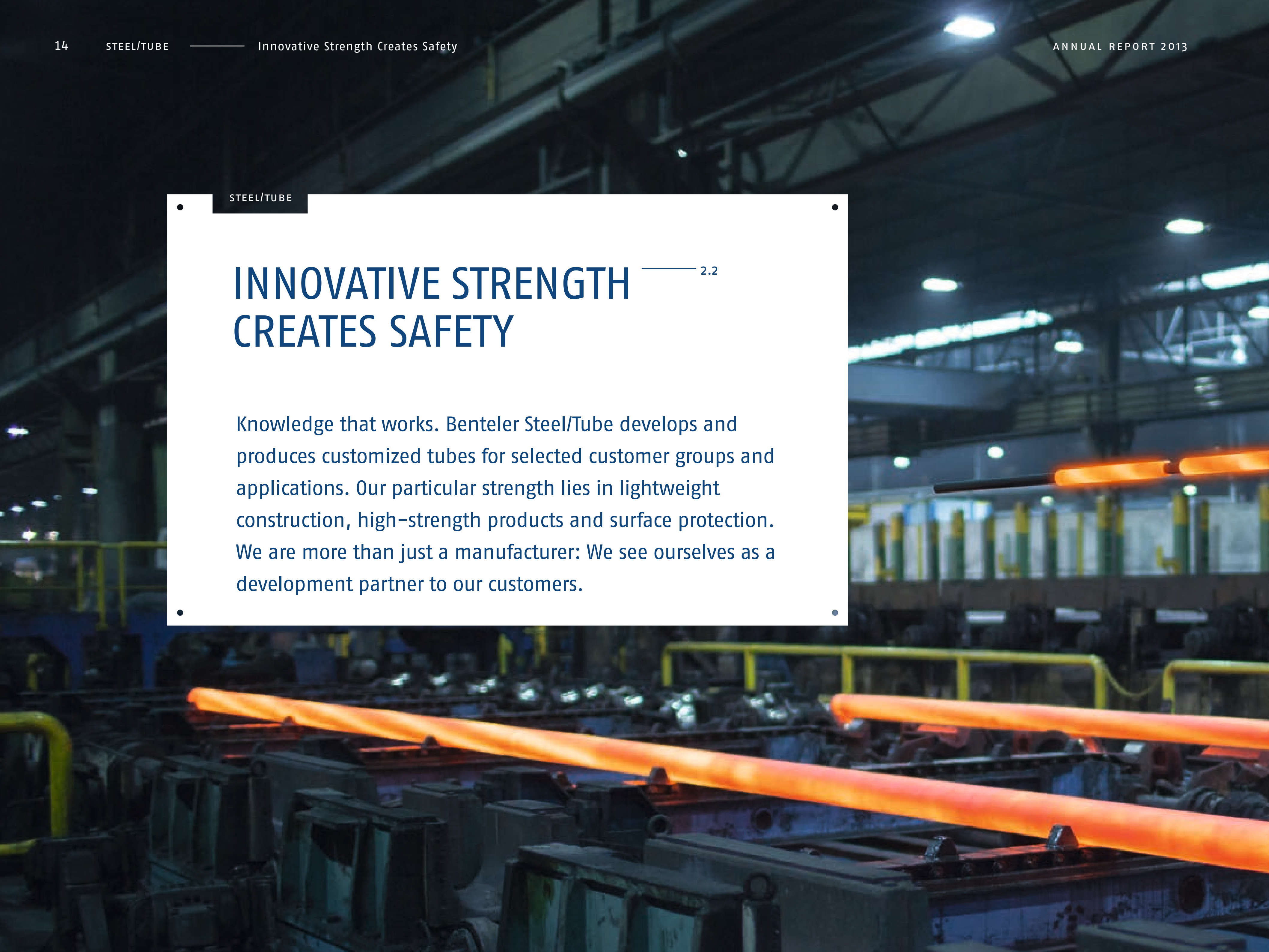
100 kg less weight reduces consumption by 0.3 l/100 km

8–10 g CO_2

8–10 grams of CO_2 are saved per 100 kg of reduced weight.

25 %

Previously, a car's shell accounted for 40 % of its weight. Today it accounts for just 25 %.

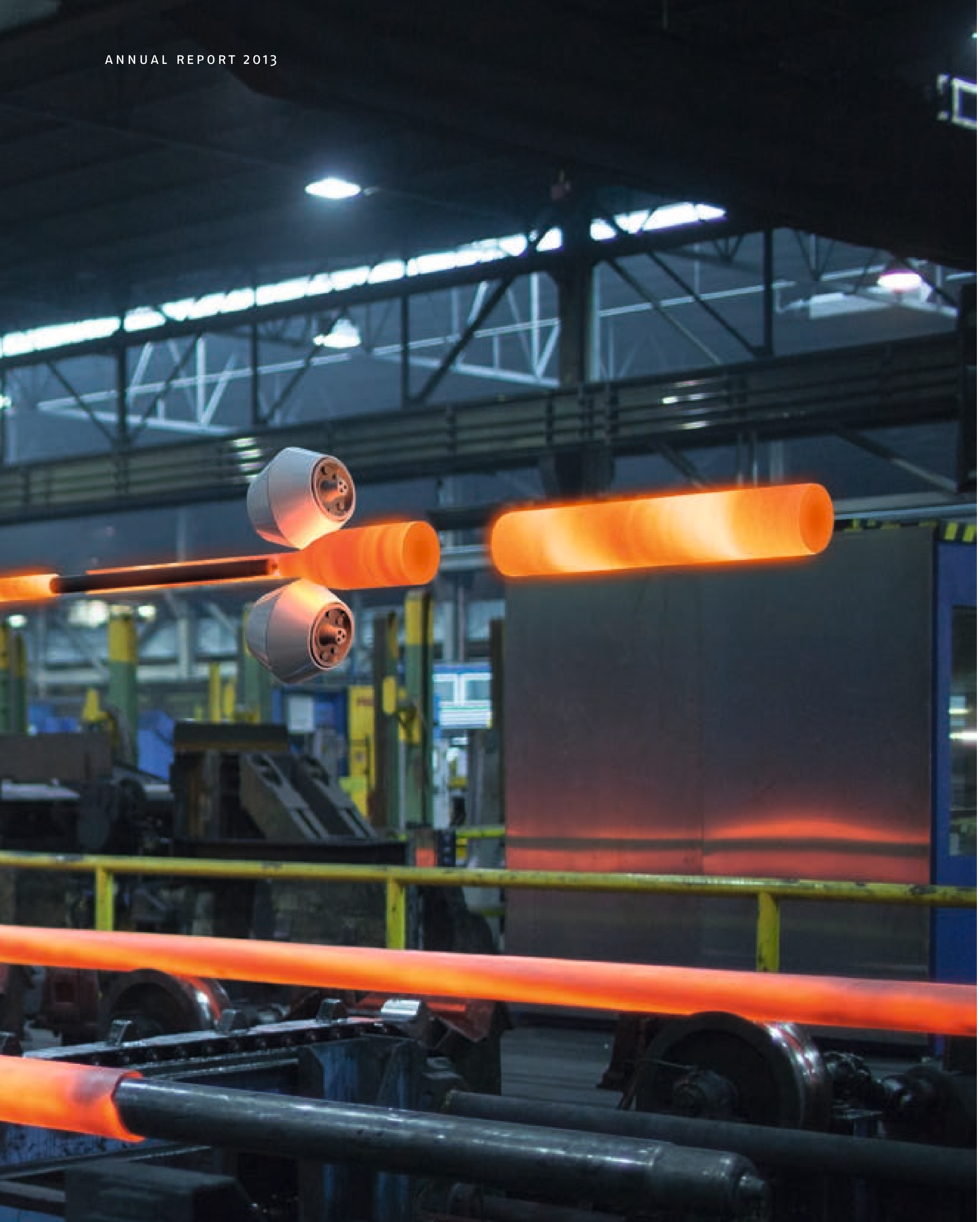


STEEL/TUBE

INNOVATIVE STRENGTH CREATES SAFETY

2.2

Knowledge that works. Benteler Steel/Tube develops and produces customized tubes for selected customer groups and applications. Our particular strength lies in lightweight construction, high-strength products and surface protection. We are more than just a manufacturer: We see ourselves as a development partner to our customers.



Less is More: Innovative Solutions are Lighter and More Sustainable

Scrutinizing production processes more and more closely, putting materials to the test and rethinking designs: These are the tasks facing all modern industrial companies. Together with our customers from a wide range of industries, we develop tube solutions at a high level of innovation. We focus on materials and their processing properties. Our development work in the area of airbags is a good example of how we refine the technological and mechanical properties of our solutions on an ongoing basis and of our role as a strong development partner to industry.

50–60 million

tubes for airbags pre-cut to size will leave the Paderborn distribution center in 2014, mainly destined for Europe and America.

»We supply expertise first of all, and steel tubes second to this.«

Interview with Dr. Böhm: Strength and load capacity are put to the test as well as cost efficiency and processing issues.

2.2.1

Left Benteler produces tubing up to 25 meters in length.

Right Benteler possesses a level of expertise that is seldom seen the world over.

What is a tube's function in an airbag?

—— DR. BÖHM: Airbag systems need to be released at lightning speed in an accident. They are initiated by a case which contains igniters and fuel. This allows for the build-up of pressure of several thousand bar within the space of a few milliseconds. The challenge is to manufacture these airbag cases so that they can withstand this strong pressure.

How should the tube be designed?

—— DR. BÖHM: Airbag cases are expected to become increasingly light and increasingly strong at the same time. That's one of the main challenges facing our customers. But airbags still need to work properly in extreme temperatures of +/-40°C, for example. Depending on how they are used in the vehicle, either welded or seamless tubes are used for this purpose.

How does a collaborative development project like this take place?

—— DR. BÖHM: We receive technical and design specifications from our customers. We develop prototypes that are then tested and optimized if necessary. During all phases, we focus on strength and load capacity, as well as processing issues and cost efficiency. Including extensive validation work performed by the customer, it can take up to 18 months to develop a new series.

How far into the future do such time-consuming developments last?

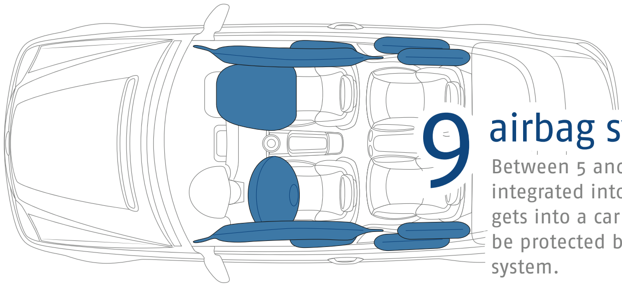
—— DR. BÖHM: The long time spent on development is worthwhile because airbag series are usually used over a long period of up to seven years. We develop or rework around a dozen airbag models every year. Between five and nine airbag systems are used in each vehicle.

What is unique about a collaborative development project with Benteler?

—— DR. BÖHM: I think we're one of the few providers in the world with the expertise in the area of steel and tubes required for this innovative work. We have an in-house development team for strategic products such as airbag systems, as well as product managers working directly in production who know our customers and their requirements very well. This personal support is something quite unique.

500 bar

The cases contain propellant gas at pressure of 500 bar which inflates the airbags in an accident.

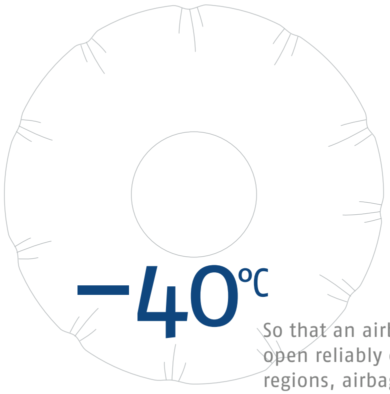


9 airbag systems

Between 5 and 9 airbag cases are integrated into one car. Anyone who gets into a car will in all likelihood be protected by a Benteler airbag system.

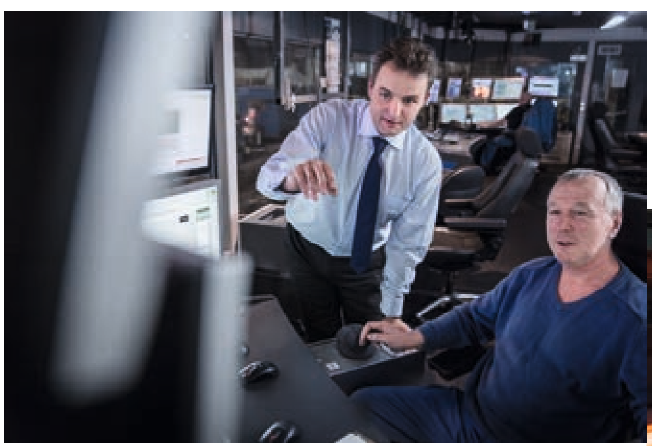
Engineering for High-Performance — 2.2.2

Be it in energy generation or heat transfer, in power plants, the chemical and petrochemical industry, be it in the automotive industry, machine construction or building construction – tubes play a central role in a number of industrial sectors. From extreme temperatures to aggressive substances, they have to withstand extremely high loads. In order to meet particular requirements in terms of materials and processing, we employ our accumulated know-how and creativity when developing innovative solutions, both in the seamless and welded tubes segments. Our customers benefit from an integrated value-added chain. This ranges from smelting to processing or finishing of tubes, for example as precision tubes, by means of coatings, machining or punching. Together we create tube solutions which help a wide range of industries to undertake specific tasks and meet exacting requirements in terms of safety, sustainability, environmental protection and efficiency.



–40°C

So that an airbag will open reliably even in cold regions, airbag cases are tested for use at temperatures reaching below 40°C.



Left — Product managers oversee strategic products.

Right — Production of seamless tubes in Paderborn

STEEL/TUBE WORLDWIDE

51 locations

Benteler Steel/Tube is present around the world with 6 plants, 9 sales offices and 36 representative offices. It employs around 3,500 FTEs.

300,000 tons

Steel tubes are expected to be produced in the new plant in Louisiana every year. The location will commence production in 2015.

25 %

of Benteler's steel tube production is currently exported to the USA. Therefore, the new plant in Louisiana is an important part of its global growth strategy.

DISTRIBUTION

OUR VALUE IS ADDED VALUE

2.3

Benteler Distribution supplies more than just tubes and accessories. Together with its customers, the Company develops customized solutions with huge added value for individual projects. 290,000 m2 of storage space around the globe provides plenty of room for a broad product portfolio, for which a wide range of processing and additional services are available.

Benteler Distribution in the Fast Lane

Benteler Distribution is an international provider of processing and service solutions for steel and stainless-steel tubes as well as accessories. Our customers come from a wide range of sectors and benefit from our extensive materials expertise, state-of-the-air processing methods and individual additional services. This allows them to concentrate fully on their core competencies.

Distribution is a key issue for the future. In order to continue to set benchmarks in this growing market, Benteler Distribution Germany is currently investing in expanding the Duisburg location to create a central warehouse to supply the German market. New storage areas will be created within the immediate vicinity of the existing Duisburg site which, together with the existing site, will provide 30,000 m^2 of space for 22,000 tons of steel tube products. Benteler Distribution is in the fast lane.

18,000 trucks

each with a total weight of 25 tons drive steel tube products from Benteler Distribution to customers around the world every year.

2.3.1

Distribution with added value: Benteler Distribution is a competent contact for customized solutions.

290,000 m²

This is Benteler Distribution's total storage space available worldwide.

»We keep our customers' options open.«

Interview with the manager of the Mannheim location, Roman Juszczak

Left —— Processing tubes is our core business.
Right —— Improving delivery times and service by bundling everything in one location

Mr. Juszczak, what makes up Benteler's traditional trade business?

—— JUSZCZAK: Our business involves storing and distributing products – either in their original condition or processed – to customers. Our storage and logistics structures play a central role in Distribution. We are setting up a central warehouse in Duisburg so that we can supply our customers even more quickly and efficiently in the future.

What advantages will this offer?

—— JUSZCZAK: The large inventory of stock held at the central warehouse will improve our product availability. This means that we can supply our customers more quickly and combine deliveries. Instead of several trucks driving from various locations, one truck will deliver all parts. This will have a very positive effect on delivery times.

How does Benteler promote long-term customer relations?

—— JUSZCZAK: All of the support we provide to customers is characterized by continuity. Our customers can rely on our services and our advice. Our key account managers know the business and their customers well. So well that they are actually at home with their customers' processes. This strengthens our consulting services.

How has the distribution business changed in recent years?

—— JUSZCZAK: Globalization is changing our business. There are fewer barriers to utilizing international channels. Competition is constantly on the rise. Purchasers nowadays are extremely well informed and overcapacity dominates the market in many regions. All of this means we need to change. We need to think globally too. Our customers are scrutinizing their own products and processes, which is where they need us as an adviser.

Will tube solutions replace traditional business activities in the future?

—— JUSZCZAK: No, tube solutions are an important addition to our traditional business. They offer a lot of added value. Our customers are looking for technical solutions and innovative logistical concepts. Nevertheless, many of our customers will still need us only to supply tubes in the future. This is where we will realize volumes. The two go hand-in-hand. This is how we keep our customers' options open.

How is Benteler Distribution able to support large customers on an international scale?

—— JUSZCZAK: As an international company, we are in a good position here, regardless of whether our customers' purchasing activities are centralized or decentralized. Our services allow our customers to streamline their supplier network and they can be confident that we will take account of their country-specific structures.

Solutions are our Business —— 2.3.2

With its global distribution and logistics network, Benteler Distribution is one of the world's leading, long-standing trading companies for steel and stainless-steel tube products. We also see ourselves as a competent service provider for our customers' production processes. We find solutions for innovative processing steps and product changes. We also offer them comprehensive processing and additional services. We are even able to take on multi-stage processing steps efficiently while maintaining a high quality level, thereby strengthening the competitiveness of our customers on a sustainable basis. Our materials and logistics expertise and our far-reaching network capacities are key to this. Thanks to our global presence, we bring with us a great deal of experience on international markets and have also successfully established reliable supplier chains in regional markets. Numerous long-term partnerships with renowned industrial companies are testament to the success of the support we provide to our customers. We ensure security in the value added chain for large international customers in roles such as general contractor.

Above —— Bundling everything in one location opens up synergies.

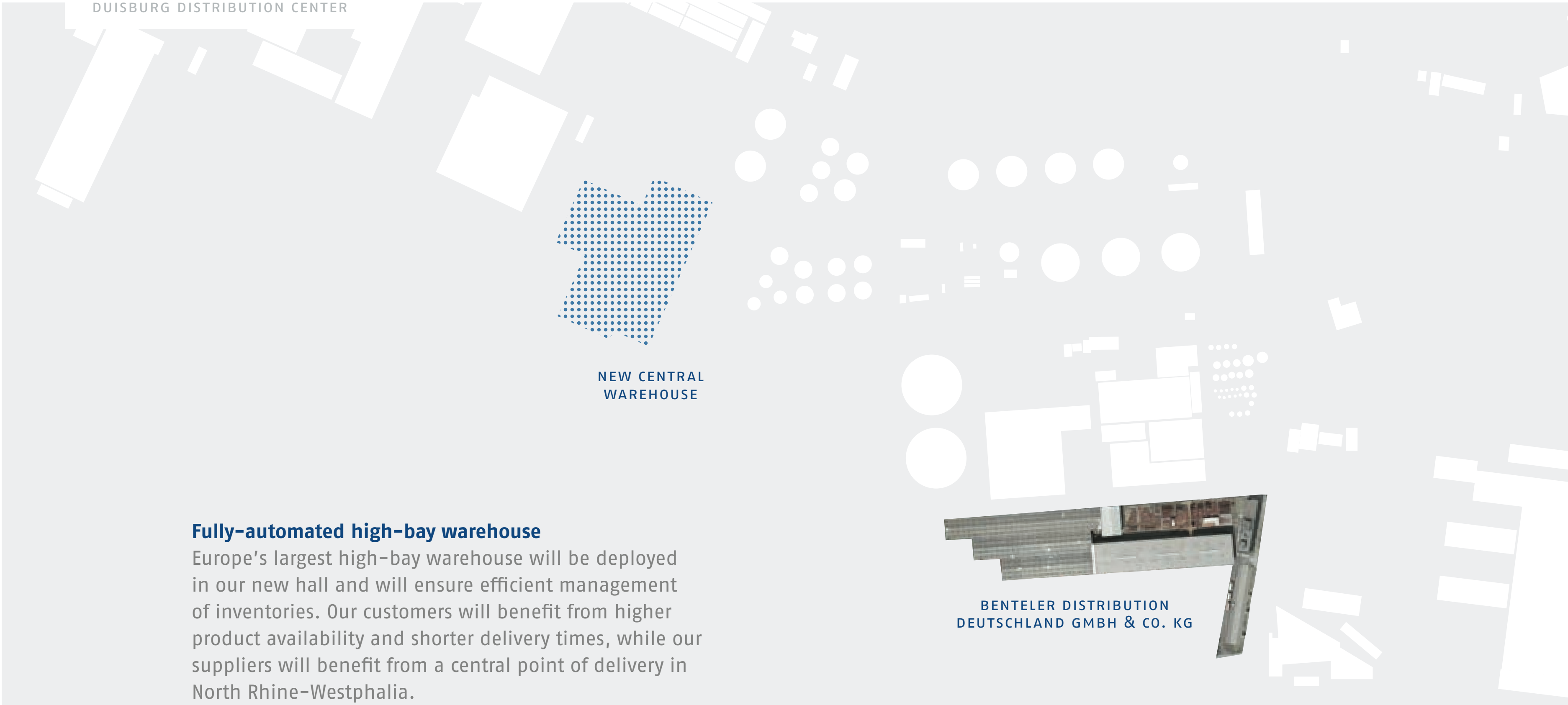
Right —— Logistically beneficial storage in central warehouses

+1,400 FTEs

More than 1,400 employees worldwide are committed to ensuring that Benteler Distribution's customers receive their goods quickly and reliably.

60 locations

60 locations in over 30 countries with a strong presence in Europe, America and Asia



Fully-automated high-bay warehouse

Europe's largest high-bay warehouse will be deployed in our new hall and will ensure efficient management of inventories. Our customers will benefit from higher product availability and shorter delivery times, while our suppliers will benefit from a central point of delivery in North Rhine-Westphalia.

30,000 m²

of storage space will be provided by the new central warehouse in Duisburg.

10,000 m²

The size of the hall housing the high-bay warehouse alone.

22,000 tons

of tubes can be held available in the new central warehouse.

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MANAGEMENT REPORT

Restructuring, new locations and a comprehensive efficiency drive: 2013 was characterized by key changes in the Benteler Group. In order to continue to exploit our particular competitive position, we are investing in our future as a global player – and are concentrating even more on our core competencies in the process.

€ 7,425 million

The Benteler Group generated revenue of €7,425 million in 2013.

AUTOMOTIVE — € 5,955 million +6%

STEEL/TUBE — € 959 million +7%

DISTRIBUTION — € 728 million –3%

Business and General Conditions

Noticeable revival in world economy
The global economy gained momentum towards the end of 2013. However, according to the Institute for the World Economy (IfW) in Kiel, Germany, average growth in global gross domestic product slowed down again in 2013, rising by 2.9 %, following quite moderate growth of 3.1 % the year before.

The year's GDP growth in industrialized countries was just 1.1 %. The economy in the euro zone emerged from recession over the course of the year. In addition to slightly positive development in Germany, the recent recovery of the current account balances in crisis nations (Greece, Ireland, Italy, Portugal and Spain) also contributed to this. However, countries in Central and Eastern Europe outside the euro zone recorded an increase in economic activity. The U.S. economy also picked up in the second half of the year despite political uncertainty caused by the dispute over the debt ceiling.

Though GDP continued to rise in emerging economies in 2013, the increase was far less than the year before. China recorded GDP growth of 7.5 % (prior year: 7.8 %) and India 4.0 % (prior year: 3.7 %), which is around the same as the previous year. However, growth slowed significantly in several other emerging nations as a result of difficulties in their domestic economies, which at times led to considerable capital outflows during summer.

Worldwide automotive production remains on growth track
According to market information from HIS, 84 million passenger cars were produced worldwide in 2013, 3.1 % more than the year before. Vehicle production therefore slightly exceeded expectations. The world's three largest automotive manufacturers, Toyota, VW and GM, posted a slight decline in their combined share of production from 33.0 % in 2012 to 32.8 % in 2013. This was due to below-average growth rates recorded by Toyota and GM compared to the overall market. Nevertheless, Toyota was the world's frontrunner once again in 2013, producing 9.8 million units. VW continued to close the gap with Toyota, increasing its production by 4.4 % to just under 9.6 million vehicles.

Demand remained subdued in 2013, which caused production in Western Europe to decrease by 0.5 % to 12.5 million vehicles. While production volume in Germany rose by 0.8 % to just under 5.6 million units and in Spain by 8.5 % to 2.1 million units, production declines in France and Belgium had a particularly negative impact.

Production volume in Eastern Europe increased by 0.6 % year on year to 6.7 million vehicles. Production in Russia declined, with 125,000 fewer vehicles produced than in 2012, a 5.9 % decrease.

Automotive production in Asia grew once again, increasing by 4.5 % compared to 2012. A total of 42.5 million vehicles were produced in this region. China was the main growth driver, where production volume increased by 12.9 % year on year to 20.6 million vehicles. Production volume fell by 4.3 % in Japan to 9.0 million vehicles, and by 3.7 % in India to 3.6 million vehicles. Large OEMs and suppliers are continuing to expand their local capacity, mostly by means of joint ventures, and are building new plants. At the same time, production volumes of local providers are growing at above-average rates, yet remain at a low level.

Automotive production in the NAFTA countries developed very well in 2013. Production volumes here rose by 4.8 % year-on-year to 16.1 million units. The largest gain in terms of percentage, at 7.5 % or 10.8 million vehicles, was in the USA. Mexico's production volume increased by 2.7 % to 2.9 million vehicles, while production volume in South America rose by 4.1 % in 2013 to 4.5 million vehicles. Brazil remains the region's most important production location.

There is a growing technological trend towards reducing the weight of components by means of the materials used, in order to make vehicles lighter than earlier models. The BMW i3 was the first ever "large" series-produced vehicle with a carbon structure to go into production. There is also an ongoing trend towards smaller, charged engines. OEMs are generally working to meet the extremely demanding CO_2 targets set by various governments worldwide.

Global steel tubing market grows, European market declines

Global steel tubing production grew by 2 % in 2013. This was driven by growth in the emerging nations, especially China, whose share of worldwide production increased by more than expected to 52 %.

Production in the EU fell by 6 %, due in particular to a shortage of large-scale projects. Production in Germany declined by 13 %. Oil and natural gas exploration in the American market is especially important for Benteler. Prices in North America remained low in 2013 compared to the long-term trend, which ruled out the possibility of any significant growth. Tube consumption remained the same as the previous year, but storage times rose to just under six months. A largely negative decision was initially taken in the anti-dumping proceedings brought against nine countries, meaning that the price rises that had been hoped for did not come to fruition. Nevertheless, the long-term outlook remains positive thanks to rising demand for energy.

Difficult market for steel tube distributors

Even cautious forecasts regarding development on the steel tube distribution market were not met in 2013 as the overall economic situation remained strained. Excess capacity, falling prices and another slight drop in demand compared to 2012 dominated the market. Worldwide steel demand grew by just 3.1 % – a development that is primarily due to the 27 EU countries. They made up the only region to post negative development of – 1 %, whereas other regions recorded growth of between 0.2 % and 6.0 %.

The fall in demand in Europe was due firstly to the flagging automotive industry, especially in the utility vehicle and truck sector that is of particular importance to the Distribution division. The poor order situation in mechanical engineering, particularly in the hydraulics sector, also contributed to this development. Southern Europe was hit especially hard due to a lack of investment in the construction sector.

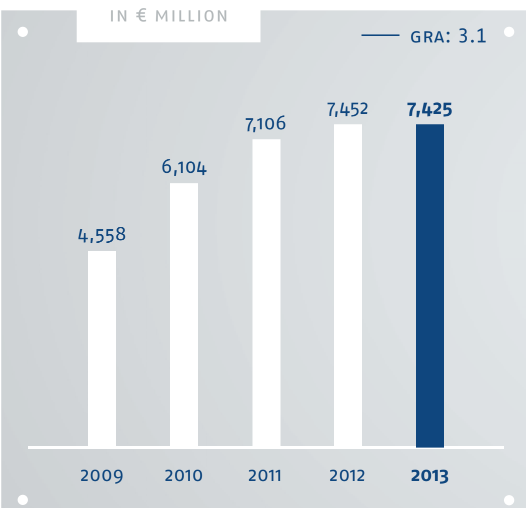
Positive growth rates in industrial production in the final quarter of 2013 pointed towards a slight easing of the market situation in 2014.

Earnings Situation

Benteler Group posts stable revenue
The Benteler Group generated revenue in nominal terms of €7,425 million in 2013, which is around the same level as the previous year. Revenue would have grown by around 2.2 % excluding currency effects. While the Automotive division posted a slight increase in revenue in nominal terms, the Distribution and Steel / Tube divisions saw a drop in revenue due to price factors.

The Automotive division's revenue grew 1 % year-on-year. Its share of Group revenue came to just under 78 %. Revenue at Benteler Steel / Tube fell by 6 %, and its share of Group revenue was around 13 %. The Distribution division also saw an 8 % drop in revenue. Its share of Group revenue was 9 %.

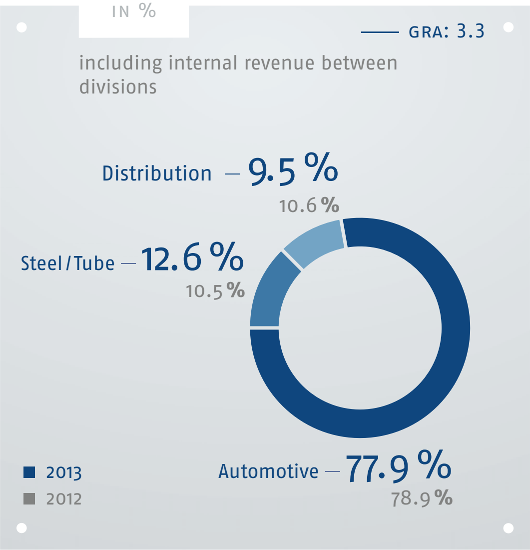
Revenue performance since 2009



Revenue by division —— TAB: 3.2

€ million	2013	2012	Change	
				%
Automotive	5,955	5,879	76	1.3
Steel / Tube	959	1,015	– 56	– 5.5
Distribution	728	791	– 63	– 7.9
Division revenue	**7,643**	**7,685**	**– 42**	**– 0.6**
Less internal revenue	218	233	– 15	– 6.4
External revenue	**7,425**	**7,452**	**– 27**	**– 0.4**

Divisions' share of consolidated revenue



Revenue at Benteler Automotive up year on year despite extensive restructuring

Benteler Automotive develops and produces ready-to-install modules, components and parts for bodies, chassis and engines at 20 engineering and sales offices and 73 plants in 29 countries. The division generated revenue of EUR 5,955 million in 2013. This represents an increase of EUR 76 million, or 1 %, from the year before. After adjusting for currency effects, revenue grew by 4.3 %.

The Asia / Pacific and Mercosur regions were the main contributors to this year-on-year growth. Revenue in Europe was down compared to 2012, especially in the Western, Eastern and Southern European regions, due to the difficult business environment.

The Chassis and Modules product group focuses on developing and manufacturing chassis cross-members, subframes, control arms and knuckles, and on assembling complete front and rear suspensions. The unit's revenue in 2013 was up 0.5 % on 2012.

The Structures product group increased its revenue by 7 % compared to 2012. 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.

Revenue in the Engine and Exhaust Systems product group fell by 5 % year-on-year. This unit develops and produces components and systems to optimize fuel consumption and reduce exhaust gas emissions.

In addition to the three product groups, there are separately managed business units with different focuses. Benteler Mechanical Engineering produces 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. 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 promising market situation, and has built a new production plant at Ort im Innkreis in Austria. This ultramodern site began the first series production of composite components in mid-2013.

Sales volumes increases in difficult Steel / Tube market

In 2013, the Steel / Tube division generated revenue of EUR 959 million, down 6 % from the year before. This decline in revenue was due to the significant decrease in prices in both tube segments, while tonnage sold in the weak European market rose slightly.

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. Revenue fell by 8 % year-on-year in 2013.

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 business unit increased its revenue by 6 % compared to the previous year.

Distribution revenue down significantly

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 2013, the Distribution division generated revenue of EUR 728 million, down 8 % from the year before. Significantly lower prices also had an impact here. However, sales volumes were up slightly year-on-year.

Consolidated profit decreases

Consolidated profit before tax fell to EUR 4.3 million in 2013, EUR 59 million less than in 2012. This was mainly due to restructuring expenses at Benteler Automotive in the amount of EUR 70 million. The previous year's consolidated profit also included positive non-recurring effects arising from final insurance settlements for the damage caused by fire at the Dinslaken plant.

The Automotive division's operating result is already showing initial signs of improvement thanks to the restructuring program that was implemented in 2013. Rigorous measures were also taken to remove operational difficulties at the Goshen and Holland plants, both of which are in the USA, as well as in South Africa and Farsund in Norway. The division's operating result improved considerably in the second half of the year as a result.

The Steel / Tube division's result was down on the previous year. This was due to the sharp fall in prices seen since the second half of 2012 and the fact that the 2012 result included a positive non-recurring effect (insurance payment for fire at Dinslaken plant).

Cost-cutting measures were not enough to offset reduced prices in Distribution either, meaning that the result fell slightly year-on-year.

The tax expense came to EUR 1.2 million (tax rate: 27.4 %). The Benteler Group's after-tax profit for fiscal 2013 came to EUR 3.1 million, following a consolidated profit of EUR 41 million the year before. Consolidated profit excluding minority interests totaled EUR 3.2 million, compared to EUR 33.6 million in 2012.

Assets and financial Position

Investment still above depreciation and amortization

The Benteler Group invested €349 million during 2013. Consequently, investments for the year were considerably more than depreciation and amortization, which came to €220 million. Of the total investment volume, €336 million was invested in property, plant and equipment, and €13 million in intangible assets.

Total investments in the Automotive division came to €202 million in 2013. Of this total, €109 million, or 54 %, was spent on project-specific investments and production facilities and equipment in the division. The largest investment projects involved the Chinese pressing plant in Shanghai and the Chongqing site, as well as the Benteler-SGL joint venture, including construction of the new site at Ort im Innkreis in Austria.

The Steel/Tube division invested €134 million, 53 % up on the prior-year figure of € 88 million. This rise was due to investments in the new tube plant in the USA in the amount of € 88 million. The Distribution division invested € 8 million in the past fiscal year.

Investments —— TAB: 3.4

€ million	2013	2012	Change	
				%
Automotive	202	335	– 133	– 40
Steel / Tube	134	88	46	53
Distribution	8	12	– 4	– 37
Other companies	5	9	– 4	– 43
Total investments	**349**	**444**	**– 95**	**– 21**

Cash flow —— TAB: 3.5

Cash flow statement in € million	2013	2012
Cash flow from operating activities	463.0	293.8
(of which: Cash flow from profit)	263.8	304.2
Cash flow from investing activities	– 348.9	– 288.9
Cash flow from financing activities	– 44.1	40.6
Effect of exchange rate changes on cash and cash equivalents	– 12.4	– 6.3
Cash and cash equivalents at beginning of period	**346.7**	**307.5**
Cash and cash equivalents at end of period	**404.2**	**346.7**

Cash remains at high level

Cash flow from operating activities was €463 million, 58 % more than in the previous year. Working capital was reduced by €216 million to €471 million. This reduction was due to the asset sale program (asset-backed securities) initiated in the fourth quarter of 2013.

Cash flow from investing activities increased by €60 million year-on-year to €349 million. The Benteler Group endeavors to finance all investments (apart from corporate acquisitions) out of cash flow from profit. Investments in fiscal 2013 were partly financed out of the cash flow from profit of €264 million, and partly out of liquidity on hand.

The cash flow from financing activities came to € – 44 million in 2013. Cash outflows for interest, dividend distributions and the repayment of liabilities to banks and other financial liabilities exceeded net cash inflows in the amount of €63 million arising from the raising of borrower's note loans less principal payments.

Cash included in cash and cash equivalents for 2013 was €58 million higher than in 2012, at €404 million. Cash represented 10.6 % of total assets, compared to 9.1 % in 2012.

Total assets down slightly

Total assets stood at €3,806 million in 2013, 0.4 % less than in 2012. Non-current assets increased by €37 million to €1,761 million. Property, plant and equipment and intangible assets increased by €57 million, whereas deferred tax assets declined by €5 million. Additions of €349 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 €19 million at their residual carrying amount, and depreciation and amortization of €220 million.

Current assets (not including cash) decreased by €108 million to €1,640 million. Changes during fiscal 2013 were mainly the result of the €163 million reduction in trade receivables. This was primarily due to an asset sale program (asset-backed securities). Inventories also declined by €21 million. This was offset by an increase in current tax receivables by €61 million and in other current receivables and assets by €19 million.

The Group's cash funds increased by €58 million to €404 million. As a result of central cash pool liquidity management, most of these funds are deposited at Benteler International Aktiengesellschaft and are available on a daily basis.

Sound financing structure

Equity (not including capital represented by participation certificates, but including non-controlling interests) decreased by €71 million to €844 million. €58 million of this reduction in equity was due to changes in the foreign currency translation reserve and €23 million to dividend distributions for 2012. Capital increases by minority shareholders at Benteler-SGL added €4 million to equity, while consolidated net profit for the year added €3 million.

Non-current liabilities came to €1,218 million at the end of 2013, a decline of €18 million from the year before. A €25 million increase in non-current financial liabilities was met with a reduction in other non-current provisions by €24 million, other non-current liabilities by €10 million and pension provisions by €5 million.

Trade payables, at €888 million, were down €10 million on the prior-year figure. Other current liabilities increased by €86 million, whereby current financial liabilities increased by €31 million and other current liabilities increased by €11 million. These primarily comprised liabilities for outstanding invoices, vacation and overtime, employee profit sharing, and other liabilities. Current provisions also increased by €41 million.

Working capital (current assets less current liabilities) decreased by €216 million to €471 million and represented 6.3 % of revenue, compared to 9.3 % a year earlier. This decline was due especially to the asset sale program introduced in 2013.

Non-current capital (equity, capital represented by participation certificates and non-current liabilities) came to €2,160 million, representing 57 % The adjusted equity ratio was 24.8 %, down on the previous year's figure of 26.5 %. This was mainly due to losses from currency translation for foreign subsidiaries.

Structure of the statement of financial position

Key financial ratios

TAB: 3.7

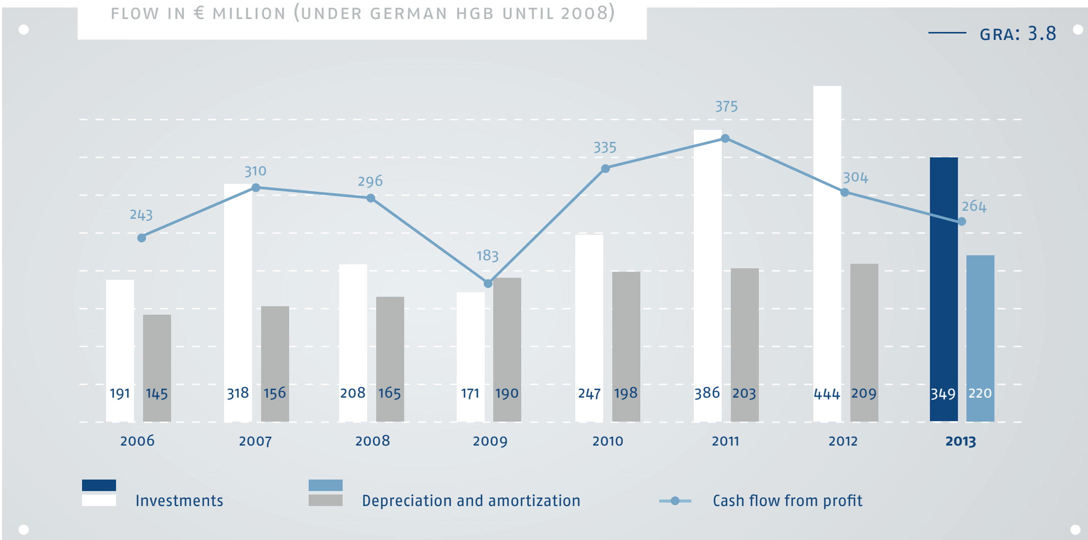
		2013	2012
Equity ratio (%)	1)	24.8	26.5
Internal financing ratio	2)	0.76	0.68
Gearing rate	3)	0.69	0.58
Net financial debt to cash flow from profit	4)	2.20	1.94
Net financial debt to EBITDA	5) 6)	2.09	1.78
Return on equity (%)	7)	5.8	11.8
ROCE (%)	8)	2.6	5.8
Working capital	9)	470.5	687.0
EBIT (€ million)	10)	56.7	122.0
EBITDA (€ million)	11)	**276.8**	**331.9**

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

Net financial debt totaled €579 million, down €11 million on 2012. The negative balance of investments and cash flow is offset by positive effects arising from the asset sale program.

As a result of reduced equity due to currency translation, the gearing rate increased from 0.58 to 0.69, despite a slight reduction in net financial debt.

Total capital investments, depreciation and cashflow



Central cash and foreign exchange management

In general, the Benteler Group's capital expenditure financing is centralized. Liquidity surpluses or shortages are pooled by Benteler International Aktiengesellschaft 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 expenditure is financed out of cash flow for the long term, and working capital is financed by short-term funding. Non-current assets are continuously financed out of cash flow and by taking out appropriate long-term loans with matching maturities.

In order to finance working capital, the Company had cash resources of €404 million available at December 31, 2013, as well as unutilized medium-term and long-term credit facilities committed in writing for a total of €367 million, which are treated as a strategic liquidity reserve. 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 Aktiengesellschaft, so that payment transactions can be settled cost-effectively. The netting volume fell by €81 million in 2013, from €764 million to €683 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. 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 2013 by outside consultants.

Benteler International Aktiengesellschaft, 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 negative deviation 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. Methods used to track the implementation of measures were intensified in 2013. Specific action plans for each sub-project stage are now in place for each risk, detailing deadlines and responsibilities. This makes it easier to measure and review progress made in implementing measures to reduce risk.

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.

Some particularly 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.

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 arising from 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 recent 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 and the restructuring program at Automotive. Projects to cut costs and increase revenue are an integral part of corporate planning. 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. 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.

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. 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. Fixed price adjustment clauses exist with customers and suppliers with regard to aluminum purchasing. Temporary differences that may arise in terms of price adjustment are also minimized by means of external hedging transactions. 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 areincluded in this process, and are audited periodically.

Largest ever investment project in Steel / Tube division

Benteler Steel/Tube is constructing a hot rolling mill in the U.S. state of Louisiana, with the primary aim of increasing its presence on the North American market. As part of its growth strategy, this plant will enable Benteler Steel/Tube to assume a key role in meeting future energy generation requirements in North America. As this is the Steel/Tube division's first large-scale project in America, particularly extensive potential risks have been identified. These include, above all, the development of production facilities, expansion of the sales network and utilization of future capacities. Special steering committees have been set up to limit potential risks.

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 to expand 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

The system for operational risk prevention that was implemented in 2012 reviews and classifies operational risks at the Group's plants, derives measures for damage prevention on that basis, prepares emergency plans for business processes, and introduces an annual operational safety report.

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 arising from changing interest rates by largely matching maturities when it borrows refinancing funds, and by using derivatives. More information about financing instruments can be found in the Notes to the consolidated financial statements.

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 core 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. The credit facilities 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.

In addition to active working capital management, an asset sale program was implemented in 2013 which will provide the Benteler Group with additional financial scope.

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 annual 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.

Report on Research and Development Activities

The engineers and technicians working in the Benteler Group's research and development units consistently focus on meeting the needs of customers throughout the world. They understand innovation to mean a new solution that is successfully applied and offers the customer a competitive edge – through more efficient products, processes or services or new materials. Over 1,200 employees work in research and development at 32 locations in 18 countries. Despite the restructuring measures, the Benteler Group made €101 million available for research and development in fiscal 2013. Seventy-four new patent applications were submitted.

A new platform for a culture of innovation

In order to strengthen the Benteler Group's spirit of innovation, "Benteler Innovation and Networking Days" were held for the first time in 2013 across the Group's locations. These featured the motto: "Innovation concerns us all". These events focused on the potential contribution each employee could make and the implementation of innovative potential and a culture of innovation in the Company's development and decision-making processes. There are plans to hold the event again at regular intervals in the future.

Benteler's research and development activities focus on the future issues of safety, environmental protection and efficiency. As such, a 20 % reduction in mass, costs and emissions has been defined as a target in all categories. We once again reached important milestones in this process in 2013.

Product and process developments in the Automotive division

Benteler Automotive made significant progress in its project to recover heat from car exhaust systems. Experience gained from a test car confirmed the huge potential this offers in reducing CO_2 emissions and opened up prospective uses in a number of areas, for example managing the interior temperature of vehicles.

By implementing automated manufacturing of near net shape preforms for hybrid components using fiber reinforced polymers (FRP) and metal, we improved our material usage.

Progress was also made in the new hybrid structure program which is being funded by the EU and promoted in collaboration with ThyssenKrupp Steel Europe (TKSE). The program aims to improve the welding process and reduce weight by directly joining steel and aluminum. The initial results were convincing.

The Chassis 20/20 program was also launched in 2013 with the support of the state of North Rhine-Westphalia and the University of Paderborn. The aim is to develop automotive engineering solutions to reduce the mass and cost of frames and chassis by 20 %.

Product and process developments in the field of welded tubes

Directly welded stabilizer tubes went into series production for the first time. Until now, certain external diameters and wall thickness ratios could only be created by means of a drawing process after welding. It will be possible to weld these tubes directly and cost-efficiently in the future. The use of tubes with variable wall thicknesses also offers further potential for optimization.

Laser-welded and high-frequency welded tubes made of ferritic/bainitic steels used for rear torsion beam axles went into series production in collaboration with Benteler Automotive. Unlike conventional steels, these steels have a higher strength range while maintaining sufficient forming properties. Separate annealing is no longer necessary.

The conversion of seamless tubes into directly welded tubes for thick-walled axle components on utility vehicles was an ongoing process in 2013. This will result in significant cost benefits.

The development of innovative steel material concepts for welded tube components which can expand by up to 50 % while maintaining a high level of strength is also ongoing. This combination of properties will enable the development of hydroformed components with extreme shape changes, for example. Initial basic trials using the laser welding process were successful.

Shaft shock absorption

Engine construction is currently undergoing a period of change, moving away from camshafts mounted on anti-friction bearings towards camshafts using plain bearings. The benefits of this are lower friction losses, reduced fuel consumption and lower CO_2 emissions. Benteler has developed new materials and production methods for precision tubes for the first time, which enable these to be used as a track for anti-friction bearings.

Series production tools have been developed for drive shafts which allow the external diameter to be widened while retracting the fixed length at the same time. This makes the manufacturing process more cost-effective. Prototype manufacturing projects were also launched to produce a tube with variable wall strengths.

Product and process developments in the field of seamless tubes

Housings for airbag gas generators are produced using seamless precision tubes. A new procedure has been established as part of the product refinement process which will optimize the way in which airbag generator tubes are filled with gas.

Development activities in 2013 also focused on creating seamless tubes for utility vehicle components. Series delivery of seamless precision tubes for shafts was launched. The research and development teams are also concentrating on achieving ongoing weight reductions in series products for passenger cars and trucks.

Activities in the area of diesel-injection tubes are focusing on optimizing the tube surface and developing new materials.

In the oil country tubular goods (OCTG) segment, Benteler supplies so-called green pipes which our customers use to manufacture drill pipes, casings, tubings and perforating guns. The emphasis here is on making refinements to perforating guns. Mining is penetrating into ever deeper regions, which means there are more stringent requirements with regard to application, loads and resistance.

Report on environmental Management

As a company with international operations, the Benteler Group is aware of its responsibility to preserve resources and protect the environment. As a corporate goal, environmental protection is on a par with high product quality and employee safety.

An environmental and energy management system supports the continuity of these activities and ensures they comply with applicable standards. All locations are now certified in accordance with the environmental management standard EN ISO 14001:2004 and/or the energy management standard EN ISO 50001:2011 and are regularly inspected.

In everyday business practice, environmental protection is a responsibility that applies to all teams and locations in the Benteler Group. The range of industrial responsibilities includes aspects such as water protection, emission controls, waste management and hazardous materials transportation, but also energy management, emissions trading and much more.

This requires a broad range of specialist knowledge that is just as proficient in the sciences as it is in energy tax legislation, current CO_2 accounting methods and other areas of applied environmental protection.

Steel / Tube division

One focus in 2013 was the integration of Benteler Steel/Tube GmbH's two hot rolling mills at Dinslaken and Schloß Neuhaus into the European emissions trading scheme, which the electric steel mill in Lingen has participated in since 2005.

Environmental inspections took place for the first time in 2013 at Benteler Group facilities that fall within the scope of the European Industrial Emissions Directive. The authorities inspected support and production processes and compliance with environmental requirements. This standardized procedure will take place once every one to three years in the future.

A research project was launched in collaboration with the Building Materials Institute (FehS) in Duisburg, with the aim of developing an environmentally-friendly method to recycle electric furnace slag created during steel production. This material is similar to basalt and its properties are ideally suited for use as cement aggregate. The project's objective – to use slag that is still hot to produce cement immediately downstream – could make a considerable contribution to energy saving compared to conventional production methods.

Automotive division

In addition to measures that are already in place to protect the environment and conserve resources, automatic switch-off programs for consumer loads during non-production periods were installed and standards regarding the identification of energy efficiency measures were introduced during the reporting period.

Since 2013, each of Benteler Automotive's plants has had an energy coordinator who is responsible for implementing new environmental standards to reduce energy consumption and therefore to lower the volume of greenhouse gas emissions.

Personnel Report

The employees of the Benteler Group support their customers on a daily basis, offer solutions and develop innovations. They help the Company to achieve its aspirations to be one of the best in its business segments. This also involves having the courage to make changes and being open to change. The attitude and achievements of each individual are representative of the Company as a whole. This is why shared responsibility is essential. The Company's employees frequently demonstrated their skills and dedication during fiscal 2013. They were all involved in the Group's success.

Number of employees rises

As an average for 2013, the Benteler Group had 28,166 FTEs (full-time equivalents) worldwide – 159 or 0.6 % more than the year before. The Company is well aware of its social responsibility, and trains young people in a variety of occupations. In 2013, Benteler provided training for 795 young people worldwide (previous year: 794). At the Automotive division, the average workforce increased by 158, or 0.7 %, to 22,916 employees. 81.4 % of all Benteler Group FTEs worked in the Automotive Division in 2013.

The average workforce size at the Steel / Tube division increased by 13 from the year before, to 3,437 FTEs. The average number of employees at the Distribution division fell by 53 to 1,430 FTEs.

The average number of employees at the Group's other companies (including the central purchasing company Benteler Global Procurement GmbH) was 383 FTEs, compared to 342 FTEs in 2012.

Benteler employed an average of 262 FTEs in Austria in the reporting year. The Group had 9,347 FTEs in Germany and 18,557 FTEs in other countries.

Attracting and retaining employees

Our HR activities secure and support the growth and corporate success of the Benteler Group by means of a standardized personnel strategy. We aim to attract and retain the best employees. For this reason, we invest in developing an attractive employer brand and support our employees' development with targeted CPD methods.

Positioning ourselves as an attractive employer

In times of demographic change and an increasing shortage of skilled labor, attracting and retaining employees is an extremely important management task in order to avoid recruitment bottlenecks in the future.

We attach strategic importance to HR marketing and have created a central position within the Group holding company for this task, which also controls existing HR marketing activities within the Group. As part of this, the Benteler Group's positioning as an employer brand was developed in 2013 and the foundations were laid for the international rollout of its employer campaign. Since 2013, we have used our social media presence to maintain closer dialog with employees and applicants, which is geared towards both internal employees and external parties. The measures initiated will help the Benteler Group to become more attractive and well-known to engineering graduates, but also to experienced professional engineers throughout the world.

Training and retaining employees

Continuing training of employees is extremely important in ensuring the future development and success of the Benteler Group.

We hold annual employee interviews where we establish our employees' targets and development opportunities. Further training measures are then individually geared towards the needs of the employee and Company.

To make these processes even more professional, we developed a uniform, Group-wide platform in 2013 so that we can recognize and develop employee potential and talent and put it to good use. This year, we also began aligning the criteria for filling certain positions to uniform standards worldwide for this purpose.

We regard all these measures as a vital investment in the future of our Company, because our employees are our most important resource.

Global job grading project

Due to the strong growth of the Benteler Group in the past ten years, it became necessary to revise the existing remuneration system that was established in 2000. We have harmonized our Group-wide remuneration principles to an even greater degree and regraded all managerial positions. The aim of this is to ensure that our remuneration principles of fairness, transparency and competitiveness can also be implemented in relation to the international remuneration market. This is also expected to standardize our HR management processes further and remove barriers within the divisions.

Forecast

Focus remains on long-term, profitable growth

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.

Global economic upturn in sight

The economic outlook brightened at the end of 2013/start of 2014. An agreement was reached in the budget dispute in the USA, at least for the time being. Confidence in the euro stabilized in the euro zone and the structural adjustment measures that were taken are beginning to bear fruit. Global GDP growth of 3.7 % is forecast in 2014 subject to a slight improvement in general conditions.

However, the economy in the euro zone is likely to remain comparatively weak. Consolidation processes are still hampering domestic demand in crisis nations, and the confidence of companies and households in other countries is at a low level. The Institute for the World Economy (IfW) in Kiel, Germany, expects the outlook in the euro zone to improve gradually. An increase in GDP of 1.2 % is forecast for the European Union.

Economic expansion in the emerging nations is expected to intensify further, yet development in a range of large emerging nations whose growth rates are slowing down significantly will impede a return to high growth rates. For example, China's growth rate is expected to decline in 2014 and 2015, but will remain at a high level.

A potential reduction in the expansion of liquidity by central banks harbors the main risks for the forecast period. If this leads to turbulence on the financial markets, this could result in individual countries getting into difficulty again. Pronounced interest rate rises in the USA and Japan and setbacks in the sovereign debt crisis in the euro zone could disrupt the upturn further.

Upward trend in the Benteler Automotive division

Market projections for vehicle production in 2014 assume that the world market will continue to grow. This development will continue to be strongly supported by growth in the Asian region. The market situation in Europe is also expected to improve.

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. Following the restructuring measures, the Automotive division is aiming for a swift conclusion to the closure and sales measures it has identified in 2014. The division is also working to increase productivity in all locations and to rectify location-specific operational problems.

Internationalization of the Steel / Tube division

In 2014, construction of the hot rolling mill in the USA will play a key role in the Steel/Tube division as preparation for the planned production start-up in 2015. The division is also investigating further growth potential outside its established core markets in Europe, such as the Middle East and Eastern Europe. A location in China is being examined for the production of welded tubes for use in the automotive sector.

Distribution division expects a small uptrend in 2014

A slight recovery is currently forecast for 2014. Worldwide demand for steel is expected to rise by 3.3 % – growth which will be supported by all regions. Growth of 3.0 % is also anticipated for the 27 EU countries.

On this basis, the Distribution division has returned to a forecast for growth in all key countries.

Benteler Group to continue with its strategy to boost profitability in 2014
As a result of the successful completion of restructuring measures in the Automotive division and expected economic recovery, the Benteler Group anticipates a significant improvement in profit in 2014 compared to 2013.

Long-term outlook:
Boosting profitability and increasing competitiveness form the basis for the Five Year Plans at all of the Benteler Group's divisions.

Revenue is expected to increase to more than €10 billion by 2018. Every unit will contribute to this 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 be financed from cash flow, the equity ratio is expected to return to 30 %, and as a rule, gearing is not to exceed 50 %. In addition, non-current assets are to be financed with long-term funding.

Supplementary Report

As explained in Note 36 "Events after the reporting period", no significant events occurred that caused a change in the recognition or measurement of individual asset or liability items as of December 31, 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.

Salzburg, February 28, 2014

The Executive Board
Hubertus Benteler Boris Gleissner

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CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement (IFRSs)

for the fiscal year from January 1, 2013 to December 31, 2013

Consolidated Income Statement (IFRSs) — TAB: 4.1

T€	Note	2013	2012
Sales	6	7,424,663	7,452,014
Cost of sales	7	−6,764,863	−6,840,014
Gross Profit		**659,800**	**612,000**
Selling expenses		−228,577	−231,147
Administration expenses		−285,524	−290,959
Research and development expenses		−100,957	−107,600
Other operating income	8	161,781	219,179
Other operating expenses	9	−79,482	−46,788
Operating result before restructuring expenses		**127,040**	**154,685**
Restructuring expenses	10	−70,355	−32,672
Operating result after restructuring expenses		**56,685**	**122,013**
Financial result	11	−53,089	−59,271
Income from associates		723	556
Result before tax		**4,318**	**63,298**
Income taxes	12	−1,184	−22,309
Result for the period		**3,134**	**40,989**
Of which:			
Attributable to owners of parent		3,229	33,575
Non-controlling interests		−95	7,414

Consolidated Statement of Comprehensive Income (IFRSs)

for the fiscal year from January 1, 2013 to December 31, 2013

Consolidated Statement of Comprehensive Income (IFRSs) TAB: 4.2

T€	Note	2013	2012
Result for the period	21	**3,134**	**40,989**
Items that will not be reclassified to the income statement in future periods:			
Actuarial gains (losses) on defined-benefit plans (net)		1,154	– 71,383
On these items of the comprehensive income relating taxes		– 536	20,101
		618	**– 51,282**
Items that will be reclassified to the income statement in future periods:			
Gains (losses) on exchange differences on translation for foreign operations		– 56,456	– 20,232
Gains (losses) on the measurement of cash flow hedges		5,704	– 382
Reclassification of amounts of cash flow hedges recognised in the carrying amount		0	6,203
Reclassification of amounts of cash flow hedges recognised in the income statement		– 3,692	5,706
On these items of the comprehensive income relating taxes		– 424	– 3,340
		– 54,868	**– 12,045**
Total comprehensive income		**– 51,116**	**– 22,338**
Of which:			
Attributable to owners of parent		– 52,425	– 29,474
Non-controlling interests		1,308	7,136

Consolidated Statement of Financial Position (IFRSs)

for the period ended December 31, 2013

Assets

Consolidated Statement of Financial Position (IFRSs) TAB: 4.3

T€	Note	31/12/13	31/12/12
Intangible assets other than goodwill	13	64,898	78,754
Goodwill	13	6,442	6,461
Property, plant and equipment	14	1,539,154	1,467,934
Investments in associates	15	11,726	10,650
Deferred tax assets	16	101,312	106,345
Non-current income tax receivables		5,255	6,072
Other non-current receivables and assets	17	32,579	48,538
Non-current assets		**1,761,366**	**1,724,754**
Inventories	18	731,121	752,611
Trade receivables	19.1	681,035	843,790
Receivables from contract production	19.2	6,548	9,984
Current tax receivables		70,551	9,499
Other current receivables and assets	19.3	150,932	132,071
Cash and cash equivalents	20	404,248	346,675
Current assets		**2,044,434**	**2,094,630**
Total assets		**3,805,800**	**3,819,384**

Consolidated Statement of Financial Position (IFRSs)

for the period ended December 31, 2013

Liabilities

Consolidated Statement of Financial Position (IFRSs)

TAB: 4.3

T€	Note	31/12/13	31/12/12
Issued capital		200	200
Retained earnings		175,275	175,275
Other reserves		612,970	679,851
Equity attributable to owners of parent		**788,445**	**855,326**
Non-controlling interests		55,717	59,758
Total shareholders' equity	21	**844,161**	**915,084**
Capital represented by profit participation certificates	22	**97,937**	**97,687**
Non-current financial liabilities	25	796,019	770,611
Non-current income tax liabilities	16	20,199	24,359
Other non-current liabilities		56,223	66,552
Pension provisions	24	290,187	295,356
Other non-current provisions	23	55,250	79,305
Non-current liabilities		**1,217,878**	**1,236,183**
Current financial liabilities	25	229,577	198,961
Trade payables		887,873	897,987
Current income tax liabilities	26	14,136	11,660
Other current liabilities	27	354,723	343,553
Other current provisions	23	159,514	118,269
Current liabilities		**1,645,824**	**1,570,430**
Liabilities		**2,863,702**	**2,806,613**
Total shareholders' equity and liabilities		**3,805,800**	**3,819,384**

Consolidated Statement of Cash Flows (IFRSs)

for the fiscal year from January 1, 2013 to December 31, 2013

Consolidated Statement of Cash Flows (IFRSs) TAB: 4.4

T€	2013	2012
Cash Flows from operating activities		
Operationg result after restructuring expenses	56,685	122,013
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	220,114	231,997
Gains on the disposal of non-current assets	15,573	-989
Changes in non-current provisions	–40,163	–17,124
Other non-cash transactions	11,545	–31,738
Cash Flow from profit	**263,754**	**304,159**
Changes in inventories	24,878	–64,130
Changes in receivables	184,846	69,709
Changes in liabilities	4,895	8,290
Changes in other provisions	41,244	12,737
Changes in working capital	**255,863**	**26,606**
Income taxes paid	–56,629	–36,961
Cash Flow from operating activities	**462,988**	**293,804**

See also Note 31.

Continued on p. 57

Consolidated Statement of Cash Flows (IFRSs)

for the fiscal year from January 1, 2013 to December 31, 2013

Consolidated Statement of Cash Flows (IFRSs) — TAB: 4.4

T€	2013	2012
Cash Flows from investing activities		
Cash payments for investments in intangible assets and property, plant and equipment	− 339,741	− 434,039
Capitalized development costs	− 7,522	− 10,325
Cash payments for investments in financial assets	− 8,701	− 22,287
Cash payments/receipts for acquisitions of subsidiaries	− 4,088	18,886
Cash receipts from the disposal of intangible assets and property, plant and equipment	3,583	22,669
Cash receipts from the disposal of financial assets	0	120,487
Interest received	7,439	15,288
Dividends received	167	388
Cash Flows from investing activities	**− 348,863**	**− 288,933**
Cash Flows from financing activities		
Assumption/repayment of borrower's note loans	62,500	− 6,737
Changes in liabilities to banks	− 12,807	117,224
Changes in other financial liabilities	− 12,116	10,920
Cash receipts from non-controlling interests	4,180	10,536
Cash payments for the acquisition of non-controlling interests	− 1,680	0
Interest paid	− 60,944	− 63,317
Dividends paid	− 23,252	− 28,011
Cash Flows from financing activities	**− 44,120**	**40,615**
Cash Flow	**70,005**	**45,486**
Effect of exchange rate changes on cash and cash equivalents	− 12,433	− 6,320
Cash and cash equivalents at January 1	**346,675**	**307,510**
Cash and cash equivalents at December 31	**404,248**	**346,675**

Consolidated Statement of Changes in Equity (IFRSs)

for the fiscal year from January 1, 2013 to December 31, 2013

Consolidated Statement of Changes in Equity (IFRSs) TAB: 4.5

			Other reserves		
T€	Issued capital	Retained earnings	Foreign currency translation reserve	Cash Flow hedge reserve	Reserve for actuarial gains/losses
Balance at January 1, 2012	**200**	**175,275**	**– 15,668**	**– 22,515**	**– 33,476**
Result for the period	0	0	0	0	0
Other income (after tax)	0	0	– 19,954	8,187	– 51,282
Capital increases	0	0	0	0	0
Other changes	0	0	0	0	0
Dividends paid	0	0	0	0	0
Balance at December 31, 2012 = January 1, 2013	**200**	**175,275**	**– 35,622**	**– 14,328**	**– 84,758**
Result for the period	**0**	**0**	**0**	**0**	**0**
Other income (after tax)	**0**	**0**	– 57,859	1,588	618
Capital increases	**0**	**0**	**0**	**0**	**0**
Other changes	**0**	**0**	**0**	**0**	2,167
Dividends paid	**0**	**0**	**0**	**0**	**0**
Balance at December 31, 2013	**200**	**175,275**	**– 93,481**	**– 12,740**	**– 81,973**

See also Note 22.

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Consolidated Statement of Changes in Equity (IFRSs)

for the fiscal year from January 1, 2013 to December 31, 2013

Consolidated Statement of Changes in Equity (IFRSs) — TAB: 4.5

	Other reserves				
T€	Other	Total	Equity attributable to owners of parent	Non-controlling interests	Total shareholders' equity
Balance at January 1, 2012	**813,672**	**742,013**	**917,488**	**46,202**	**963,690**
Result for the period	33,575	33,575	33,575	7,414	40,989
Other income (after tax)	0	– 63,049	– 63,049	– 278	– 63,327
Capital increases	0	0	0	10,536	10,536
Other changes	– 8,687	– 8,687	– 8,688	– 105	– 8,793
Dividends paid	– 24,000	– 24,000	– 24,000	– 4,011	– 28,011
Balance at December 31, 2012 = January 1, 2013	**814,560**	**679,851**	**855,326**	**59,758**	**915,084**
Result for the period	3,229	3,229	3,229	– 95	3,134
Other income (after tax)	0	– 55,653	– 55,653	1,403	– 54,250
Capital increases	0	0	0	4,180	4,180
Other changes	– 2,625	– 457	– 457	– 277	– 734
Dividends paid	– 14,000	– 14,000	– 14,000	– 9,252	– 23,252
Balance at December 31, 2013	**801,164**	**612,970**	**788,445**	**55,717**	**844,161**

See also Note 22

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 (93 locations, about 22,916 (full-time equivalents, FTE) employees)
- Steel/Tube (22 locations, about 3,437 (FTE) employees)
- Distribution (64 locations, about 1,430 (FTE) employees)
- Other companies (383 (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 at 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 financial instruments available for sale, which are measured at their market value, and defined benefit plan assets, which are measured at fair value.

The consolidated income statement is prepared for the first time using the cost of sales method. The consolidated financial statements were prepared in euros. Unless indicated otherwise, all amounts are in thousands of euros (T €). System-based effects may cause amounts to differ from the unrounded amounts.

The Executive Board approved the consolidated financial statements and the Group management report for the period ended December 31, 2013, on February 28, 2014, and released them for presentation to the Supervisory Board. The Supervisory Board is expected to approve the consolidated financial statements and the Group management report at its ordinary meeting on April 25, 2014.

3. NEW ACCOUNTING STANDARDS

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 current reporting period, or that must be applied in future periods.

In the fiscal year 2013, the application of the following new standards and amendments of existing standards became mandatory:

New accounting standards – current reporting period — TAB: 4.6

Standard / Interpretation		Application obligatory for fiscal years beginning on or after	Endorsed by the EU as at December 31, 2013	Effects on the Benteler Group
IAS 1	Presentation of Certain Items of Other Comprehensive Income	7/1/2012	Yes	Change in presentation
IAS 12	Deferred Tax: Recovery of Underlying Assets	1/1/2013	Yes	Minor
IAS 19	Employee Benefits	1/1/2013	Yes	Actuarial gains were already recognized in OCI. Changes in presentation and disclosures
IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters	1/1/2013	Yes	None
IFRS 1	Government Loans	1/1/2013	Yes	None
IFRS 7	Disclosures – Transfers of Financial Assets	1/1/2013	Yes	Minor
IFRS 13	Fair Value Measurement	1/1/2013	Yes	Changes in presentation
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1/1/2013	Yes	None
Miscellaneous	IFRS Annual Improvements, 2009–2011 Cycle	1/1/2013	Yes	Minor

The Benteler Group is not affected by the elimination of the 'corridor approach' and the obligation to recognize actuarial gains and losses in other comprehensive income (OCI), which was introduced under IAS 19 (revised 2011), because in prior reporting periods the Group already recognized all actuarial gains and losses immediately in OCI. To calculate the net interest expense on the net defined benefit liability (asset), the defined benefit obligation and the plan assets are multiplied by the same interest rate (market yields on high-quality corporate bonds). Besides, there will be changes in the accounting treatment of unvested past service costs. As from 2013, unvested past service costs, which were, in prior reporting periods, recognized over the average vesting period, shall be recognized immediately in profit or loss and must be included in the defined benefit obligation. The comparative figures of this year's consolidated financial statements will not be adjusted since the amendments in IAS 19 do not result in material changes. The revised IAS 19 introduces more extensive disclosure requirements. Thus, there are changes in the disclosures relating to defined benefit plans in the notes to the consolidated financial statements. Further information is included in Note 24 – Provisions for pension plans and similar commitments.

For a clearer presentation of provisions for defined benefit plans, the defined benefit obligation is no longer separated in non-current and current provisions. The amount of €6,629 thousand, which was included in other current provisions in the prior year's consolidated financial statements, has been reclassified and is presented within the item 'pension provisions' (among non-current liabilities) in the consolidated balance sheet.

IFRS 13 summarizes the requirements for determining the fair value, and thereby replaces the previous 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 introduction of IFRS 13 especially leads to changes in the disclosures for financial instruments. Those changes are displayed in Note 29 – Derivative financial instruments and hedge accounting and Note 30 – Additional information about financial instruments.

The amendments of IAS 1 revise the way in which items of other comprehensive income are presented: Line items that are never recognized in profit or loss, such as actuarial gains and losses, shall 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 or foreign currency effects arising on the translation of financial statements of foreign operations.

The following new standards, interpretations and amendments of existing standards have already been released by the IASB, but its application was not yet obligatory for the current reporting period. The Company has decided not to apply them early.

New accounting standards – current reporting period

TAB: 4.7

Standard / Interpretation		Issued by IASB	Application obligatory for fiscal years beginning on or after	Endorsed by the EU as at December 31, 2013	Effects on the Benteler Group
IAS 19	Defined Benefit Plans: Employee Contributions	11/21/2013	7/1/2014	No	
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
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	5/29/2013	1/1/2014	Yes	Under review
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	6/27/2013	1/1/2014	Yes	Minor
IFRS 9	Financial Instruments	11/12/2009	Open	No	
IFRS 9 / IFRS 7	Mandatory Effective Date and Transition Disclosures	12/16/2011	Open	No	
IFRS 9, IFRS 7, IAS 39	Hedge Accounting and Amendments of IFRS 9, IFRS 7 and IAS 39	11/19/2013	Open	No	
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	Change of disclosures
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	Yes	Under review
IFRS 10, IFRS 12, IAS 27	Investment Entities	10/31/2012	1/1/2014	Yes	Minor
IFRIC 21	Levies	5/20/2013	1/1/2014	No	
Miscellaneous	IFRS Annual Improvements, 2010–2012 Cycle	12/12/2013	7/1/2014	No	
Miscellaneous	IFRS Annual Improvements, 2011–2013 Cycle	12/12/2013	7/1/2014	No	

Relating to the preparation and presentation of consolidated financial statements under IFRS, three new standards were issued in May 2011. IFRS 10 sets out a new principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. An investor controls an investee when the investor is exposed or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. The preliminary assessment of the new standard shows that the revised control principle does not affect the consolidation method of the entities as at December 31, 2013, and thus does not impact the consolidated financial statements.

According to IFRS 11, the legal form of a joint arrangement is still relevant but is no longer the key factor for determining the appropriate accounting of joint arrangements. A joint arrangement can be either a joint venture or a joint operation. The investor of a jointly controlled operation will recognize its assets, liabilities, revenues and expenses and/or its share of those items, if any. The investor of a joint venture has rights to the net assets of the arrangement and shall account for that investment using the equity method. Since the Benteler Group has not used proportionate consolidation to account for jointly controlled entities, no substantial changes will result.

IFRS 12 combines all of the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities in a separate standard. Changes will especially result in disclosures about interests in unconsolidated structured entities and entities that are accounted for using the equity method. Furthermore, there will be changes in disclosures about significant judgments and assumptions made in determining whether an investor has control or significant influence over the investee, as well as in determining the type of a joint arrangement.

The new IFRS 9 introduces extensive changes in the categorization and measurement of financial assets, impairment of financial assets and rules for hedge accounting. Since the standard is still under revision, the impact on the Benteler Group cannot be reliably assessed at present. Besides, the effective date for mandatory application of IFRS 9 is not yet determined.

In addition, there are a number of further standards, amendments and interpretations that either are not relevant to the Group, or have no influence on the Group's consolidated financial statements. These standards and interpretations will be applied once their application is obligatory in the EU (after its 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 at the date on which the power of control is obtained. Entities are deconsolidated as at 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 at 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 presented within 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 accounted for as equity transactions.

All intra-Group balances (receivables, liabilities, provisions), transactions, income and expenses, as well as profits and losses resulting from transactions 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.

Associates are entities, over which the Company can exercise a significant influence for financial and operating policy decisions, but cannot control. Associates are accounted for using the equity method. A significant influence is presumed when the Group directly or indirectly holds 20 % or more of voting rights.

Joint ventures are entities that are controlled jointly on the basis of a contractual agreement between two or more parties to undertake an economic activity that is subject to joint control. The Group exercises its option to account for joint ventures using the equity method.

In regard to interests held in a joint operation (in which there is no separate jointly managed entity and there are no joint assets), the Group recognizes only the assets it controls, the liabilities and expenses it incurs and the share of the income that it earns from the sale of goods or services by the joint operation.

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

Goodwill resulting from business 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 business 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 considered in measuring the net gain or loss on disposal.

Goodwill is tested annually and whenever there is an indication of impairment. For purposes of the impairment test, goodwill acquired in a business combination is attributed to cash-generating units that are expected to benefit from the synergies of the combination (see Note 5.6 – Impairment).

4.2 Companies included in the consolidated financial statements

Overview
The number of fully consolidated companies developed as follows:

Development of the consolidated group TAB: 4.8

	Austria	Other countries	Total
Included in consolidation as at Dec. 31, 2012	7	135	142
Additions/formations in fiscal year 2013	0	5	5
Disposals/mergers in fiscal year 2013	3	5	8
Included in consolidation as at Dec. 31, 2013	**4**	**135**	**139**

Pursuant to IAS 27 and SIC 12, the consolidated Group contains special purpose entities (solely real estate companies) for which the Benteler Group bears the economic risks and rewards.

To simplify the Group structure, as at August 23, 2013, Benteler Steel Tube International Beteiligungs GmbH, Salzburg, Austria, and Benteler Automotive International Beteiligungs GmbH, Salzburg, Austria, were separated from Benteler International Beteiligungs GmbH, Salzburg, Austria, and subsequently merged into Benteler International AG, Salzburg, Austria, as the acquiring company on August 24, 2013. In addition to that, on December 4, 2013, Benteler Automotive S.p.A., Turin, Italy, was merged into B.E. S.r.l. Turin, Italy, as the acquiring company. For further simplification of the Group structure, Benteler Automotive Südafrika GmbH, Paderborn, Germany, and Benteler Automotive Belgien GmbH, Paderborn, Germany, were merged into Benteler Automobiltechnik GmbH, Paderborn, Germany, as the acquiring company on August 21, 2013. Benteler Automotive South

Africa (Pty) Ltd., Alberton (Johannesburg), South Africa, was merged into Aluminox (Pty) Ltd., Alberton (Johannesburg), South Africa, which is the acquiring company and has since been renamed to Benteler South Africa (Pty) Ltd., Alberton (Johannesburg), South Africa. With effect from January 1, 2013, Benteler Trading GmbH, Düsseldorf, Germany was merged into the acquiring company Benteler Distribution International GmbH, Düsseldorf, Germany.

Ten companies (prior year: 14 companies) were not included in the consolidated financial statements because of their insignificance on the financial position and profit or loss of the Group. Three companies were included in the consolidated financial statements for the first time in the fiscal year 2013 due to a status change from unconsolidated to consolidated companies.

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

Business combinations
In the reporting period, one company was acquired.

With effect from June 28, 2013, the Benteler Group acquired all shares of BMB OCEL s.r.o., which is located in the Czech Republic. By this acquisition, the Benteler Distribution division further extended its portfolio in Eastern Europe. The consideration transferred was €5,500 thousand. Besides the cash purchase price of €4,900 thousand, a contingent consideration of €600 thousand was agreed with the seller. This contingent consideration becomes due if certain EBIT targets based on local GAAP figures for the financial years 2013 and 2014 are met.

The difference between the consideration transferred and the fair value of the acquired net assets is as follows:

Purchase price and net assets from acquisitions — TAB: 4.9

T €	
Purchase price paid in cash	4,900
Contingent consideration	600
Net assets	– 5,500
Goodwill	**0**

The fair value of the acquired net assets at the acquisition date is composed as follows:

Impact of acquisitions on assets and liabilities —— TAB: 4.10

Fair values of identifiable assets and liabilities	T €
Intangible assets	1,367
Property, plant and equipment	147
Inventories	3,387
Trade receivables	2,155
Other current receivables and assets	166
Cash and cash equivalents	812
Non-current financial liabilities	193
Deferred tax liabilities	252
Non-current provisions	18
Trade payables	2,023
Other current liabilities	48
Net assets	**5,500**

The consolidated income statement includes revenues of €6,402 thousand and a profit of €69 thousand of the acquired company. Assuming that the acquisition had occurred as at January 1, 2013, the acquisition would contribute revenues of €13,297 thousand and a profit of €360 thousand to the consolidated income statement.

The net cash flow resulting from the acquisition is as follows:

Cash flow from acquisitions —— TAB: 4.11

T €	
Cash flow from operating activities (transaction costs)	**–132**
Purchase price paid in cash	–4,900
Cash and cash equivalents	812
Cash flow from investing activities	**–4,088**

5. ACCOUNTING POLICIES

The significant accounting policies applied in preparing the Group's consolidated financial statements are described below. The accounting methods described in the following 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, monetary items such as receivables, cash in foreign currencies and liabilities owed in foreign currencies are translated at the rate as at the end of the reporting period. The resulting foreign currency translation gains and losses are recognized in the income statement as part of the 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., located in Budapest, Hungary, which reports in euros as its functional currency.

Assets and liabilities of consolidated companies outside the euro zone are translated into euros at the closing rate at the end of the reporting period. Equity is recognized at historical rates. Positions of the income statement are translated to euros at the weighted average exchange rate for the period concerned. Any resulting exchange-rate differences are recorded as other comprehensive income until the disposal of the subsidiaries, and disclosed in a separate position in equity.

For the most important non-euro currencies of the Benteler Group, the following exchange rates apply:

Foreign currency exchange rates —— TAB: 4.12

	Average rate		Closing rate	
	2013	**2012**	**31/12/13**	**31/12/12**
BRL	2.89	2.53	3.25	2.70
CHF	1.23	1.20	1.23	1.20
CNY	8.17	8.14	8.33	8.21
CZK	26.02	25.13	27.40	25.12
GBP	0.85	0.81	0.83	0.81
MXN	17.12	16.94	18.03	17.20
NOK	7.87	7.46	8.37	7.36
SEK	8.67	8.68	8.83	8.58
USD	1.33	1.29	1.38	1.31
ZAR	12.99	10.57	14.50	11.19

5.2 Recognition of income and expenses

Revenue from the sale of goods and the rendering of services is recognized when the 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 may retain neither any residual right of disposal, such as is commonly associated with ownership, nor any effective right of disposal over the sold assets. Revenue is recognized under consideration of price reductions such as trade discounts, customer loyalty bonuses and rebates.

Series production contracts fulfilled within Benteler Automotive are contracts that cover multiple elements (known as "multiple element arrangements"). Revenue for these contracts is recognized as soon as series production begins.

The associated expenses for a transaction are recognized simultaneously in profit or loss in the period in which the significant risks of ownership for the goods are transferred or the service is rendered to the customer.

For construction contracts, revenue is recognized using the percentage of completion method. The percentage of completion method (IAS 11) is applied only to Benteler Mechanical Engineering companies.

The stage of completion of a contract is determined by the ratio of contract costs incurred up to the reporting date in relation to the estimated total contract costs. Construction contracts are measured with contract costs incurred up to the end of the reporting period, plus the proportion of profit according to the achieved stage of completion. Those revenues, less any prepayments received, are presented in the statement of financial position as receivables from contract production. Variations in contract work, claims and incentive payments are considered to the extent it is probable that they will result in revenue and they are capable of being reliably measured. When the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs associated with the construction contract are recognized as expenses in the period in which they are incurred. If it is foreseeable that the total contract costs will exceed the total 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 right to receive payment is established.

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 expenditure (grants related to assets) are recognized in profit or loss over the periods and in the proportions in which depreciation expense on those assets is recognized. Grants not related to capital expenditure (grants related to expenses) are recognized in profit or loss in the same period in which the relevant expenses the grants intend to compensate are incurred.

5.4 Intangible assets

Externally acquired intangible assets are measured at its acquisition costs and amortized over its economic useful life.

Internally generated intangible assets are recognized at directly attributable costs if both the technical feasibility of completing the asset and the ability to use or sell so that probable future economic benefits will be generated can be demonstrated. The Benteler Group distinguishes between customer-related and non-customer-related development projects. Internally developed intangible assets, which can be used for multiple customers, are capitalized whereas expenses for customer-specific developments ("customer applications") are recognized in profit or loss in the period in which they are incurred.

Future economic benefits of internally generated assets are derived from business plans. Capitalized costs comprise directly attributable employee costs, material costs and overhead expenditure if it can be directly attributed to preparing the asset for use. Research and development expenses are recognized in profit or loss when incurred, unless they are to be capitalized under IAS 38.

Amortization of intangible assets is based on the following ranges of useful lives (figures refer to the useful lives of the current and prior reporting period), and is applied on a straight-line basis:

Useful lives of intangible assets —— TAB: 4.13

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

Intangible assets (except for goodwill) are derecognized at their gross value in the period in which they are fully amortized.

5.5 Property, plant and equipment

Property, plant and equipment is measured at its cost less any accumulated depreciation and any accumulated impairment losses.

The acquisition cost of an item of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and the condition necessary for it to be capable of operating in the manner intended. 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 capitalized. Borrowing costs directly attributable to the acquisition or production of a qualifying asset are capitalized as part of its cost. A qualifying asset is an asset that takes a period of more than one year to get ready for its intended use or sale.

If an asset consists of multiple components with different useful lives, each part of the asset having a significant acquisition value is depreciated separately over its useful life.

Depreciation of property, plant and equipment is based on the following ranges of useful lives, and is applied on a straight-line basis. Land is not depreciated.

Useful lives of property, plant and equipment —— TAB: 4.14

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

5.6 Impairment

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 shall be calculated. To calculate the value in use, future expected cash flows are discounted at a risk-adequate after-tax interest rate. Current and future cash flows are thereby taken into account, together with technological, economic and general development trends, on the basis of approved and adjusted financial plans. For the Benteler Group, the value in use was the basis for the determination of the recoverable amount.

If the carrying amount exceeds the recoverable amount of the asset, the exceeding amount is recognized as an impairment loss in profit or loss. 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.

Impairment losses are reversed by increasing the value of the assets 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.

Goodwill is attributable primarily to the Steel/Tube division. The recoverable amount is calculated using the discounted cash flow method. Cash flow projections are based on the business planning for the next five years. Future cash flows are discounted at a rate based on the average cost of debt and the expected cost of interest on capital employed (weighted average cost of capital, "WACC"). This discount factor reflects current market trends and the specific risks of the cash generating unit. For the period ended December 31, 2013, discount factors between 8.35 % and 9.31 % were used (prior year: 7.0 %). The long-term average growth rate beyond the period of detailed cash flow projections is estimated at 1.0 % (prior year: 1.0 %).

If the recoverable amount is less than the carrying amount of an asset, an impairment loss is recognized in profit or loss in accordance with IAS 36. If the impairment loss exceeds the carrying amount of any goodwill allocated to a cash generating unit, the impairment loss is allocated to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

5.7 Investments in associates

In accordance with the equity method, investments in associates are initially recorded at its cost. If the costs of acquisition are below the investor's share of the fair values of the net identifiable assets of the associate, any negative difference is recognized in profit or loss.

In subsequent periods, the equity investment is adjusted to reflect the investor's share of the net profit or loss of the associate, unless there is an impairment loss. In subsequent periods, the book value of the equity investment is adjusted for the investor's share of the net profit or loss of the associate, the changes recognized directly in the associate's other comprehensive income as well as for distributions received from the investee.

If the recoverable amount is less than the carrying amount of the investment in an associate, the difference in values is recognized as an impairment loss. 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 an intangible asset or an item of property, plant or equipment takes a substantial period of time to get ready for its intended use or sale ("qualifying asset"), the borrowing costs directly attributable to the acquisition, production or construction of the qualifying asset are capitalized as part of the asset in accordance with IAS 23. Borrowing costs are capitalized until the assets are ready for their intended use, and are amortized over the economic useful life of the asset. All remaining borrowing costs are recognized in profit or loss as finance expense in the period in which they are incurred.

5.9 Inventories

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 moving 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.

For a more appropriate presentation, prepayments on inventories were reclassified in the consolidated statement of financial position. The amount of €21,385 thousand, which was included in other current receivables and assets in the prior year, was reclassified to inventories.

5.10 Deferred taxes

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 as well as on consolidation measures that affect profit or loss at the Group level. In addition, deferred tax assets for unused tax loss carryforwards 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 unused tax loss carryforwards can, in fact, be utilized.

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.

5.11 Financial instruments

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

Interests in unconsolidated entities, as well as securities, belong to the category of financial assets available for sale. 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 either 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 exchange risks and commodity price risks. Derivatives are recognized as at 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 at 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 on financial instruments, see Notes 29 and 30.

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 benefit plans or defined contribution 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 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, under consideration of any asset ceiling, and are presented in total among non-current liabilities.

Actuarial gains and losses are recognized outside profit or loss, in other comprehensive income, and are shown in the consolidated statement of comprehensive income. Payments for defined contribution plans, however, 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 the present value of future refunds from the plan or by 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 return on plan 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 an obligation. Benefits payable more than twelve months after the end of the reporting period are discounted to their present value.

5.14 Provisions

Other provisions are recognized when there is a present legal or constructive obligation to third parties as a result of past events that will probably result in a future cash outflow whose amount can be estimated reliably. Provisions are measured at its 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 current reporting period, they ranged from 2.92 % to 5.18 % (prior year: 2.82 %–4.73 %).

Provisions for impending losses from onerous contracts are recognized if the economic benefits expected to be received under the contract are less than the unavoidable costs of meeting the obligations under the contract.

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 the underlying products are sold or the service is provided. Initial recognition is based on individual estimates and values from past experience.

5.15 Leasing

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 construction contracts, the circumstances under which development expenses can be capitalized, the realization of receivables, measurement of inventory, the recognition and measurement of pension provisions and other provisions, and the possibility of utilizing unused tax loss carryforwards. The assumptions and estimates are based on the knowledge available as at the preparation date of the separate or 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 current reporting period and subsequent ones.

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

- Impairment testing (Note 5.4 – Intangible assets, Note 5.5 – Property, plant and equipment and Note 5.6 – Impairment)
- Recognition and measurement of deferred taxes (Note 16 – Deferred tax assets and liabilities)
- Measurement of inventories (Note 5.9 – Inventories)
- Measurement of defined benefit obligations (Note 24 – Provisions for pensions and similar commitments)
- Recognition and measurement of provisions (especially provisions for onerous contracts) (Note 23 – Provisions)

5.17 Conversion from the nature of expense method to cost of sales method

In the fiscal year 2013, the Benteler Group changed the presentation of its consolidated profit and loss statement from the nature of expense method to the cost of sales method.

Notes to the Consolidated Income Statement

6. REVENUE

Revenues of the Benteler Group break down as follows:

Revenue — TAB: 4.15

T €	2013	2012
Sales of goods	7,322,794	7,433,065
Construction contracts	56,129	9,955
Other	45,741	8,994
Total	**7,424,663**	**7,452,014**

7. COST OF SALES

The cost of sales are composed as follows:

Cost of sales — TAB: 4.16

T €	2013	2012
Material expenses	5,041,818	5,047,345
Other expenses	1,723,045	1,792,669
Total	**6,764,863**	**6,840,014**

8. OTHER OPERATING INCOME

Other operating income — TAB: 4.17

T €	2013	2012
Insurance claims	4,039	60,417
Foreign currency exchange gains	72,423	31,959
Gains from business combinations	0	25,743
Income from the reversal of provisions	16,436	14,054
Income from the disposal of property, plant and equipment	888	6,198
Government grants	4,400	4,695
Income from the reversal of impairment charges	3,681	3,356
Miscellaneous	59,913	72,757
Total	**161,781**	**219,179**

The miscellaneous other operating income includes customer payments for margin compensations.

9. OTHER OPERATING EXPENSES

Other operating expenses mainly consist of foreign currency translation losses.

10. RESTRUCTURING EXPENSES

Restructuring expenses — TAB: 4.18

T €	2013	2012
Personnel expenses related to restructuring	34,233	0
Impairment losses	5,789	22,672
Onerous contracts	30,333	10,000
Total	**70,355**	**32,672**

11. FINANCIAL RESULT

Financial result — TAB: 4.19

T €	2013	2012
Income from derivative financial instruments	4,323	5,263
Interest income from loans and other financial assets	1,857	4,569
Foreign currency exchange income	1,381	3,798
Interest income from bank accounts	1,727	1,659
Accrued interest on provisions	29	25
Other finance income	10,799	0
Finance income	**20,117**	**15,313**

Other finance income mainly includes interest income resulting from a tax audit.

Financial result — TAB: 4.20

T €	2013	2012
Interest expense for financial liabilities	40,727	41,554
Expense from derivative financial instruments	9,819	7,927
Interest expense for pension obligations	9,723	10,193
Profit participation certificate expenses	7,587	7,356
Foreign currency translation losses	4,587	3,981
Accrued interest on provisions	73	1,630
Other finance expenses	689	1,942
Finance expenses	**73,206**	**74,583**

12. INCOME TAX

Income tax TAB: 4.21

T €	2013	2012
Current tax expense	1,240	46,759
thereof for the current reporting period	23,331	48,184
thereof for previous periods	– 22,092	– 1,425
Deferred tax expense / tax income	– 56	– 24,450
Total tax expense / tax income	**1,184**	**22,309**

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

Reconciliation between expected and disclosed income tax expense TAB: 4.22

T €	2013	2012
Profit for the period before tax under IFRS	**4,318**	**63,298**
Group income tax rate (%)	30 %	30 %
Expected tax expense / tax income for year	**1,295**	**18,990**
Effect of changes in tax rates	89	– 2,427
Effect of differences in tax rates	– 2,736	– 2,006
Effect of income that is exempt from taxation and other deductions	– 1,462	– 932
Effect of non-tax-deductible operating expenses and other additions	4,863	3,252
Effect of taxes from previous years recognized during the year	1,796	1,660
Effect of income taxes not creditable toward income tax (withholding tax and foreign taxes)	1,527	2,868
Effect of impairments / adjustments	– 4,128	– 599
Other effects	– 60	1,503
Total tax expense (+) / tax income (–)	**1,184**	**22,309**

Notes to the Consolidated Statement of Financial Position

13. INTANGIBLE ASSETS

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

Total research and development cost TAB: 4.23

T €	2013	2012
Research and development costs (total)	91,199	**102,405**
Capitalized development costs	− 7,522	− 10,325
Amortization and impairment of capitalized development costs	17,281	15,520
Research and development costs recognized in the consolidated income statement	**100,957**	**107,600**
Capitalization ratio (%) *	8.20 %	10.10 %

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

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

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

The existing goodwill primarily relates to Rohstoffhandelsgesellschaft Günther Voth GmbH, Paderborn, Germany, a commodities trading company that was fully consolidated for the first time in fiscal 2010 (in prior periods it was accounted for as an associated company).

Intangible assets include intangible assets with restricted ownership rights at a carrying amount of €274 thousand (prior year: €365 thousand). None of the intangible assets were pledged as collateral.

As in previous years, capitalized development costs do not include any borrowing costs. At the reporting date, there were contractual obligations to acquire intangible assets in the amount of €2,704 thousand (prior year: €3,116 thousand).

Intangible assets changed as follows:

Development of intangible assets

TAB: 4.24

T €	Concessions, industrial property rights, similar rights and assets, and licenses to such rights and assets	Goodwill	Prepayments	Capitalized development costs	Total
Costs					
Balance as at Jan. 1, 2013	77,045	11,000	609	213,410	302,063
Additions	4,224	0	786	7,522	12,533
Acquisitions of companies	1,367	0	0	0	1,367
Reclassifications	2,052	0	-800	-441	810
Disposals	-932	0	0	-755	-1,686
Foreign currency exchange differences	-1,898	-82	-9	-2,790	-4,778
Balance as at Dec. 31, 2013	**81,858**	**10,918**	**586**	**216,946**	**310,309**
Amortization					
Balance as at Jan. 1, 2013	46,366	4,539	0	165,943	216,847
Current amortization	2,434	0	0	17,281	19,715
Impairment	317	19	0	4,231	4,567
Reclassifications	810	0	0	-129	681
Disposals	-770	0	0	-142	-912
Foreign currency exchange differences	-1,398	-82	0	-451	-1,931
Balance as at Dec. 31, 2013	**47,759**	**4,476**	**0**	**186,733**	**238,968**
Carrying amount					
Balance as at Jan. 1, 2013	30,679	6,461	609	47,467	85,216
Balance as at Dec. 31, 2013	**34,100**	**6,442**	**586**	**30,213**	**71,341**
thereof from finance lease	0	0	0	0	0

Development of intangible assets — TAB: 4.24

T €	Concessions, industrial property rights, similar rights and assets, and licenses to such rights and assets	Goodwill	Prepayments	Capitalized development costs	Total
Costs					
Balance as at Jan. 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 as at Dec. 31, 2012	**77,045**	**11,000**	**609**	**213,410**	**302,063**
Amortization					
Balance as at Jan. 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
Reclassifications	450	0	0	-450	0
Disposals	-4,036	0	0	-746	-4,781
Foreign currency exchange differences	-454	111	0	-206	-549
Balance as at Dec. 31, 2012	**46,366**	**4,539**	**0**	**165,943**	**216,847**
Carrying amount					
Balance as at Jan. 1, 2012	47,986	6,477	145	54,723	109,332
Balance as at Dec. 31, 2012	**30,679**	**6,461**	**609**	**47,467**	**85,216**
thereof from finance lease	0	0	0	0	0

14. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

TAB: 4.25

T €	Land and buildings	Technical equipment and machinery	Other equipment	Prepayments and construction in progress	Total
Costs					
Balance as at Jan. 1, 2013	696,940	2,556,478	394,720	243,203	3,891,342
Additions	19,515	106,691	24,694	184,886	335,787
Acquisitions of companies	0	0	147	0	147
Reclassifications	32,185	102,011	37,917	-172,924	-810
Disposals	-11,296	-126,199	-14,121	-256	-151,872
Foreign currency exchange differences	-15,602	-70,658	-10,182	-8,150	-104,591
Balance as at Dec. 31, 2013	**721,742**	**2,568,325**	**433,177**	**246,758**	**3,970,002**
Amortization					
Balance as at Jan. 1, 2013	351,341	1,800,867	271,199	0	2,423,407
Current amortization	20,934	142,505	31,153	0	194,591
Impairment	0	1,241	0	0	1,241
Recoveries	0	0	0	0	0
Reclassifications	166	-27,933	27,086	0	-681
Disposals	-5,221	-115,265	-13,005	0	-133,490
Foreign currency exchange differences	-5,792	-42,045	-6,383	0	-54,220
Balance as at Dec. 31, 2013	**361,428**	**1,759,370**	**310,050**	**0**	**2,430,848**
Carrying amount					
Balance as at Jan. 1, 2013	345,599	755,612	123,521	243,203	1,467,934
Balance as at Dec. 31, 2013	**360,315**	**808,955**	**123,127**	**246,758**	**1,539,154**
thereof from finance lease	9,193	5,061	2,223	0	16,477

Property, plant and equipment

TAB: 4.25

T €	Land and buildings	Technical equipment and machinery	Other equipment	Prepayments and construction in progress	Total
Costs					
Balance as at Jan. 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
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 as at Dec. 31, 2012	**696,940**	**2,556,478**	**394,720**	**243,203**	**3,891,342**
Amortization					
Balance as at Jan. 1, 2012	331,813	1,711,274	249,374	0	2,292,461
Current amortization	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
Disposals	-2,114	-55,296	-20,507	0	-77,917
Foreign currency exchange differences	812	-1,346	-738	0	-1,272
Balance as at Dec. 31, 2012	**351,341**	**1,800,867**	**271,199**	**0**	**2,423,407**
Carrying amount					
Balance as at Jan. 1, 2012	320,179	668,096	90,003	189,010	1,267,288
Balance as at Dec. 31, 2012	**345,599**	**755,612**	**123,521**	**243,203**	**1,467,934**
thereof from finance lease	9,888	4,846	3,831	0	18,564

In the fiscal year 2013, borrowing costs of €6,256 thousand (after deduction of investment income) were capitalized (prior year: €16,036 thousand). Interest rates between 1.1% and 4.41% (prior year: 2.12% – 4.41%) were applied for this purpose.

Property, plant and equipment include items with restricted ownership rights at a carrying amount of €4,891 thousand (prior year: €5,626 thousand). None of the assets within property, plant and equipment are pledged as collateral (prior year: €1,641 thousand).

At the reporting date, there were contractual obligations to acquire property, plant and equipment in an amount of €316,498 thousand (prior year: €88,940 thousand).

Leases

The Benteler Group is lessee under various leases. The leases comprise rented buildings as well as technical equipment and machines.

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

Outstanding minimum lease payments from operating leases — TAB: 4.26

T €	12/31/2013	12/31/2012
Future minimum lease payments		
due within 1 year	25,957	36,026
due within 1 to 5 years	63,367	93,838
due after 5 years	40,501	39,168
Total	**129,825**	**169,032**

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

Outstanding minimum lease payments from finance leases — TAB: 4.27

T €	12/31/2013	12/31/2012
Future minimum lease payments		
due within 1 year	2,083	3,115
due within 1 to 5 years	5,475	7,959
due after 5 years	4,271	5,854
Nominal value	**11,828**	**16,927**
Interest component	1,001	1,899
Present value of minimum lease payments	**10,827**	**15,028**

Payments of €66,603 thousand under rental and lease agreements were recognized as expenses for 2013 (prior year: €63,767 thousand).

15. INVESTMENTS IN ASSOCIATES

As at the end of the period, investments in associates accounted for at equity at a carrying amount of €11,726 thousand (prior year: €10,650 thousand), comprise the following companies:

— Polarputki Oy, Helsinki, Finland (50.0 %; 37.5 % after adjustment for other interests)
— Profilanlegg ANS, Raufoss, Norway (26.0 %).

The following table shows summarized financial information about the entities accounted for at equity (each 100.0 %):

Financial information on investments in associates — TAB: 4.28

T €	12/31/2013	12/31/2012
Assets	31,163	27,167
Liabilities	5,956	6,552
Shareholder's equity	25,207	20,615
Revenue	44,364	48,028
Profit for the period	1,268	1,113

16. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities result from temporary differences and unused tax loss carryforwards and are composed as follows:

Allocation of deferred tax assets and liabiliites to items in the statement of financial position — TAB: 4.29

	12/31/2013		12/31/2012	
T €	Assets	Liabilities	Assets	Liabilities
Intangible assets	5,172	-15,840	6,192	-18,725
Property, plant and equipment	8,717	-52,370	6,650	-55,481
Current and non-current assets	4,749	-2,072	2,153	-2,548
Inventories	6,054	-5,992	9,418	-7,010
Current and non-current receivables and other assets	3,678	-15,067	3,952	-10,972
Pension provisions	35,680	-5,756	38,456	-3,071
Other provisions	24,812	-1,241	22,043	-2,119
Total liabilities	24,991	-2,989	27,472	-8,540
Other	0	-106	0	-301
Unused tax loss carryforwards	60,452	0	71,074	0
Tax credits	8,241	0	3,343	0
Gross value	**182,546**	**-101,433**	**190,753**	**-108,767**
Netting	-81,234	81,234	-84,408	84,408
Recognized in statement of financial position	**101,312**	**-20,199**	**106,345**	**-24,359**

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off the recognized amounts and if the Group intends to settle on a net basis.

As at December 31, 2013, there were unused tax loss carryforwards of €378,471 thousand (prior year: €476,833 thousand). The Company assumes that unused tax loss carryforwards of €207,511 thousand (prior year: €240,374 thousand) can probably be utilized. No deferred tax was recognized for unused tax loss carryforwards of €170,960 thousand (prior year: €236,459 thousand).

The unused tax losses can be carried forward as follows:

Unused tax loss carry-forwards — TAB: 4.30

T €	12/31/2013	12/31/2012
Expiring in the next 10 years	50,303	55,476
Expiring in more than 10 years	11	41,933
Unused tax losses not subject to expiration	120,646	139,050
Total	**170,960**	**236,459**

As at December 31, 2013, the Group recognized deferred tax assets for companies that had shown a loss in the previous period. These assets exceeded the deferred tax liabilities. The basis for recognizing deferred taxes was management's belief that these companies will earn taxable income against which the unused tax losses and deductible temporary differences can be utilized.

If the conditions of IAS 12.39 were fulfilled, no deferred tax liabilities were recognized for temporary differences associated with 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).

17. OTHER NON-CURRENT RECEIVABLES AND ASSETS

Other non-current receivables and assets — TAB: 4.31

T €	12/31/2013	12/31/2012
Investments in companies	199	3,219
Securities	925	796
Financial receivables	14,849	28,434
Other receivables	0	308
Other assets	16,606	15,781
Total	**32,579**	**48,538**

18. INVENTORIES

Inventories TAB: 4.32

T €	12/31/2013	12/31/2012
Raw materials and supplies	251,270	282,769
Work in progress	137,916	133,290
Finished goods and products	325,909	315,167
Prepayments	16,026	21,385
Total	**731,121**	**752,611**

19. RECEIVABLES

19.1 Trade receivables

Trade receivables TAB: 4.33

T €	12/31/2013	12/31/2012
Trade receivables, gross	692,341	857,344
Doubtful debt allowances on trade receivables	-11,306	-13,554
Carrying amount	**681,035**	**843,790**

Trade receivables consist primarily of receivables from third parties and, to a small extent, of receivables from affiliated, unconsolidated entities or associates. Trade receivables in an amount of €159,850 thousand (prior year: none) were sold under an accounts receivable facility agreement.

Doubtful debt allowances on trade receivables developed as follows:

Development of doubtful debt allowances on trade receivables TAB: 4.34

T €	12/31/2013	12/31/2012
Balance as at Jan. 1	13,554	8,206
Additions	4,704	12,206
Reversals	-3,681	-3,356
Utilization	-2,201	-3,525
Effects of foreign exchange rates and other changes	-1,069	24
Balance as at Dec. 31	**11,306**	**13,554**

The carrying amount of trade receivables contains allowances for specific doubtful debts and for general credit risks on the basis of a portfolio approach. Allowances for general credit risks were 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:

Maturity structure of unadjusted receivables TAB: 4.35

T €	12/31/2013	12/31/2012
Receivables that are neither past due nor impaired	604,276	767,544
Receivables that are past due but not impaired	73,852	72,865
less than 30 days past due	51,138	50,483
30 to 60 days past due	12,811	14,629
61 to 90 days past due	5,995	4,014
more than 90 days past due	3,909	3,739
Receivables with specific doubtful debt allowances	2,907	3,381
Carrying amount as at Dec. 31	**681,035**	**843,790**

As at the end of the period on December 31, 2013, as in previous years, no trade receivables had been pledged.

19.2 Receivables from construction contracts

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

Receivables from construction contracts TAB: 4.36

T €	12/31/2013	12/31/2012
Incurred contract costs	20,409	22,875
Recognized gains less recognized losses	2,330	0
Production orders with outstanding balances receivable from customers	**22,739**	**22,875**
Prepayments and partial invoices	-16,192	-12,892
Receivables from construction contracts	**6,548**	**9,984**

19.3 Other current receivables and assets

Other current receivables and assets TAB: 4.37

T €	12/31/2013	12/31/2012
Prepaid expenses	9,136	7,100
Other financial assets	47,088	22,474
Other non-financial assets	94,708	102,497
Total	**150,932**	**132,071**

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

20. CASH AND CASH EQUIVALENTS

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

21. EQUITY

The changes of consolidated equity are 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.

Due to 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 at the present reporting date, December 31, 2013. As a result 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 at December 31, 2013, 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 (the foreign currency translation effect also includes the amount related to non-controlling interests):

Development of other components of equity in the current reporting period — TAB: 4.38

	Fiscal year 2013		
T €	**Before tax**	**Tax effect**	**After tax**
Foreign currency translation effects	-56,456	0	-56,456
Effects of cash flow hedging	2,012	-424	1,588
Actuarial gains and losses	1,154	-536	618
Total	**-53,290**	**-960**	**-54,250**

Development of other components of equity in the prior reporting period — TAB: 4.38

	Fiscal year 2012		
T €	Before tax	Tax effect	After tax
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**

22. CAPITAL REPRESENTED BY PROFIT PARTICIPATION CERTIFICATES

In the year 2005, 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 €97,937 thousand (prior year: €97,687 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 at the end of any calendar year, but no earlier than May 30, 2015. 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. In the fiscal year 2013, no profit participation certificates were redeemed (prior year: €1,735 thousand).

23. PROVISIONS

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

Provisions TAB: 4.39

T €	Note	12/31/2013	12/31/2012
Pension provisions – non-current	24	**290,187**	**295,356**
Other provisions for employee benefits	23.2	19,922	24,879
Provisions for onerous contracts	23.1	6,355	16,476
Provisions for guarantees and warranties	23.1	11,390	11,310
Other provisions	23.1	17,583	26,640
Other non-current provisions		**55,250**	**79,305**
Other provisions for employee benefits	23.2	26,210	12,891
Provisions for onerous contracts	23.1	52,134	20,916
Provisions for guarantees and warranties	23.1	42,998	39,872
Other provisions	23.1	38,173	44,590
Current provisions		**159,514**	**118,269**

23.1 Statement of changes in provisions

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

Statement of changes in provisions — TAB: 4.40

T €	Guarantees and warranties	Onerous contracts	Other provisions	Total
Balance as at Jan. 1, 2013	**51,183**	**37,392**	**71,230**	**159,805**
Additions	13,959	13,090	22,220	49,269
Utilization	– 3,354	– 733	– 15,357	– 19,445
Reversals	– 6,050	– 185	– 10,201	– 16,436
Reclassifications	0	9,150	– 9,150	0
Interest accrued/discounts	– 14	– 16	73	44
Foreign currency translation	– 1,336	– 209	– 3,059	– 4,604
Balance as at Dec. 31, 2013	**54,388**	**58,489**	**55,756**	**168,632**
thereof current	42,998	52,134	38,173	133,304
thereof non-current	11,390	6,355	17,583	35,328

The provisions for warranty risks primarily 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.

23.2 Other provisions for employee benefits

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 19.131. The obligations are shown netted against the fair value of the plan assets.

24. PROVISIONS FOR PENSION PLANS AND SIMILAR COMMITMENTS

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 at each measurement date is based on the following assumptions:

Parameters for actuarial calculations —— TAB: 4.41

Percentages as a weighted average	2013	2012
Interest rate	3.27	3.25
Rate of salary increase/rate of benefit increase (pre-retirement)	2.54	2.54
Inflation	1.87	1.88

Reconciliation of the obligation under defined benefit plans with provisions for pensions and similar obligations —— TAB: 4.42

T €	12/31/2013	12/31/2012
Present value of the liability	415,622	428,164
Fair value of plan asset	– 129,149	– 137,166
Net balance	**286,473**	**290,998**
Assets not included as per IAS 19.57(b)	3,715	4,358
Provision for pensions and other similar commitments as at Dec. 31	**290,187**	**295,356**

Changes in obligations under defined benefit plans —— TAB: 4.43

T €	2013	2012
Present value of defined benefit obligation as at Jan. 1	**428,164**	**334,771**
Actual payments	– 29,472	– 13,753
Current service costs	13,176	11,359
Expenses from retroactive plan amendments	– 4,305	– 209
Interest expense	12,998	14,338
Actuarial gains/losses	– 1,502	78,283
thereof due to the change in demographic assumptions	2,985	0
thereof due to the change in financial assumptions	1,215	79,133
thereof due to experience-based assumptions	– 5,702	– 850
Foreign currency translation	– 5,260	1,885
Other changes	1,824	1,490
Present value of defined benefit obligation as at Dec. 31	**415,622**	**428,164**

Changes in plan assets — TAB: 4.44

T €	2013	2012
Fair value of plan assets as at Jan. 1	**137,166**	**133,024**
Interest income	3,467	4,145
Paid into plan assets	19,209	14,594
Paid out of plan assets	− 27,982	− 13,753
Revaluation of plan assets	− 1,184	− 1,065
Foreign currency translation	− 3,369	1,092
Other changes	1,842	− 871
Fair value of plan assets as at Dec. 31	**129,149**	**137,166**

Changes in asset ceiling — TAB: 4.45

T €	2013	2012
Not recognized assets as at Jan. 1	**4,358**	**10,541**
Interests of not recognized assets in expenses	193	594
Other changes for not recognized assets	− 836	− 6,777
Not recognized assets as at Dec. 31	**3,715**	**4,358**

The average remaining term of the obligation as at December 31, 2013, is 17 years (prior year: 15 years).

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

Components of plan assets — TAB: 4.46

T €	12/31/2013	12/31/2012
Equity instruments (active market)	26,415	26,456
Debt instruments (active market)	14,509	14,217
Insurances	76,938	74,212
Property	5,704	5,651
Other assets	5,583	16,630
Total	**129,149**	**137,166**

The expected contributions to the plan as from 2014 amount to €15,606 thousand (prior year: €15,138 thousand).

Changes in actuarial assumptions (ceteris paribus) affect the present value of the defined benefit obligation as at December 31, 2013, as shown in the table below:

Impact of changes in actuarial parameters on the defined benefit obligation —— TAB: 4.47

In percent	Change in assumptions	Decrease of the parameter/ change of the defined benefit obligations	Increase of the parameter/ change of the defined benefit obligations
Assumed rate of interest	0.50	8.37	− 7.33
Rate of salary increase	0.50	− 0.61	0.68

Basis for the determination of the change in assumptions was an analysis of recent months. The calculation was performed by an independent actuary.

25. FINANCIAL LIABILITIES

Financial liabilities —— TAB: 4.48

	12/31/2013		12/31/2012	
T €	current	non-current	current	non-current
Borrower's note loans ("bonded" loans)	67,287	450,000	17,641	436,250
Liabilities to banks	142,751	336,766	170,261	322,064
Lease liabilities	1,574	9,253	2,731	12,297
Other	17,964	0	8,329	0
Total	**229,577**	**796,019**	**198,961**	**770,611**

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

26. INCOME TAX LIABILITIES

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.

27. OTHER CURRENT LIABILITIES

Other current liabilities — TAB: 4.49

T €	12/31/2013	12/31/2012
Other tax liabilities	50,044	46,508
Pending invoices payable	44,743	41,415
Liabilities to employees	84,264	68,944
Prepayments received	44,154	42,457
Social security liabilities	19,926	22,035
Other financial liabilities	6,592	13,516
Other non-financial liabilities	105,000	108,677
Total	**354,723**	**343,553**

Other tax liabilities that are not related to income tax primarily concern payroll taxes and value added taxes.

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

Additional Information

28. 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 exchange 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.

28.1. Foreign exchange risk

Foreign exchange risks particularly arise where receivables, liabilities and planned transactions are not denominated in an entity's functional currency. The risk of fluctuations in future cash flow results is mainly due to operating activities, but there is also some risk from financing and investing activities. The most significant foreign exchange risk for the Benteler Group exists in the volatility of the euro and US 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 exchange 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 result (after tax) and equity. As a basis for sensitivity to foreign exchange fluctuations, the analysis used those primary financial instruments recognized as at 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 % (prior year: 30 %) was applied as the tax rate.

If the euro had increased in value by 10 % against foreign currencies compared with the actual closing rates, profit (after tax) would have been €36 thousand (prior year: €215 thousand) higher and equity (after tax) would have been €1,667 thousand (prior year: €4,562 thousand) lower. The sensitivity of equity is not only affected by the sensitivity of after-tax profits, but also by the sensitivity of the cash flow hedge reserve of €1,703 thousand (prior year: €4,777 thousand), which had the effect of reducing equity.

If the euro had decreased in value by 10 % against foreign currencies compared with the actual closing rates, profit (after tax) would have been €44 thousand (prior year: €263 thousand) lower and equity (after tax) would have been €4,573 thousand (prior year: €6,239 thousand) higher. The sensitivity of equity is not only affected by the sensitivity of after-tax profits, but also by the sensitivity of the cash flow hedge reserve of €4,617 thousand (prior year: €6,502 thousand), which had the effect of increasing equity.

If the US dollar had increased or decreased in value by 10 % compared with the actual closing rates, equity would have been €2,445 thousand (prior year: €1,574 thousand) lower or €2,989 thousand (prior year: €1,924 thousand) higher.

The sensitivity mainly results from derivatives used to hedge future cash flows in foreign currency as well as derivatives not designated as hedging instruments.

28.2 Interest rate risk

Interest rate risks for the Benteler Group arise primarily from its liabilities from borrowings. In addition, risks arise from deposits 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 focus is on hedging the Group's financing requirements against increases in market interest rates. To cover this risk, interest rate swaps were used (cash flow risk).

For interest rate risk, sensitivity analyses were performed to show the effects arising from hypothetical changes in market interest rates on the Group's profit (after tax) and equity. The analysis is based on variable-interest-rate holdings of primary financial instruments and derivative financial instruments as at the reporting date. 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 had been 100 bps (basis points; 100 basis points = 1 %) higher than the actual market interest rate, profit (after tax) would have been €2,002 thousand (prior year: €1,391 thousand) and equity (after tax) would have been €8,254 thousand (prior year: €9,130 thousand) higher. The sensitivity of equity is not only affected by the sensitivity of after-tax profits, but also by the sensitivity of the cash flow hedge reserve of €6,252 thousand (prior year: €7,749 thousand), which had the effect of increasing equity.

If the market interest rate had been 100 bps (basis points; 100 basis points = 1 %) lower than the actual market interest rate, profit (after tax) would have been €2,002 thousand (prior year: €1,381 thousand) and equity (after tax) would have been €7,977 thousand (prior year: €8,171 thousand) lower. The sensitivity of equity is not only affected by the sensitivity of after-tax profits, but also by the sensitivity of the cash flow hedge reserve of €5,975 thousand (prior year: €6,790 thousand), which had the effect of reducing equity.

28.3 Commodity price risk

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.

28.3.1 Steel price risk

Different to other industrial metals and based on supply contracts, the risks and opportunities arising from the volatility of steel prices are passed on to the customers.

28.3.2 Aluminum price risk

The hedging strategy for aluminum price risk has to consider, in addition to the physical security, the complexity of the risk incurred. This obligation represents the various contract specifications with the automotive manufacturers, including:

- The temporal divergence between the purchase of commodities and semi-finished products, and the sale of components to automotive manufacturers
- A wide variety of fixed prices, formula-based pricing mechanisms and price validities out of a price setting process based on different calculation methods
- The different currencies involved

The production site decides, on the basis of the planned purchased quantities by customers and the requisition notes of the decentralized units, on the production schedule and the required aluminum. At the monthly management meeting, a list of all concluded contracts is created and the aluminum price fixing on the selling or buying side begins the following month. On that basis, Benteler Treasury enters into commodity swaps with a bank to change the variable prices on the buy and sell side to fixed 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 at the reporting date are 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 would have been a hypothetical 10 % higher than the actual market price level based on the closing prices at the reporting date, equity (after tax) would have been €456 thousand (prior year: €1,283 thousand) higher.

If the commodity price level would have been a hypothetical 10 % lower than the actual market price level based on the closing prices at the reporting date, equity (after tax) would have been €456 thousand (prior year: €1,283 thousand) lower.

28.4 Default risk

Default risk describes the risk resulting from the failure of individual business partners to fulfill their contractual obligations. The Benteler Group's default risk results primarily from receivables from customers. In addition, default risks arise in connection with financial transactions, such as the investment of liquid funds or the acquisition of securities.

The Benteler Group counters the risk of default on receivables in operating activities by a professional accounts receivable management. Before signing a contract, in particular with key customers, a careful evaluation of the customer's economic condition and business competence is performed. All relevant customer data are recorded 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. Bad debt provisions recognized for this purpose take account of the default risk on receivables.

Due to 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 arising from financial assets involves the risk of default to the carrying value of the receivable from the respective customer.

28.5 Liquidity risk

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

Liquidity risk is monitored by systematic, day-by-day liquidity management whose absolute fundamental requirement is maintaining the Company's ability to meet its payment obligations at all times. Aligned on a fixed planning horizon, liquidity forecast and available committed credit lines in the Group ensure the supply of liquidity in accordance with the planned development. The aim is convenient and cost-effective liquidity, which enables an adequate response to a dynamic market environment and allows opportunity-oriented action. The financial planning process includes a rolling three-month forecast (direct method) and a one- to five-year plan (indirect method).

At the end of the period on December 31, 2013, a strategic liquidity reserve of not-used written confirmed short- and long-term credit lines of a total €367,116 thousand (prior year: €375,919 thousand) was available.

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

Maturities of financial liabilities

TAB: 4.50

Item	Carrying amount 12/31/2013	Maturity of financial debts 1 year Interest expense	1 year Repayment	2 to 5 years Interest expense	2 to 5 years Repayment	after 5 years Interest expense	after 5 years Repayment
Financial liabilities (non-current and current)	**1,025,596**	**32,815**	**229,577**	**71,238**	**726,030**	**5,793**	**69,989**
Borrower's note loans ("bonded" loans)	517,287	16,756	67,287	41,150	420,000	1,210	30,000
Liabilities to banks	479,517	15,808	142,751	29,315	301,023	3,797	35,743
Liabilities under finance leases	10,827	251	1,574	773	5,006	786	4,247
Other financial liabilities	17,964	0	17,964	0	0	0	0
Capital represented by profit participation certificates	**97,937**	**6,933**	**0**	**6,933**	**98,150**	**0**	**0**
Trade payables	**887,873**		**887,873**		**0**		**0**
Other liabilities (non-current and current)	**86,475**	**6,285**	**50,685**	**13,932**	**20,510**	**156**	**420**
Negative market values of derivatives without on-balance-sheet hedging relationship	1,946	0	947	0	998	0	0
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	20,148	6,285	4,994	13,932	294	156	0
Other financial liabilities	64,381		44,743		19,218		420
Total	**2,097,881**	**46,033**	**1,168,135**	**92,103**	**844,690**	**5,949**	**70,409**

Maturities of financial liabilities

TAB: 4.50

Item	Carrying amount 12/31/2012	Maturity of financial debts: 1 year – Interest expense	1 year – Repayment	2 to 5 years – Interest expense	2 to 5 years – Repayment	after 5 years – Interest expense	after 5 years – Repayment
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**

The table above includes financial liabilities with contractually agreed payments at the end of the period on December 31, 2013. Planned figures for future new liabilities are not included. Amounts in foreign currencies are translated at the exchange rate on the reporting date (December 31). Variable interest payments on financial liabilities were calculated on the basis of the most recently determined interest rates.

28.6 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 resources available to maintain its growth strategy.

The capital management strategy ensures that Group companies have a solid equity base appropriate to local requirements. The goal is to provide the necessary financial and liquidity headroom. The requirement communicated to all Group companies is to secure financing with matching maturities.

The financial profile is actively managed and monitored. Therefore, the main key figure is the adjusted equity ratio. For purposes of capital management, capital represented by participation certificates is a shown as a part of equity.

Adjusted equity ratio TAB: 4.51

[T €]	12/31/2013	12/31/2012
Equity shown in the consolidated statement of financial position	844,161	915,084
+ Capital represented by profit participation certificates	97,937	97,687
Adjusted equity	942,098	1,012,771
Total assets	3,805,800	3,819,384
Adjusted equity ratio	**24.80 %**	**26.50 %**

29. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

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

The Benteler Group uses various derivative financial instruments to hedge the above-mentioned risks – currency forwards, currency options, interest swaps, interest/currency swaps and commodity forwards. Foreign currency derivatives are held primarily in USD, NOK, MXN, CHF, CNY, BRL, LTL, CZK, HUF, DKK, ZAR, RUB, JPY, CAD, PLN, SEK and GBP, interest rate swaps in EUR, GBP and ZAR. Business partners are either German or international banks with good credit ratings.

The majority of the derivative financial instruments was recognized in the reporting year as cash flow hedges within hedge accounting relationships. Hedging involves both variable future cash flows from non-current liabilities with terms until 2019, and future operating cash flows in foreign currencies with terms of generally up to 12 months, but not more than 36 months. The employed commodity derivatives hedge variable cash flows until 2015 and primarily relate to 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.

The following table shows the types and amounts of foreign currency and interest rate hedges held, including the recognized fair values at the reporting date:

Types, amounts and fair values of foreign currency hedges and interest rate hedges held in the current reporting period —— TAB: 4.52

[T €]	12/31/2013 Nominal volume	Positive fair value	Negative fair value
Derivatives without on-balance-sheet hedging relationship	**330,875**	**4,186**	**1,946**
Interest rate and interest/currency hedges	0	0	0
Foreign currency hedges	330,875	4,186	1,946
Derivatives with on-balance-sheet hedging relationship (hedge accounting)	654,948	13,124	20,148
Interest rate hedges	315,539	5,729	14,860
Foreign currency hedges	303,785	7,200	3,870
Commodity hedges	35,624	194	1,418

Types, amounts and fair values of foreign currency hedges and interest rate hedges held in the prior reporting period —— TAB: 4.52

[T €]	12/31/2012 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 hedges	348,714	736	22,317
Foreign currency hedges	250,840	9,270	1,764
Commodity hedges	52,757	8,641	11,959

The foreign currency hedges not designated as hedging instruments are primarily hedging instruments used to hedge internal loans extended in foreign currency to subsidiaries.

30. ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

The following tables show the carrying amounts of financial assets and liabilities for each individual category of financial instrument, and reconcile them with the related items on the statement of financial position for the end of the reporting period as at December 31, 2013, and the prior year:

Carrying amounts of financial assets and liabilities by category —— TAB: 4.53

[T €]	Category pursuant to IFRS 13	Carrying amount as at 12/31/2013	Measurement pursuant to IAS 39			Carrying amount pursuant to IAS 17	Non-financial items
			(Amortized) cost	Fair value outside profit or loss	Fair value through profit or loss		
Trade receivables	**1)**	**681,035**	**681,035**				
Receivables from contract production	**1)**	**6,548**	**6,548**				
Other receivables and assets (non-current and current)		**183,511**	**44,826**	**14,049**	**4,186**	**0**	**120,450**
Securities	2)	925		925			
Investments in unconsolidated, associated entities	2)	199	199				
Financial receivables	1)	42,992	42,992				
Positive market values of derivatives without on-balance-sheet hedging relationship	3)	4,186			4,186		
Positive market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	n/a	13,124		13,124			
Other financial receivables	2)	1,636	1,636				
Other non-financial receivables	n/a	120,450					120,450
Cash and cash equivalents	**1)**	**404,248**	**404,248**				
Total		**1,275,342**	**1,136,657**	**14,049**	**4,186**	**0**	**120,450**
thereof by measurement category under IAS 39:							
1) Loans and receivables		1,134,822	1,134,822	0	0		
2) Financial assets available for sale		2,760	1,835	925	0		
3) Financial assets held for trading		4,186	0	0	4,186		

Carrying amounts of financial assets and liabilities by category

—— TAB: 4.53

[T €]	Category pursuant to IFRS 13	Carrying amount as at 12/31/2013	Measurement pursuant to IAS 39: (Amortized) cost	Measurement pursuant to IAS 39: Fair value outside profit or loss	Measurement pursuant to IAS 39: Fair value through profit or loss	Carrying amount pursuant to IAS 17	Non-financial items
Financial liabilities (non-current and current)		**1,025,596**	**1,014,769**	**0**	**0**	**10,827**	**0**
Borrower's note loans ("bonded" loans)	1)	517,287	517,287				
Liabilities to banks	1)	479,517	479,517				
Liabilities under finance leases	n/a	10,827				10,827	
Other financial liabilities	1)	17,964	17,964				
Capital represented by profit participation certificates	**1)**	**97,937**	**97,937**				
Trade payables	**1)**	**887,873**	**887,873**				
Other liabilities (non-current and current)		**410,946**	**64,381**	**20,148**	**1,946**	**0**	**324,472**
Negative market values of derivatives without on-balance-sheet hedging relationship	2)	1,946			1,946		
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	n/a	20,148		20,148			
Other financial liabilities	1)	64,381	64,381				
Other non-financial liabilities	n/a	324,472					324,472
Total		**2,422,352**	**2,064,961**	**20,148**	**1,946**	**10,827**	**324,472**
thereof by measurement category under IAS 39:							
1) Financial liabilities measured at amortized cost		2,064,961	2,064,961	0	0		
2) Financial liabilities held for trading		1,946	0	0	1,946		

Carrying amounts of financial assets and liabilities by category —— TAB: 4.53

[T €]	Category pursuant to IFRS 13	Carrying amount as at 12/31/2012	Measurement pursuant to IAS 39: (Amortized) cost	Measurement pursuant to IAS 39: Fair value outside profit or loss	Measurement pursuant to IAS 39: Fair value through profit or loss	Carrying amount pursuant to IAS 17	Non-financial items
Trade receivables	**1)**	**843,790**	**843,790**				
Receivables from contract production	**1)**	**9,984**	**9,984**				
Other receivables and assets (non-current and current)		**201,994**	**33,155**	**19,444**	**2,631**	**0**	**146,764**
Securities	2)	797		797			
Investments in unconsolidated, associated entities	2)	3,219	3,219				
Financial receivables	1)	29,246	29,246				
Positive market values of derivatives without on-balance-sheet hedging relationship	3)	2,631			2,631		
Positive market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	n/a	18,647		18,647			
Other financial receivables	1)	690	690				
Other non-financial receivables	n/a	146,764					146,764
Cash and cash equivalents	**1)**	**346,675**	**346,675**				
Total		**1,402,443**	**1,233,604**	**19,444**	**2,631**	**0**	**146,764**
thereof by measurement category under IAS 39:							
1) Loans and receivables		1,230,385	1,230,385	0	0		
2) Financial assets available for sale		4,016	3,219	797	0		
3) Financial assets held for trading		2,631	0	0	2,631		

Carrying amounts of financial assets and liabilities by category — TAB: 4.53

[T €]	Category pursuant to IFRS 13	Carrying amount as at 12/31/2012	Measurement pursuant to IAS 39: (Amortized) cost	Measurement pursuant to IAS 39: Fair value outside profit or loss	Measurement pursuant to IAS 39: Fair value through profit or loss	Carrying amount pursuant to IAS 17	Non-financial items
Financial liabilities (non-current and current)		**969,572**	**954,544**	**0**	**0**	**15,028**	**0**
Borrower's note loans ("bonded" loans)	1)	453,891	453,891				
Liabilities to banks	1)	492,324	492,324				
Liabilities under finance leases	n/a	15,028				15,028	
Other financial liabilities	1)	8,329	8,329				
Capital represented by profit participation certificates	**1)**	**97,687**	**97,687**				
Trade payables	**1)**	**897,987**	**897,987**				
Other liabilities (non-current and current)		**410,105**	**48,154**	**36,040**	**2,415**	**0**	**323,496**
Negative market values of derivatives without on-balance-sheet hedging relationship	2)	2,415			2,415		
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	n/a	36,040		36,040			
Other financial liabilities	1)	48,154	48,154				
Other non-financial liabilities	n/a	323,496					323,496
Total		**2,375,351**	**1,998,372**	**36,040**	**2,415**	**15,028**	**323,496**
thereof by measurement category under IAS 39:							
1) Financial liabilities measured at amortized cost		1,998,372	1,998,372	0	0		
2) Financial liabilities held for trading		2,415	0	0	2,415		

No reclassifications between categories of financial instruments were performed during the financial year or in the previous year. Reclassifications are taken into account at the end of the reporting period.

Fair values and fair value hierarchy

The carrying amount for current primary financial instruments, especially trade receivables and trade payables as well as other current receivables and liabilities, equals the fair value. The fair value of fixed-interest loans and liabilities is the present value of expected future cash flows. They are discounted at interest rates effective at the end of the reporting period. For variable-interest liabilities, the carrying amounts equal their fair values.

The fair value of currency forwards is calculated as the present value based on the average spot exchange rate as at December 31, 2013, under consideration of any forward premiums or discounts for the remaining term of the respective contract compared with the contracted forward rate. For currency options, generally accepted models were used for calculating option prices. The fair value of an option is affected not only by the remaining term of the option, but also 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 future cash flows. The market interest rates, which are equivalent to the remaining term of the contracts, are used as a basis. Besides, for interest/currency swaps, the exchange rates of those foreign currencies in which the respective payments proceed are 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. The measurement of derivatives also incorporates the counterparty risk. Determination is carried out in accordance with IFRS 13 and is based on a unilateral approach without taking into account any offsetting agreements. The calculation is based on a constant estimation of future exposures as well as on a historical default probability according to the rating of the counterparty and/or a rating estimation of the Benteler Group.

The fair values of financial assets and liabilities are based on the following input data and are categorized according to IFRS 13 in three fair value hierarchies:

- **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 fair value hierarchy reflects the significance of the input parameters that were used for the determination of the fair values.

The following tables show the fair values and carrying amounts of financial assets and liabilities measured at its fair value, classified by fair value hierarchy:

Fair values and carrying amounts of financial assets and liabilites by fair value hierarchy — TAB: 4.54

[T €]	12/31/2013 Carrying amount	Fair value	Level 1	Level 2	Level 3
Other receivables and assets (non-current and current)	**18,235**	**18,235**	**0**	**18,235**	**0**
Securities	926	926	0	926	0
Positive market values of derivatives without on-balance-sheet hedging relationship (financial assets held for trading)	4,186	4,186	0	4,186	0
Positive market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	13,124	13,124	0	13,124	0
Other liabilities (non-current and current)	**22,093**	**22,093**	**0**	**22,093**	**0**
Negative market values of derivatives without on-balance-sheet hedging relationship (financial assets held for trading)	1,946	1,946	0	1,946	0
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	20,148	20,148	0	20,148	0

Fair values and carrying amounts of financial assets and liabilites by fair value hierarchy — TAB: 4.54

[T €]	12/31/2012 Carrying amount	Fair value	Level 1	Level 2	Level 3
Other receivables and assets (non-current and current)	**22,075**	**22,075**	**0**	**22,075**	**0**
Securities	797	797	0	797	0
Positive market values of derivatives without on-balance-sheet hedging relationship (financial assets held for trading)	2,631	2,631	0	2,631	0
Positive market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	18,647	18,647	0	18,647	0
Other liabilities (non-current and current)	**38,455**	**38,455**	**0**	**38,455**	**0**
Negative market values of derivatives without on-balance-sheet hedging relationship (financial assets held for trading)	2,415	2,415	0	2,415	0
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	36,040	36,040	0	36,040	0

The following table shows the carrying amount and the fair value of financial liabilities measured at amortized cost, classified by fair value hierarchy:

Fair values and carrying amounts of financial liablilities by fair value hierarchy

—— TAB: 4.55

	12/31/2013				
[T €]	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial liabilities (non-current and current)	**1,105,568**	**1,127,627**	**0**	**0**	**1,127,627**
Borrower's note loans ("bonded" loans)	517,287	529,698	0	0	529,698
Liabilities to banks	479,517	481,058	0	0	481,058
Liabilities under finance lease	10,827	10,471	0	0	10,471
Capital represented by profit participation certificates	97,937	106,399	0	0	106,399

Offsetting financial instruments

The Benteler Group enters into framework agreements for financial derivative transactions. It is contractually agreed that upon termination of a contract the final value of all transactions is determined and only a single net amount is settled in cash. The requirements for offsetting in the statement of financial position are not met, as normally no net payments will be made.

Offsetting of financial instruments — TAB: 4.56

[T €]	Recognized financial assets (gross)	Amounts that are set off (gross)	Financial assets presented in the consolidated statement of financial position (net)	Amounts subject to an enforceable netting agreement	Net amount
	Values as at 12/31/2013				
Other financial assets – Derivatives with positive market value					
Foreign currency hedges	11,386	0	11,386	– 4,427	6,959
Aluminum hedges	194	0	194	– 109	85
Interest hedges	5,729	0	5,729	0	5,729
Total	**17,309**	**0**	**17,309**	**– 4,536**	**12,773**
	Values as at 12/31/2012				
Other financial assets – Derivatives with positive market value					
Foreign currency hedges	11,901	0	11,901	– 3,194	8,707
Aluminum hedges	8,641	0	8,641	– 8,421	220
Interest hedges	736	0	736	0	736
Total	**21,278**	**0**	**21,278**	**– 11,615**	**9,663**

Offsetting of financial instruments — TAB: 4.56

[T €]	Recognized financial assets (gross)	Amounts that are set off (gross)	Financial assets presented in the consolidated statement of financial position (net)	Amounts subject to an enforceable netting agreement	Net amount
	Values as at 12/31/2013				
Other financial liabilities – Derivatives with negative market value					
Foreign currency hedges	5,816	0	5,816	– 4,427	1,389
Aluminum hedges	1,418	0	1,418	– 109	1,309
Interest hedges	14,860	0	14,860	0	14,860
Total	**22,094**	**0**	**22,094**	**– 4,536**	**17,558**
	Values as at 12/31/2012				
Other financial liabilities – Derivatives with negative market value					
Foreign currency hedges	3,795	0	3,795	– 3,194	601
Aluminum hedges	11,959	0	11,959	– 8,421	3,538
Interest hedges	22,701	0	22,701	0	22,701
Total	**38,455**	**0**	**38,455**	**– 11,615**	**26,840**

Net gains or losses

The following table shows the net gains/losses (before tax) on financial instruments recognized in the consolidated income statement or in other comprehensive income, 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.

Determination of the net amount of other financial liabilities recognized in the statement of financial position — TAB: 4.57

[T €]	2013	2012
Loans and receivables	2,097	– 2,637
Financial assets available for sale	– 27	30
Derivatives without on-balance-sheet hedging relationship (financial assets and liabilities held for trading)	– 5,496	– 2,664
Financial liabilities measured at amortized cost	– 58,589	– 57,418
Total net gains or losses	**– 62,015**	**– 62,689**
thereof net interest expense for financial assets and liabilities not measured at fair value through profit or loss	– 55,005	– 51,365
thereof impairment expense for trade receivables	– 1,022	– 8,850
thereof gains/losses on financial assets available for sale recognized outside profit or loss	0	0

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

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

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.

31. CASH FLOW STATEMENT

The cash flow statement is prepared in accordance with IAS 7, and presents cash flows from operating, investing and financing activities. The effects of changes in the scope of consolidation are included in the variations of the various balance sheet items; their impact on cash and cash equivalents, as well as the impact of changes in foreign exchange rates, is disclosed separately.

An amount of €1,056 thousand of total investments in property, plant and equipment is related to finance leases and therefore was not cash-effective (prior year: €2,054 thousand).

32. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Benteler Group granted no additional collateral in the reporting period for its borrowings, above and beyond the joint liability of individual Group members to other Group members and the collateral indicated in Note 25 – Financial liabilities.

Property liens in the amount of €153.4 million, held by Price Waterhouse Coopers AG, Düsseldorf, Germany, have been recorded on the Group's own property. 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 release of property liens for a total of €153.4 million. No loans were secured by property liens as at December 31, 2013. Thus, the entire trust agreement was placed on "inactive" status under an agreement dated November 12, 2003.

As at the end of the period on December 31, 2013, the Group had granted guarantees to third parties for a total of €6,330 thousand (prior year: €4,638 thousand). There were no liabilities to third parties under warranty agreements (through contract performance bonds or supply bonds) at the reporting date (prior year: €666 thousand).

Other off-balance-sheet obligations – in particular toward employees, tax authorities and customs authorities – amount to €390 thousand as at December 31, 2013 (prior year: €1,139 thousand).

33. NUMBER OF EMPLOYEES

The Benteler Group employed worldwide an average number of 28,166 employees (FTE) (prior year: 28,007). Personnel expenses amount to €1,373,354 thousand (prior year: €1,330,858 thousand). Not included are personnel expenses due to restructuring (see Note 10 – Restructuring expenses).

34. GOVERNING BODIES

Members of the 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 (until May 31, 2013)
  In charge of: Corporate Finance and Controlling, Corporate Legal and Insurance, Corporate Taxes, Mergers and Acquisitions

- Boris Gleissner, Leonberg, Germany (from March 1, 2013)
  In charge of: Corporate Finance and Controlling, Corporate Legal and Insurance, Corporate Taxes, Mergers and Acquisitions

Members of the Supervisory Board

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

- Robert J. Koehler, Wiesbaden, Germany, Chairman (until December 31, 2013)
(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 Advisory Board, Huawei Technologies Deutschland GmbH)

- Dr. Markus Flik, Gerlingen, Germany
(Chairman of the Management Board of Homag Group AG, Stuttgart, Germany)

- Axel Prym, Roetgen, Germany
(Shareholder of William Prym GmbH & Co. KG, Stolberg, Germany)

- Dr. Gert Vaubel, Warburg, Germany (until May 3, 2013)
(former member of the Executive Board of Benteler Aktiengesellschaft, Paderborn, Germany)

- Frederik Vaubel, Düsseldorf, Germany (from May 4, 2013)
(Managing Director of Vaubel Entwicklungs- und Beteiligungs GmbH & Co. KG)

35. RELATED PARTY TRANSACTIONS

The Group's related parties according to 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. Note 34 – Governing bodies contains further information.

The entities included in the consolidated financial statements of the Benteler Group have been 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.

Total remuneration of management in key positions

Benteler International Aktiengesellschaft has paid total compensation to members of management in key positions (14 persons; prior year 13 – comprising members of the Executive Board of Benteler International Aktiengesellschaft and the managing directors of the principal subsidiaries) as follows:

Total remuneration of management in key positions — TAB: 4.58

[T €]	2013	2012
Short-term payments – fixed	6,015	5,395
Short-term payments – variable	6,411	4,306
Post-employment benefits	1,716	1,004
Severance benefits	3,584	428
Total	**17,726**	**11,133**

No share-based compensation was granted above and beyond these amounts.

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 the fiscal year 2013 (prior year: €375 thousand).

36. EVENTS AFTER THE REPORTING PERIOD

There were no events of significant importance subsequent to the end of the reporting period that might have caused a material change in the financial position as at December 31, 2013, or that would require disclosure.

37. AUDITOR'S FEES AND SERVICES

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

Auditor's fees — TAB: 4.59

[T €]	2013	2012
Audit of separate and consolidated financial statements	205	243
Audit-related services	29	22
Other services	184	18
Total fees	**418**	**283**

The figures represent the fees recognized as expense in the financial year. Services provided by the independent auditor's network are not included.

38. PROPOSED ALLOCATION OF PROFIT

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 at December 31, 2013.

The Executive Board will propose to the Shareholders' Meeting that no dividends should be distributed and to carry forward the remaining amount of €37,797,926.27.

Salzburg, February 28, 2014

The Executive Board

Hubertus Benteler Boris Gleissner

Appendix to the Notes: List of Shareholdings as at December 31, 2013

List of Shareholdings as at December 31, 2013

TAB: 4.60

		2013
1.	Benteler International Aktiengesellschaft, Salzburg, Austria	–
	Subsidiaries	
2.	Benteler Deutschland GmbH, Paderborn, Germany	100
	Automotive division	
3.	B.E. S.r.l., Turin, Italy	100
4.	Benteler Aluminium Systems Denmark AS, Tonder, Denmark	100
5.	Benteler Aluminium Systems France SNC, Louvièrs, France	100
6.	Benteler Aluminium Systems Korea Ltd., Seoul, South Korea	100
7.	Benteler Aluminium Systems Michigan, Inc., Holland (Michigan), USA	100
8.	Benteler Aluminium Systems Norway AS, Raufoss, Norway	100
9.	Benteler Aluminium Systems Sweden AB, Skultuna, Sweden	100
10.	Benteler Automobiltechnik Eisenach GmbH, Eisenach, Germany	100
11.	Benteler Automobiltechnik GmbH, Paderborn, Germany	100
12.	Benteler Automotive (Changshu) Company Limited, Changshu, China	100
13.	Benteler Automotive (China) Investment Co. Ltd., Shanghai, China	100
14.	Benteler Automotive (Chongqing) Co. Ltd., Chongqing, China	100
15.	Benteler Automotive (Fuzhou) Co., Ltd., Fuzhou, China	100
16.	Benteler Automotive (Shanghai) Co., Ltd., Shanghai, China	100
17.	Benteler Automotive (Thailand) Ltd., Bangkok, Thailand	100
18.	Benteler Automotive Alabama, Inc., Opelika, USA	100
19.	Benteler Automotive Belgium N.V., Ghent, Belgium	100
20.	Benteler Automotive Canada Corporation, Windsor (Ontario), Canada	100
21.	Benteler Automotive Component (Shanghai) Ltd., Shanghai, China	100
22.	Benteler Automotive Corporation, Auburn Hills, USA	100
23.	Benteler Automotive India Private Limited, Pune, India	100
24.	Benteler Automotive International GmbH, Paderborn, Germany	100
25.	Benteler Automotive K.K., Tokyo, Japan	100
26.	Benteler Automotive Netherlands B.V., Helmond, Netherlands	100
27.	Benteler Automotive Rumburk s.r.o., Rumburk, Czech Republic	100
28.	Benteler Automotive S.A., Tigre (Buenos Aires), Argentina	100
29.	Benteler Automotive SAS, Migennes, France	100
30.	Benteler Automotive SK s.r.o., Malacky (Bratislava), Slovakia	100
31.	Benteler Automotive UK Ltd., Corby, United Kingdom	100
32.	Benteler Automotive USA GmbH, Paderborn, Germany	100
33.	Benteler Automotive Vigo SL, Valladares – Vigo, Spain	100
34.	Benteler Autótechnika Kft, Mór, Hungary	100
35.	Benteler Bohemia s.r.o., Liberec, Czech Republic	100
36.	Benteler Canada, Inc., Auburn Hills, USA	100
37.	Benteler CAPP Automotive System (Changchun) Co., Ltd., Changchun, China	60

TAB: 4.60

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

TAB: 4.60

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

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116.	Benteler Distribution Slovakia, s.r.o., Pusté Úlany, Slovakia	100
117.	Benteler Distribuzione Italia S.p.A., Trezzano sul Naviglio, Italy	100
118.	Benteler Holdings Limited, Bolton (Lancashire), United Kingdom	100
119.	Benteler Trading (Shanghai) Co., Ltd., Shanghai, China	100
120.	Benteler Trading International GmbH, Düsseldorf, Germany	100
121.	Benteler Trgovina d.o.o., Sentjanz, Slovenia	100
122.	Benteler Distribution Estonia OÜ, Saue, Estonia	75
123.	BMB Ocel s.r.o., Ostrava-Marianske Hory, Czech Republic	100
124.	Heléns Rör A/B, Halmstad, Sweden	75
125.	Heléns Rör A/S, Lilleström, Norway	75
126.	Heléns Rör A/S, Middelfart, Denmark	75
127.	Kindlimann AG, Wil, Switzerland	100
128.	OOO Benteler Distribution Russia, St. Petersburg, Russia	75
129.	PT Benteler Distribution Indonesia, Jakarta, Indonesia	100
130.	SC Benteler Distribution Romania S.R.L., Slatina City, Olt County, Romania	100
131.	UAB Benteler Distribution Lithuania, Vilnius, Lithuania	75
	Others	
132.	Benteler Capital Corporation, Auburn Hills, USA	100
133.	Benteler VV GmbH, Paderborn, Germany	100
134.	Benteler Global Procurement GmbH, Paderborn, Germany	100
135.	Benteler International Beteiligungs GmbH, Salzburg, Austria	100
136.	Benteler Reinsurance Company Ltd., Dublin, Ireland	100
137.	Benteler RV GmbH, Paderborn, Germany	100
138.	BLV Versicherungsmanagement GmbH, Dortmund, Germany	55
139.	NAPOL GmbH & Co. KG, Objekt Schloss Neuhaus KG, Pullach im Isartal, Germany	100
	Associated companies	
140.	Polarputki Oy, Helsinki, Finland	37.5
141.	Profilanlegg ANS, Raufoss, Norway	26
	Companies not included in the consolidated financial statements	
142.	Benteler Automotive Funding NAO, LLC, Auburn Hills, USA	100
143.	Benteler Defense Corp., Auburn Hills, USA	100
144.	Benteler Distribution Ukraine LLC, Lviv, Ukraine	100
145.	Benteler Goshen, Inc., Goshen, USA	100
146.	Benteler Otomotiv Adapazari Sanayi Ticaret Limited Sirketi, Istanbul, Turkey	100
147.	Benteler Trgovina d.o.o., Zlatar Bistrica, Croatia	100
148.	Blitz 11-487 GmbH, Munich, Germany	100
149.	Blitz 11-488 GmbH, Munich, Germany	100
150.	Delta Steel Tube Corporation, Wilmington (Delaware), USA	100
151.	OOO Benteler Autotechnika Nowgorod, Welikij Nowgorod, Russia	100

Independent Auditors' Report

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of Benteler International Aktiengesellschaft, Salzburg, for the fiscal year from January 1 to December 31, 2013. These consolidated financial statements comprise the consolidated statement of financial position as of December 31, 2013, 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, 2013, 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, 2013, and of its financial performance and cash flows for the fiscal year from January 1 to December 31, 2013, 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, 2014

KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Cäcilia Gruber	Mag. Gabriele Lehner
Wirtschaftsprüfer	Wirtschaftsprüfer
[Austrian Chartered Accountant]	[Austrian Chartered Accountant]

REPORT OF THE SUPERVISORY BOARD

»THE SUPERVISORY BOARD ACTIVELY MONITORED AND SUPPORTED STRATEGIC DEVELOPMENT.«

Report of the Supervisory Board
of Benteler International AG on fiscal 2013

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 on it by law and under the Articles of Incorporation at four regular meetings during fiscal 2013. The Executive Board reported regularly, promptly and in full, 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.

At all four meetings, the Supervisory Board received comprehensive reports on the status of the "Rohrwerk USA" project in the Steel/Tube division and the current status of the restructuring process in the Automotive division, particularly with respect to the concrete measures planned and the corresponding work packages.

In the course of its meeting on February 25, 2013, the Supervisory Board received information about the key figures of the 2012 consolidated financial statements and approved the corporate planning for fiscal 2013 through 2017. Among the matters it addressed at its meeting on May 3, 2013, the Supervisory Board approved the IFRS consolidated financial statements for the period ended December 31, 2012.

At its meeting on August 9, 2013, the Supervisory Board was provided with more detailed information on the status, outlook and strategy in the Benteler Rothrist and Benteler Distribution divisions and on the Group's risk management, ICS and compliance system. At the Supervisory Board meeting on December 13, 2013, the Executive Board presented the corporate planning for fiscal 2014 through 2018, which was acknowledged and approved by the Supervisory Board.

The Personnel Committee met three times in fiscal 2013, focusing its deliberations primarily on the bonus system and employment contracts.

Single-entity and consolidated financial statements
The single-entity financial statements and management report, together with the consolidated financial statements and Group management report, of Benteler International Aktiengesellschaft for fiscal 2013 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. According to the auditors' final findings, the audit found no cause for objection. The auditors confirmed that the accounting system, the single-entity financial statements and management report, and the consolidated financial statements and Group management report comply with the 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 single-entity and consolidated financial statements. The single-entity 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 auditors sufficiently explained the single-entity and consolidated financial statements to the Supervisory Board. The final findings of the Supervisory Board's audit of the Executive Board's management report, the single-entity 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 single-entity and consolidated financial statements, which are therefore adopted in accordance with section 96 (4) of the Austrian Stock Corporation Act. The Supervisory Board concurs with the Executive Board's proposal for the appropriation of profit.

The Supervisory Board proposes the appointment of KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Kudlichstrasse 41 – 43, 4020 Linz, as the independent auditor for the single-entity and consolidated financial statements for fiscal 2014.

Personnel matters

Dr. Gert Vaubel stepped down from the Supervisory Board of Benteler International AG at the end of the Shareholders' Meeting on May 3, 2013. The shareholder Dr. Ing. E.h. Helmut Benteler GmbH delegated Mr. Frederik Vaubel as his successor on the Supervisory Board of Benteler International AG with effect from May 4, 2013.

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

Salzburg, April 2014

Mr. Robert Koehler
Chairman of the Supervisory Board

Tabellen- und Grafikverzeichnis

Imprint

Published by
Benteler International AG, Salzburg / Austria

Concept, Design and Typesetting
mpm Corporate Communication Solutions, Mainz / Germany
www.digitalagentur-mpm.de

Photography by
Markus Feger, Düsseldorf / Germany

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