

ANNUAL REPORT

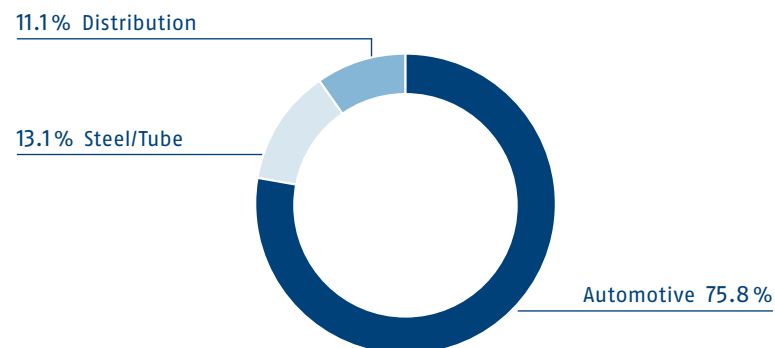
2014

## Key Performance Indicators

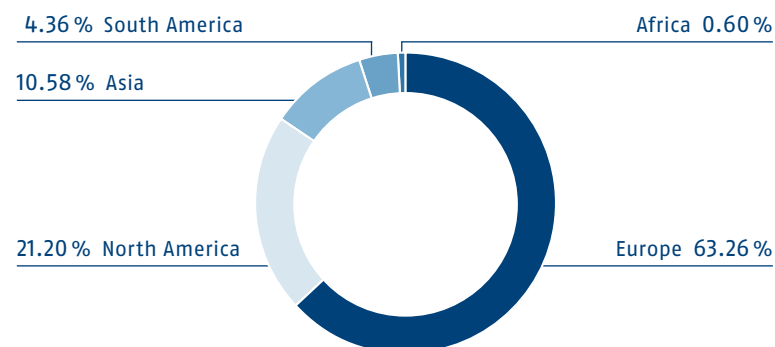
### FISCAL YEAR JANUARY 1 – DECEMBER 31

		2014	2013
External revenue	€ MILLION	7,556	7,425
Employees including trainees (average for year)		27,559	28,166
Personnel expense	€ MILLION	1,353	1,373
Personnel expense per employee	€ THOUSAND	49.1	48.8
Investments	€ MILLION	489	349
Depreciation and amortization	€ MILLION	228	220
Cash flow from profit	€ MILLION	303	263.8
Equity	€ MILLION	937	942
Total assets	€ MILLION	4,075	3,806
Equity ratio	%	23.0	24.8
Profit/loss before tax	€ MILLION	133.3	4.3
Consolidated profit	€ MILLION	102.0	3.1

### REVENUE BY SEGMENT



### REVENUE BY REGION



## CONTINUITY AND PROGRESS – FOR 138 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.

Continuous progress has been an integral part of the Company's history for 138 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.

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From left to right:

**Boris Gleißner,**  
Chief Finance Officer (CFO)

**Hubertus Benteler,**  
Chief Executive Officer (CEO)

**Dr. Peter Laier,**  
Chief Operating Officer (COO)

## LADIES AND GENTLEMEN,

The performance of the BENTELER Group was highly positive in 2014. Improved processes and more streamlined structures had a positive impact on revenue and earnings. After adjustment for currency effects, revenue was up by 3.2%, while earnings before taxes increased by € 129 million to € 133 million.

Operations in the Automotive division more than compensated for the revenue effects of site closures and sales in 2013 and 2014. The restructuring measures essentially implemented in 2013 led to a significantly better result. Thanks to the positive input of a good economy in the global automotive industry, the significant decline in Brazil and the economy in Russia were more than compensated for.

The decline in drilling activities as a result of the slide in the price of oil and the associated drop in demand for oil and gas exploration tubes had only a minor effect on the Steel/Tube division in 2014. Thus, the division increased its sales volumes, revenue and earnings despite the difficult market environment in Europe thanks to operational improvements. The Distribution division also gener-

ated growth in revenue and earnings. The increase essentially occurred in the new drop shipment business with strip steel.

The BENTELER Group employed more than 27,500 people in 38 countries on average in 2014. The Group made advances in its internationalization in the United States and China in particular. New activities were begun in the Automotive and Steel/Tube divisions to boost their presence on these markets. The key project for Steel/Tube, the construction of the rolling mill in Shreveport, USA, and the construction of a central warehouse for BENTELER Distribution Deutschland GmbH, are on schedule and will commence operations on time in 2015.

Effective October 1, 2014, the Executive Board of BENTELER International AG was increased in size to three persons. Dr. Peter Laier has taken on the newly created position of Chief Operating Officer on the Executive Board.

The economic environment at the start of 2015 is still characterized by currency fluctuations, an

uncertain development in the price of oil and political crises. The success of the BENTELER Group in 2015 will therefore very much depend on how we can react to volatile global economic conditions at short notice. Despite these challenges, we are optimistic for 2015. In recent years we have created a launch pad for further growth in all divisions. In doing so, we have focused especially on tapping new markets with innovative products and services.

On behalf of the management of the different divisions, the Executive Board of BENTELER International AG would like to thank the staff for their great commitment and personal contribution to our business success in 2014. We would also like to thank our customers for their continuing trust in BENTELER and our internationally high quality work. Our special thanks go to our shareholders for their valuable support.

Salzburg, March 2015



Hubertus Benteler  
CEO of BENTELER International AG



Boris Gleißner,  
Chief Finance Officer (CFO)



Dr. Peter Laier,  
Chief Operating Officer (COO)

## Personnel Matters

### THE EXECUTIVE BOARD OF BENTELER INTERNATIONAL AG

Hubertus Benteler, Chairman  
Boris Gleißner  
Dr. Peter Laier (from October 1, 2014)

### THE SUPERVISORY BOARD OF BENTELER INTERNATIONAL AG

Robert Koehler,  
Wiesbaden, Germany  
Chairman

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, Berlin, Germany

Dr. Markus Flik,  
Stuttgart, Germany  
Consulting Engineer, recently Chairman of the Executive Board  
of Homag Group AG, Schopfloch, Germany

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

Frederik Vaubel,  
Düsseldorf, Germany  
Managing Director of Vaubel  
Entwicklungs- und Beteiligungs GmbH & Co. KG

### THE MANAGEMENT BOARD OF BENTELER DEUTSCHLAND GMBH

André Sombecki  
Dr. Jost A. Massenberg  
Ralf Göttel (from May 1, 2014)  
Dr. Christian Terlinde (from October 1, 2014)  
Dr. Thomas Späth (until September 30, 2014)  
Dr. Thomas Wünsche (until March 25, 2014)

### THE MANAGEMENT BOARDS OF THE DIVISIONS

#### BENTELER Automotive

Ralf Göttel, Chairman  
James T. Sheehan  
Laurent Favre (from May 1, 2014)  
Dr. Christian Terlinde (from May 1, 2014)  
Dr. Thomas Wünsche (until March 25, 2014)

#### BENTELER Steel/Tube

André Sombecki, Chairman  
Matthias Jäger  
Dr. Andreas Hauger  
Dr. Meike Schäffler

#### BENTELER Distribution

Dr. Jost A. Massenberg, Chairman  
Torsten O. Beer (from July 1, 2014)  
Kurt Ternegg (until March 31, 2014)

## BENTELER Group

### 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

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

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

#### // Engine and Exhaust Systems

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

#### // BENTELER Defense

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

#### // BENTELER-SGL Automotive Composite

Concepts for innovative composite materials.

### 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

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

#### // BENTELER Rothrist

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

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 warehouse 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 solution

// expertise in procurement processes

in machine construction, hydraulic cylinders, automotive, construction, health and consumer goods, and energy.

### BENTELER ENGINEERING SERVICES

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

### BENTELER MECHANICAL ENGINEERING

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



# BENTELER WORLDWIDE

## WE TAKE CUSTOMER PROXIMITY LITERALLY

As a competent development partner and reliable supplier, proximity to our customers is particularly important. Our global presence means extensive exchange with our business partners and rapid decisions. We will continue to expand this competitive advantage of being local globally.

## ○ LOCATIONS

79 production facilities worldwide, 91 subsidiaries and trading firms in 38 countries.





## 10 AUTOMOTIVE WORLDWIDE



BENTELER Automotive offers expertise globally in each important market.

## 16 STEEL/TUBE WORLDWIDE



BENTELER Steel/Tube is accessing new markets with its customized steel tube solutions.

## 22 DISTRIBUTION WORLDWIDE




BENTELER Distribution stands for unique quality, speed and flexibility.



# AUTOMOTIVE WORLDWIDE

## THE BEST SOLUTION WORLDWIDE

A deep understanding of materials and processes as well as a high degree of production expertise are the basis of the success of BENTELER Automotive. We share this know-how with customers across all key markets.

A mechatronic technician with blonde hair, wearing a dark blue t-shirt and blue work pants, is working on a large industrial machine. The technician is wearing gloves and is focused on adjusting a component of the machine. The machine is a complex five-axle milling machine used for high-performance machining of aluminum chassis crossmembers. The background shows a dark industrial setting with various mechanical parts and tools. The overall scene is dimly lit, with a strong light source illuminating the technician and the machine's work area.

A mechatronic technician services a five-axle milling machine for the high-performance machining of aluminum chassis crossmembers in large-scale series production.

## MODULAR SOLUTIONS THE BENTELER WAY

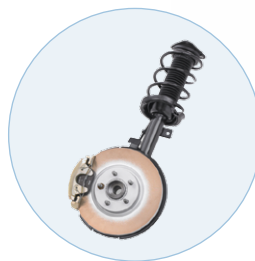
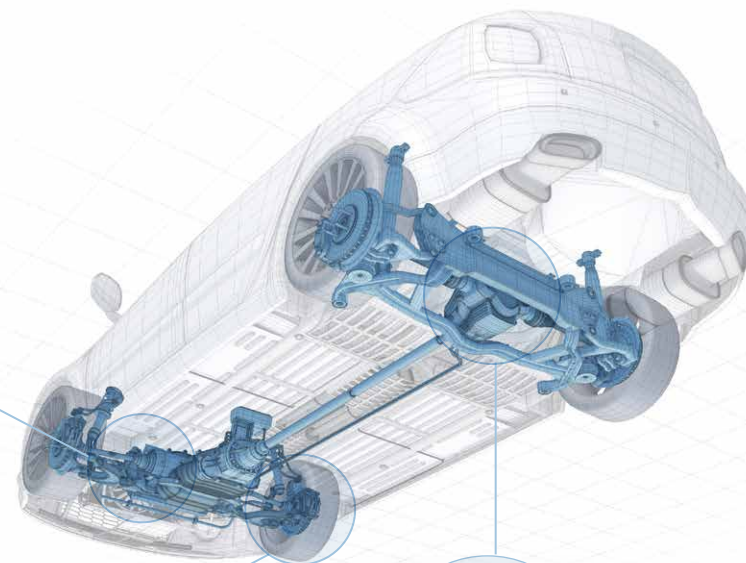
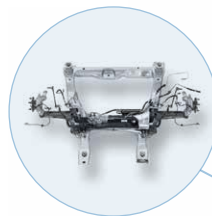
Globalization, reduction of emissions, lightweight construction, and standardization are the four major trends in the automotive sector. BENTELER Automotive supports the evolving needs of customers with a high level of expertise in the multi-material mix as well as a strategic focus on the module business. BENTELER Automotive also profits from long-standing partnerships with its customers. For example, BENTELER assembles the entire power train for an automotive manufacturer in Brazil. For this project, we successfully applied our total vehicle competence from our headquarters in Paderborn in an automotive market rich in opportunities.

### BENTELER AUTOMOTIVE WORLDWIDE

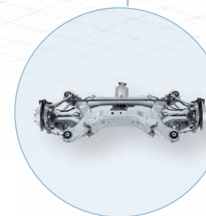
● COUNTRIES IN WHICH BENTELER AUTOMOTIVE IS ACTIVE



BENTELER's expertise in front suspension modules encompasses crossmembers, radius and trailing arms, control arms, steering gears, stabilizers, shielding plates, and engine mountings.

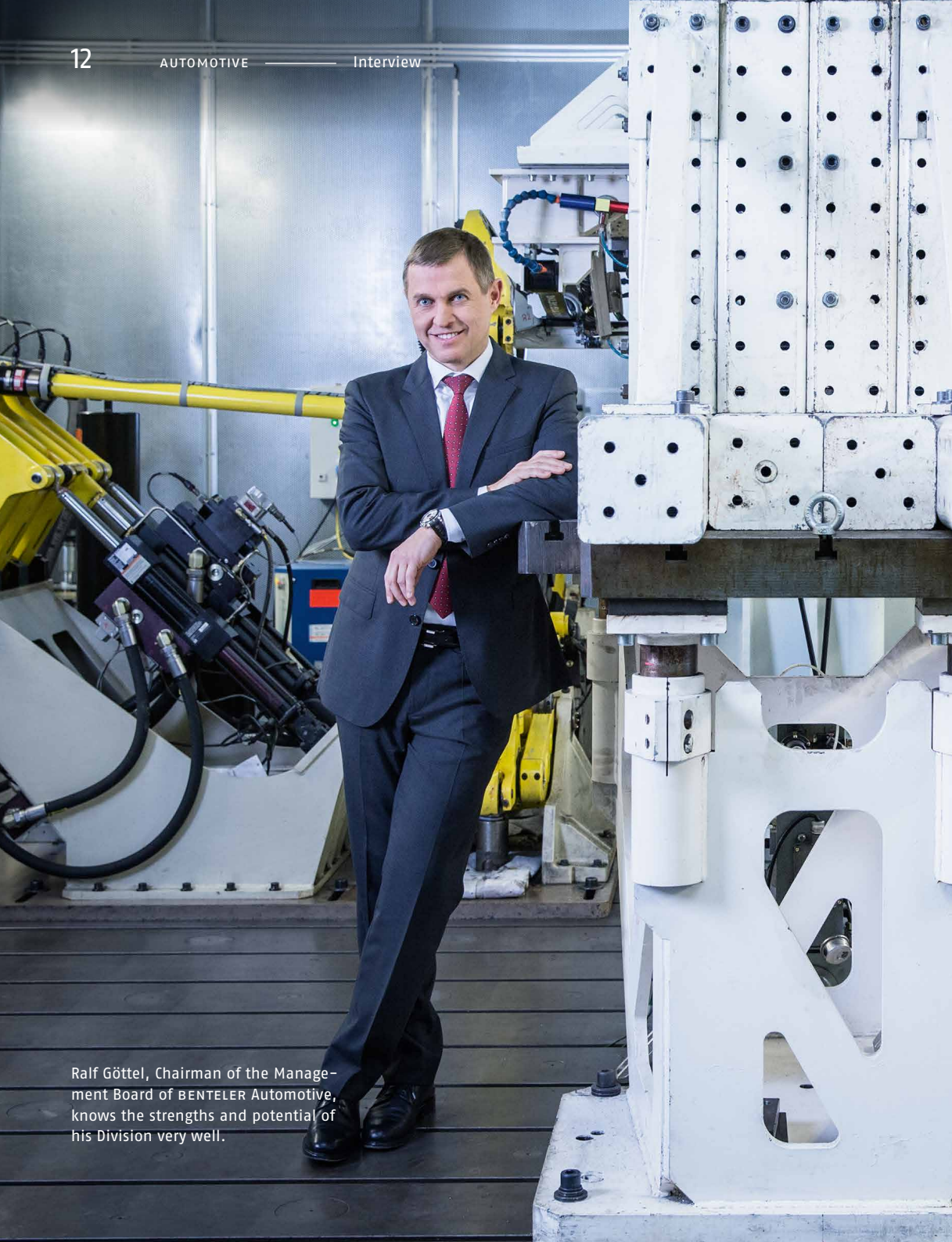


BENTELER supplies essential components individually or as a complete solution. In this way, innovative corner modules can be integrated directly in the power train. In 2014, BENTELER supplied customers worldwide a total of 5.5 million corner modules.



BENTELER mounts rear suspension modules with crossmembers, wheel carriers, shock absorber struts, springs, cover plates, brake discs, brake calipers, brake hoses, rear axle gear units, drive shafts, struts, tie rods, and stabilizers.





Ralf Göttel, Chairman of the Management Board of BENTELER Automotive, knows the strengths and potential of his Division very well.

## »THE AUTOMOTIVE SECTOR OFFERS EXCELLENT PROSPECTS WORLDWIDE WE WANT TO KEEP ON EXPLOITING«

How has the automotive market changed?  
What issues are driving the industry?

— RALF GÖTTEL: The automotive market has become more international and more dynamic. The challenge that companies rise to as a consequence is to build cars that are both innovative and affordable. Our customers are meeting this challenge with global approaches, such as modular concepts and platform strategies. At the same time, they are capitalizing on the advantages of local procurement and production.

How is BENTELER Automotive adapting to these requirements?

— RALF GÖTTEL: We are following this path together with our customers and have been supporting their internationalization strategies for some time now with on-site localization of our own. This has enabled us to ensure that our expertise, which means everything that we design or develop, is available at the same level of

quality in every key market worldwide. In this regard, we are also benefiting from our total vehicle competence ...

... which refers to what exactly?

— **RALF GÖTTEL:** Put simply: We help our customers build better cars. Even at an early stage, we support them in areas such as lightweight construction, safety, or reducing emissions. As a proactive business partner, we possess a deep understanding of materials and processes, not only in relation to steel but also of aluminum and composite fiber materials. This expertise in the multi-material mix sets us clearly apart from competitors.

How effect does this unique selling proposition have?

— **RALF GÖTTEL:** Let's take lightweight construction as an example. Our customers no longer ask us for a solution made of aluminum or carbon. They simply ask how a vehicle can be made lighter. We look for intelligent ways of doing this by fully exploiting the characteristics of the respective material. We also see ourselves as a proactive development partner in these areas. We develop concepts and then turn our expertise into an affordable mass-produced product.

How are you progressing the internationalization of BENTELER Automotive?

— **RALF GÖTTEL:** One objective of the automotive strategy for the year 2020 is to accelerate our involvement in Asia. The manufacturers are also already outsourcing significant development scopes to us. For example, we supply the complete chassis architecture for an Asian customer. And in Brazil, our new module plant is assembling entire power trains. This is also consistent with our strategic approach of concentrating even more on the module business. As you can see, we have

an extensive track record as a reliable and competent partner and solution provider to our customers. We want to further accelerate this expansion of our value-added chain. In this respect, we are on a very promising trajectory.



An international and highly dynamic automotive market requires innovative solutions. BENTELER develops concepts and puts them into production.



## CLOSE TO CUSTOMERS WORLDWIDE

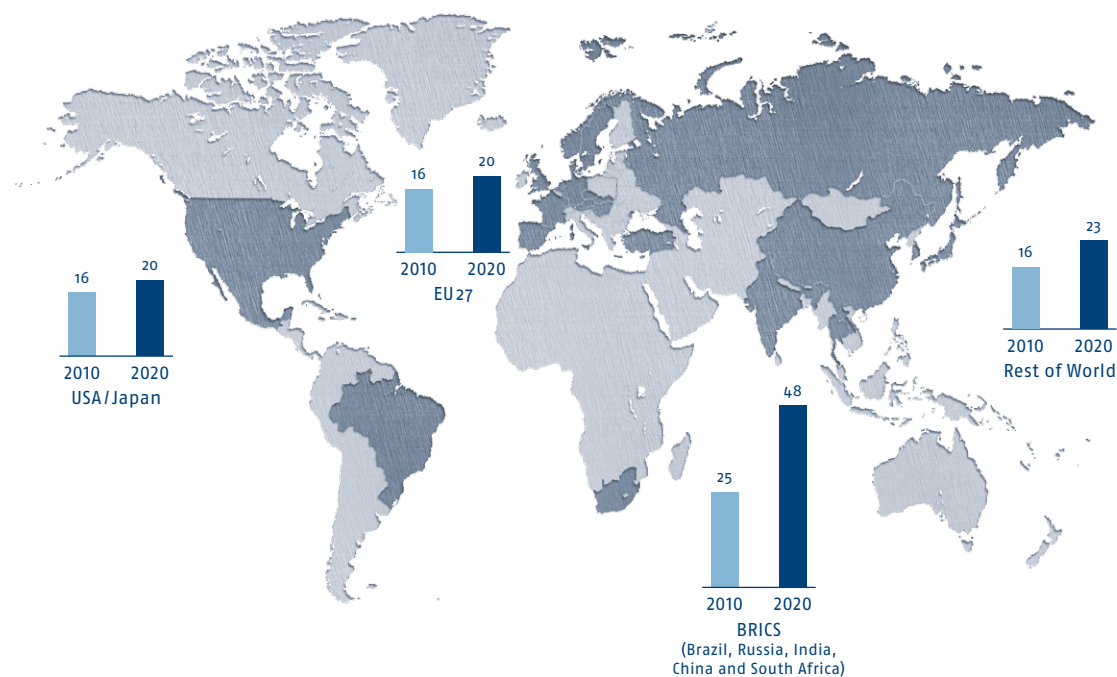
To optimize their services to customers in the growth markets, especially the Asia-Pacific Region, automotive manufacturers are increasingly moving their production facilities there. As a global supplier, BENTELER Automotive supports international customers along the entire value-added chain – and offers local production and service. In recent years, BENTELER Automotive has strengthened its global presence and will in future further expand its activities in particular in the world's largest automotive market, China.



Ultra-high precision and solution expertise are also a clear competitive advantage in new markets.

### AUTOMOTIVE GROWTH MARKETS UP TO 2020 <sup>1</sup>

IN MILLION VEHICLES, ROUNDED VALUES



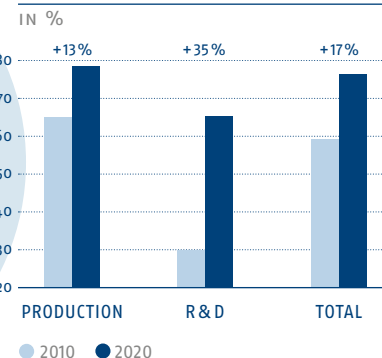


### Shifting the value chain

+17%

the projected growth in value-added among automotive suppliers up to 2020 taking 2010 as a base line. This is against the background of automotive manufacturers that are increasingly concentrating on marketing and sales and are outsourcing the areas of research & development and production.

#### SUPPLIER VALUE-ADDED <sup>3</sup>



Comfort in urban traffic: Sales of small cars will increase between 2010 and 2020 <sup>2</sup>

+4%

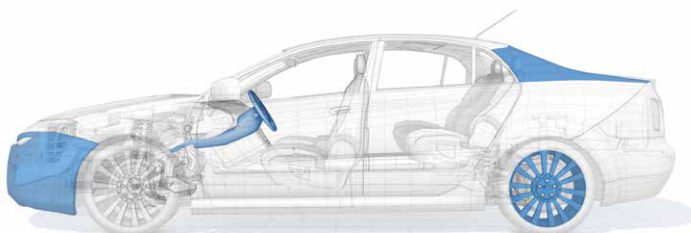
Segment Small (B)

+19%

Segment ULCC (Sub-A)

+3%

Segment Medium

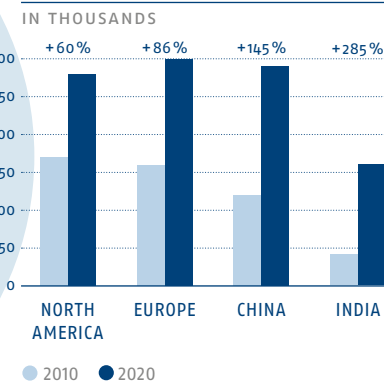


### Future potential of platform technology

+145%

the increase, compared to 2010, in the number of vehicles produced in China based on a single platform in 2020. For BENTELER Automotive, this means that development work will become even more lucrative in the future. That is because components that are developed are progressing to series production much more frequently than previously.

#### UNITS (NUMBER OF VEHICLES) PER PLATFORM <sup>4</sup>



# STEEL/TUBE WORLDWIDE

## EXPERTISE AND TRADITION

BENTELER Steel/Tube develops and manufactures bespoke steel tube solutions. In this area, we support customers worldwide – from defining the materials to designing the product.

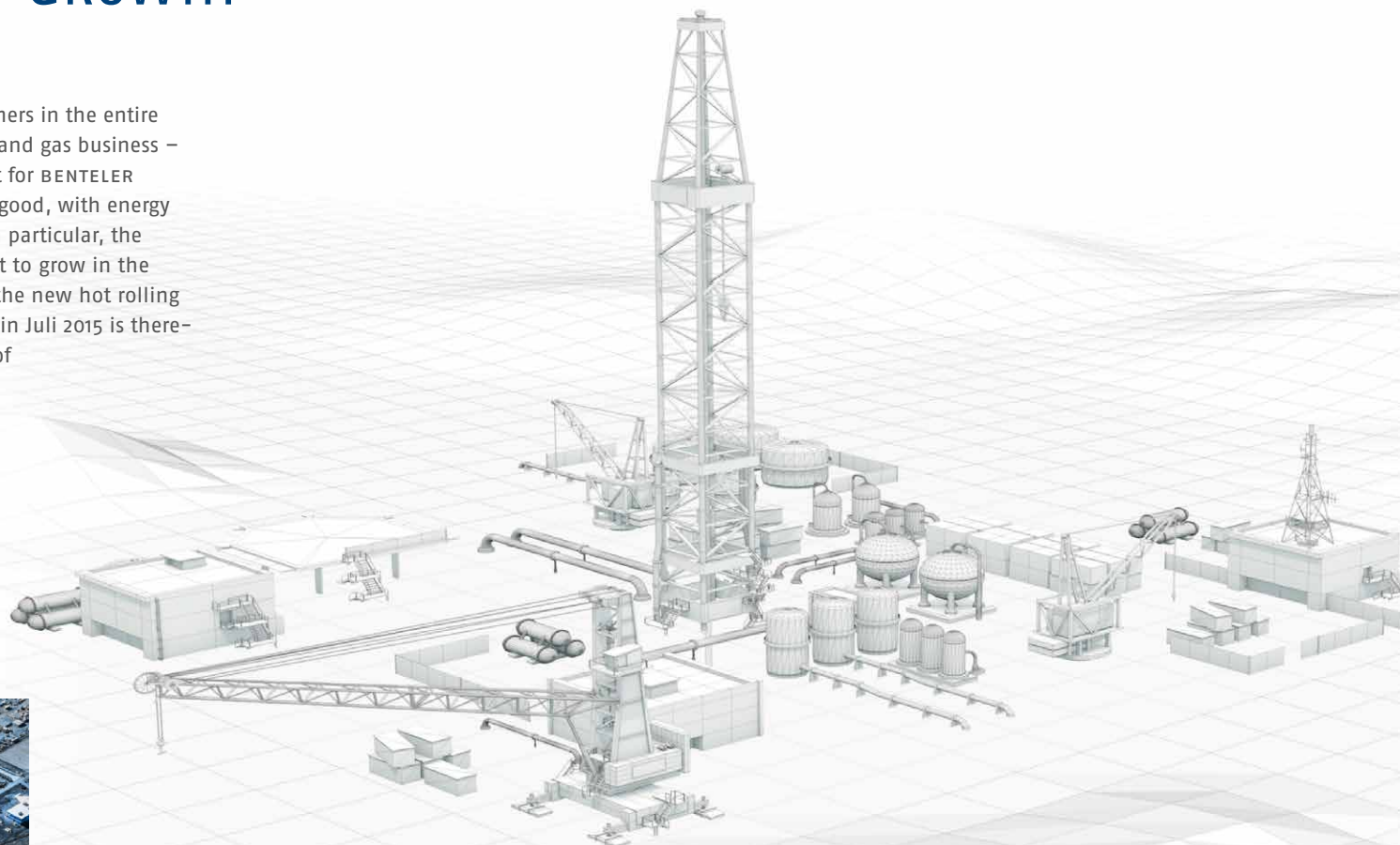
BENTELER Steel/Tube develops high-precision steel tubes for numerous application areas.





## RISING DEMAND FOR ENERGY A DRIVER OF GROWTH

Roughly one third of all customers in the entire steel industry are from the oil and gas business – another very important market for BENTELER Steel/Tube. And the outlook is good, with energy demand set to grow further. In particular, the American energy market, is set to grow in the coming years. The opening of the new hot rolling mill in Shreveport, Louisiana, in Juli 2015 is therefore a decisive building block of the global growth strategy.



In July 2015, BENTELER Steel/Tube will open its hot rolling mill in Shreveport.



## »CUSTOMER PROXIMITY IS THE KEY TO OUR SUCCESS«

How as the market for steel tubes developed in recent years?

— **ANDRÉ SOMBECKI:** The overall trend is very positive: Demand for tubes is rising, the market is growing – particularly in the USA and in Asia. Europe is recording slight growth with high available capacities. We are also seeing growing competition from China, Russia and Eastern Europe.

How is the BENTELER Steel/Tube Division adapting to these challenges?

— **ANDRÉ SOMBECKI:** Firstly, by diversifying: We supply a broad product palette to a range of sectors with different growth cycles. Examples of these include the oil and gas business, the automotive industry and the energy sector. Furthermore, we are distributing our risks geographically through globalization. Secondly, through systematic customer orientation. This includes providing excellent service, prompt and on-time deliveries, and ensuring availability of

André Sombecki, Chairman of the Management Board of BENTELER Steel/Tube, is very positive about the future.

the necessary delivery volumes. However, innovation and solution expertise with complex products such as “Perforating-Guns” also play a role. These perforated tubes used in the targeted drilling for oil and gas. Customers in this field rely on our high-quality solutions to work efficiently and in a targeted manner.

**A new hot rolling mill is currently under construction at Shreveport in the US. What makes this location so interesting?**

— **ANDRÉ SOMBECKI:** The American market is a key growth market. We have been active here for many years and know that customer proximity and localization are decisive factors in our success. From here, we can serve the markets in North and South America even better over the long term.

**Close to Shanghai is being created currently the first processing center on Asian soil: what services does a traditional German steel company use to prevail in a country where the main focus is on low cost?**

— **ANDRÉ SOMBECKI:** Many of our customers are already operating there with European technology and need products of a high quality standard. This is where we see our major opportunity. We can offer greater flexibility, short delivery times and even just-in-time deliveries. In doing so, we are responding to the needs of our customers.

**What steps are you taking to ensure that the unique process expertise acquired from many years of experience and, with it, the product quality will be available at the new locations?**

— **ANDRÉ SOMBECKI:** Take Shreveport as an example: Many colleagues from Germany are there at the moment to contribute experience and expertise to the implementation of the new plant. In the long term, however, we want to have an American team in place to run the production operation. Since the start of 2015, the number of employees has grown to more

than 200. In addition, we are working closely with universities and, in the BENTELER tradition, we opened a new, 6,000-square-meter Training Center in November 2014, in which all new colleagues will receive basic training in preparation for their work in Shreveport.

BENTELER Steel/Tube has combined tradition and modernity for over/almost 100 years. This sets us apart as a reliable partner to our customers. Our focus is on clearly defined forward integration – that is the basis of our international growth.

»Customer proximity and **localization** are decisive factors in our success.«



Intensive quality assurance guarantees consistently high product quality.

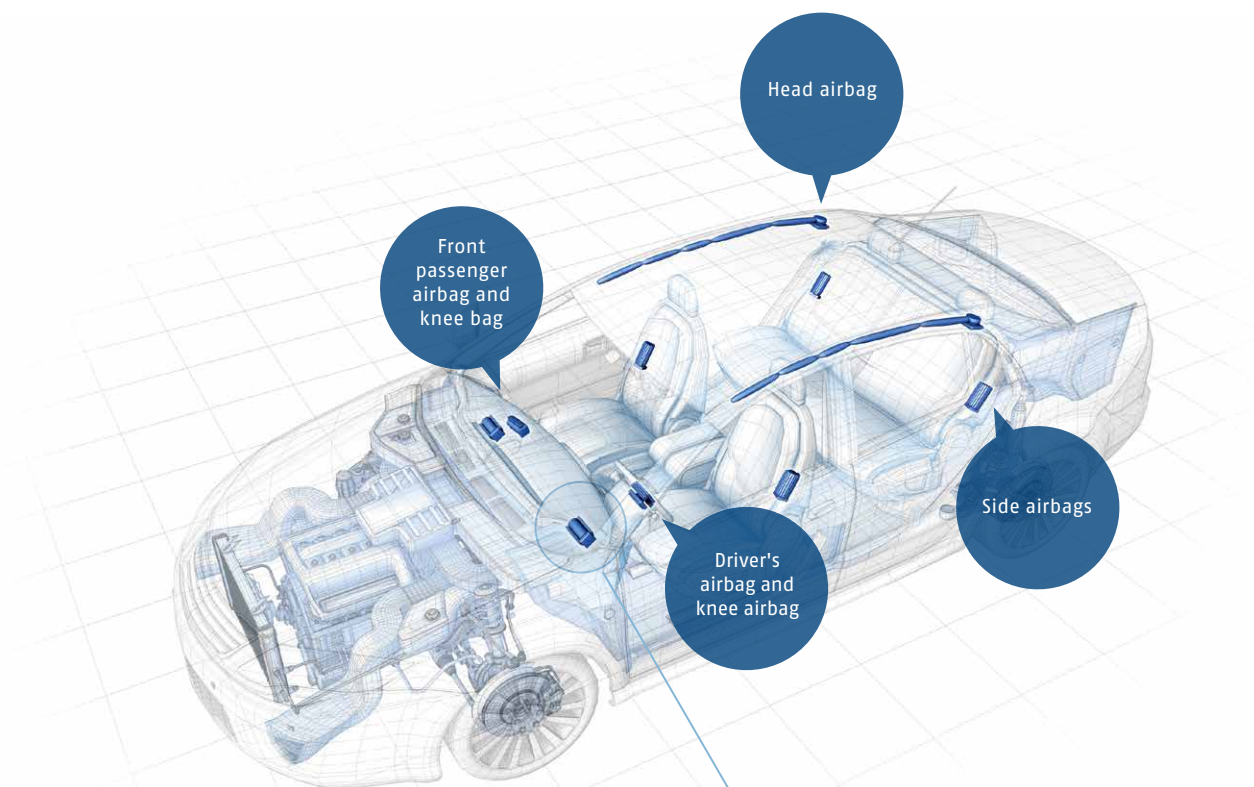
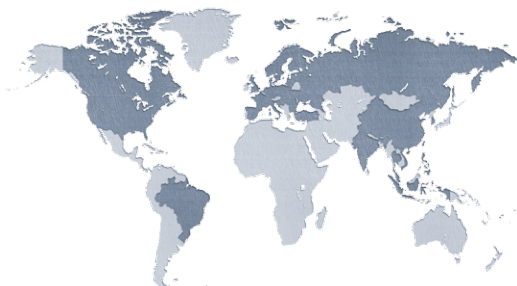


## BESPOKE SOLUTIONS FOR INDIVIDUAL CUSTOMER REQUIREMENTS

As a German company with a proud tradition, BENTELER Steel/Tube stands for products made in Germany. Automotive manufacturers value this quality in particular in safety-relevant vehicle components such as airbag systems. The development team at BENTELER Steel/Tube is working continuously on innovative products that make mobility even safer. In close cooperation with the product managers who know the requirements of their customers very well, bespoke solutions are created for series production.

### BENTELER STEEL/TUBE WORLDWIDE

● COUNTRIES IN WHICH BENTELER STEEL/TUBE IS ACTIVE



Extremely strong: airbag tubes by BENTELER can withstand a pressure of several thousand bar.



## Clearly defined target groups

~75%

of buyers of steel tube products from German manufacturers come from the energy, mechanical engineering and automotive industries.

Customer industries of the German steel tube production sector <sup>1</sup>

~40%

Energy

~15%

Mechanical engineering

~20%

Automotive

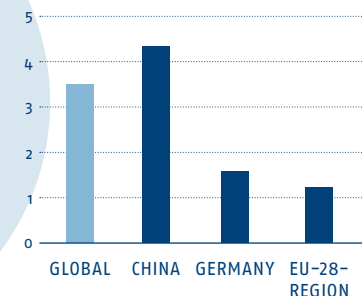
## Demand for steel and steel products is rising worldwide

+4,3%

the projected increase in demand for steel and steel products in China alone by 2025. Global growth is 3.5% on average. As an international supplier, BENTELER Steel/Tube profits directly from this growth – and is securing its position with custom solutions and services.

DEMAND FOR STEEL: 2012 – 2025 <sup>2</sup>

IN % PER YEAR



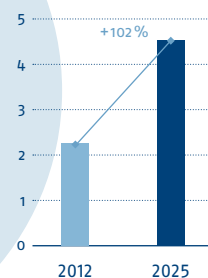
## The future market of shale oil

+102%

the projected growth of shale oil in the USA by 2025 compared to 2012. BENTELER Steel/Tube supplies the industry with the precision steel tubes needed for extraction and supports new innovations. By doing so, we are actively shaping this global market of the future.

US PRODUCTION OF SHALE OIL <sup>3</sup>

IN MMBBL / D

Production of liquid mineral oil products & liquid petroleum gas – global <sup>4</sup>

+40%

North America

+35%

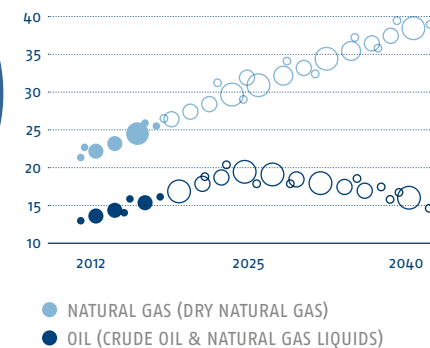
Middle East

+100%

Latin America

PRODUCTION OF OIL & GAS – USA <sup>5</sup>

IN TRILLION BTU







# DISTRIBUTION WORLDWIDE MORE THAN JUST STORING AND DELIVERING

BENTELER Distribution cooperates with leading steel tube suppliers and ensures optimum local inventories. Customers profit from constant availability and high product quality.

Quality, speed, and flexibility are second nature to BENTELER Distribution. The Division also offers attractive processing and other services.

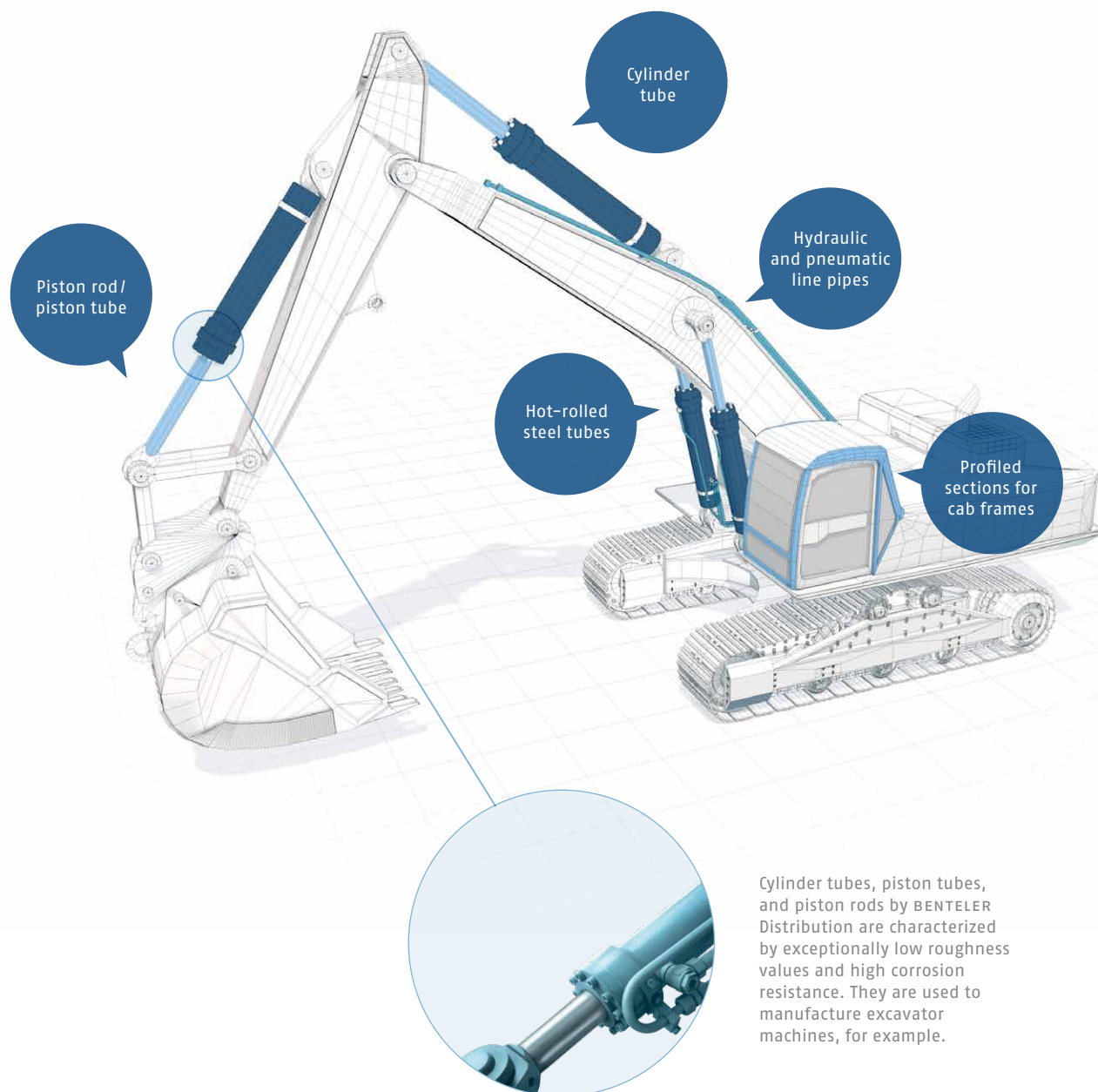


## PERFECTION CAN BE PLANNED

We supply steel tubes and offer customer-specific solutions. Instead of purchasing and assembling components from multiple sub-suppliers, our customers receive products that are ready to install. Longstanding cooperations with our customers make it possible to achieve high quality at advantageous prices. Our international warehouse network balances local fluctuations in demand and guarantees absolute availability. Automated warehouse technologies and modern packaging plants guarantee short handling times. High efficiency, a broad product spectrum as well as deep sector knowledge make BENTELER Distribution the preferred partner for many industries.

### BENTELER DISTRIBUTION WORLDWIDE

● COUNTRIES IN WHICH BENTELER DISTRIBUTION IS ACTIVE



Cylinder tubes, piston tubes, and piston rods by BENTELER Distribution are characterized by exceptionally low roughness values and high corrosion resistance. They are used to manufacture excavator machines, for example.



Dr. Jost A. Massenberg, Chairman of the Management Board of BENTELER Distribution, in the high bay warehouse at the central German warehouse in Duisburg port.



## » NO OTHER TUBE DISTRIBUTOR HAS A COMPARABLE PRESENCE «

How has the distribution business changed in recent years?

— DR. MASSENBERG: The market for steel tube distribution is characterized by excess capacities and intense competition – that is one side of the story. The other side is that our customers need more advice and services. This is why we have developed into a provider of solutions. In addition to distributing tubes, we offer a range of services worldwide, such as material management, technical consulting, global project management, as well as processing.

What role does the increasingly international dimension of the business play?

— DR. MASSENBERG: We want to selectively further develop our business in Asia. However, Central and Eastern Europe, including Turkey, remains the number one growth region. For us, there are some very interesting prospects here. In total, we serve over 15,000 customers at more than 50 locations. No other tube distributor has a

comparable presence. In this way, we are able to maintain close ties with our customers.

#### How do you ensure that the standard of service lives up to expectations everywhere?

— **DR. MASSENBERG:** Our objective is to support and supply our customers in all markets with the same quality. To ensure that we achieve this, our customer advisers and technical consultants are not only industry experts. They also understand the peculiarities of the markets and have extensive product and material expertise. We support our customers at supra-regional level based on a key-account model. This allows us to react to the needs and requirements of our customers at any time – irrespective of the region or sector in which they operate.

#### What future trends do you anticipate in the market?

— **DR. MASSENBERG:** The market is currently consolidating and will continue to do so. BENTELER Distribution is actively involved in these developments. If an appropriate opportunity presents itself, we would not rule out the possibility of integrating suitable tube distribution companies in our company. Another trend is the increasing digitalization of the business. We already offer our customers the option of connecting with our systems via an EDI interface.

Purchase orders and deliveries can then be processed automatically using this link. We are currently also working on an E-Commerce solution.

#### What prospects do you see for BENTELER Distribution?

— **DR. MASSENBERG:** “If trading didn't exist, people would have to invent it.” That is how the CEO of the BENTELER Group, Hubertus Benteler, put it in a nutshell. What this means is that

without trading, nothing will work in the future either. Nevertheless, we need to take on the competition. We can differentiate ourselves first and foremost with intelligent inventory management and logistics, customer-specific processing, and ever-shorter delivery times. It is precisely for this reason that we decided to invest € 25 million in the construction of Europe's biggest high-bay warehouse for tubes in Duisburg. This will deliver another significant boost to our efficiency and productivity, and will further improve our ability to supply our customers.

»Our goal is to cater and deliver to our customers with the same quality in all markets.«



BENTELER Distribution delivers worldwide – which requires the very latest picking technology. That is because precision work is and will continue to be essential to efficient logistics.

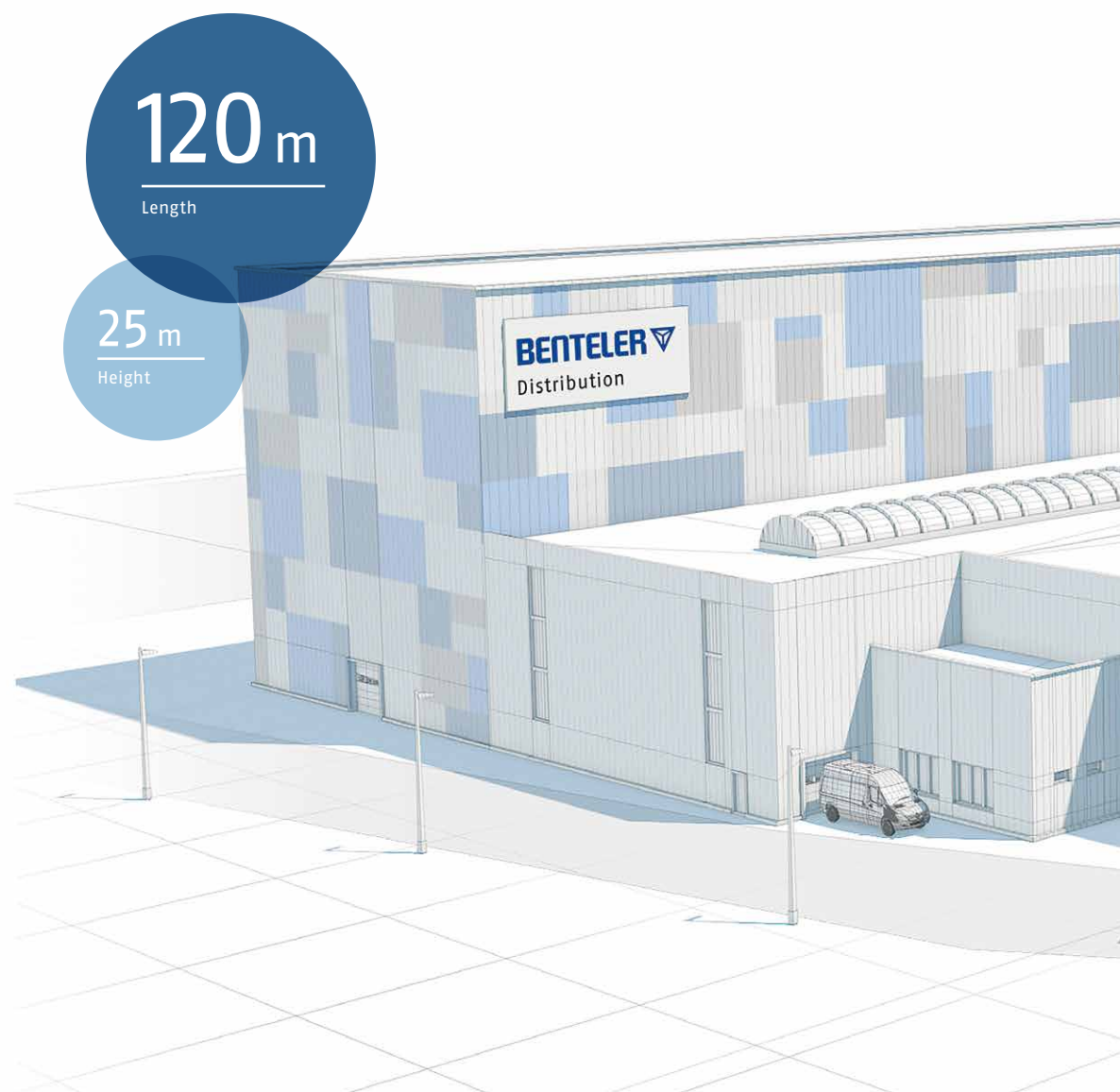


## EUROPE'S LARGEST HIGH-BAY WAREHOUSE PROVIDES FOR EVEN GREATER EFFICIENCY

The world is shrinking – and the onward march of globalization means that ever-more efficient logistics systems are a key factor for economic success. BENTELER Distribution is therefore optimizing its logistics structure: The new building in Duisburg port offers around 15,000 m<sup>2</sup> of storage space. Together with the existing storage space in Duisburg, it forms the central Duisburg warehouse with approximately 35,000 m<sup>2</sup> of storage space. It can accommodate some 22,000 tons of steel tubes. Customers will profit from improved product availability, shorter delivery times, and bundled deliveries.



Europe's largest high-bay warehouse for tubes will commence operations in mid-2015.



8 m

max. tube  
length/box

10,000

Box spaces

3.5 t

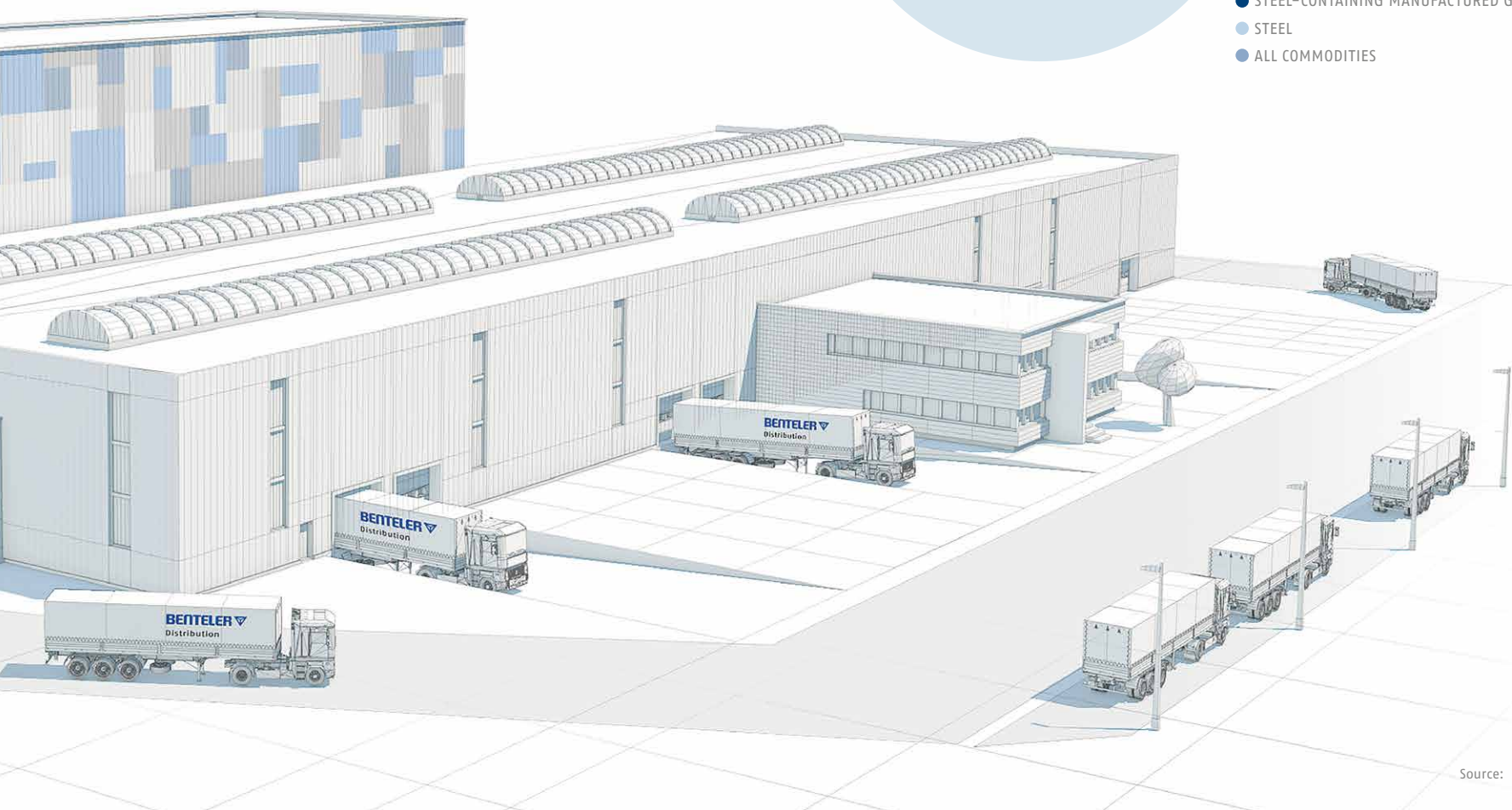
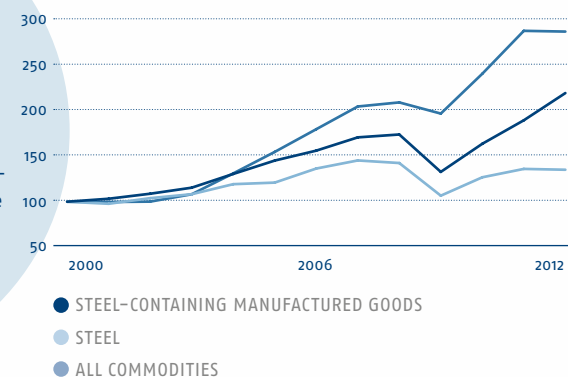
max. load  
capacity/box

## Logistics as an economic factor

Efficient logistics involves more than just on-time delivery: flows of goods must be planned, controlled, and optimized to supply the global business. Logistics drives the economy – as it is the prerequisite for growth in many industrial sectors.

### THE LOGISTICAL CHALLENGE: GLOBAL TRADING VOLUMES FOR STEEL ARE GROWING <sup>1</sup>

GLOBAL TRADING VOLUME (2000 – 2012) IN MILLIONS OF TONS





# GROUP MANAGEMENT REPORT

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€ **7,556** million

Revenue

€ **5,865** million

AUTOMOTIVE

− 0.7%

€ **858** million

DISTRIBUTION

+17.8%

€ **1,009** million

STEEL/TUBE

+ 5.2%



## Business and General Conditions

### Prospects for global economy improving

Thanks to the improved general conditions with a highly expansive monetary policy and a sharp decline in oil prices, global economic expansion was stepped up over the course of 2014. According to the Institute for the World Economy (IfW) in Kiel, global gross domestic product rose strongly in the third quarter after initially slow growth in the first half of the year. The grow rate of 3.4% on average is slightly higher than the 3% in 2013.

GDP growth in the advanced industrialized nations was just 1.8% in the reporting year. Despite economic regeneration beginning in the spring, the euro zone posted GDP growth of only 0.8%, which was due in particular to the structural problems in the EU currency area. By contrast, the economy in the United States was clearly on the rise with GDP growth of 2.2%, being aided by consistently attractive financing conditions and low energy prices.

The emerging nations benefitted from stronger demand in the mature economies. China maintained the previous year's growth level of 7.4%, while India – starting from a relatively weak prior-year level – made substantial gains in growth at 5.9%. However, the situation remained tense in some emerging nations owing to economic problems. significant downturn in Latin America looks to have now bottomed out.

### Global vehicle production still on track for growth

According to IHS market information, 87.2 million cars were produced worldwide in 2014, 2.8% more than the year before. Vehicle production was therefore at the level projected at the beginning of the year. The world's three largest automotive manufacturers, Toyota, VW and GM, posted a combined share of production of 34.6% in 2014, the same as in the previous year. This was due to a below-average growth rate at GM relative to the market as a whole. Toyota was the world's frontrunner once again, producing 10.2 million units in 2014. VW continued to close the gap with Toyota, increasing its production by 6% to 10.1 million vehicles, whereas GM is losing market share.

Production in Western Europe climbed by 4.7% in 2014 to 13.2 million vehicles. Figures rose by 3.3% to around 5.8 million in Germany and by 11.3% to 2.4 million units in Spain. There was a slight negative effect caused by production declines in Sweden and Austria.

Production figures in Eastern Europe were down by 1.3% on the previous year's level at 6.8 million vehicles. Production in Russia declined especially by 16.3%, with the result that 337,000 fewer vehicles were made than in 2013.

Automotive production in Asia again increased by 3.4% compared to 2013. A total of 44.3 million vehicles were manufactured in this region. China was the main growth driver, where production volume increased by 7.8% year-on-year to 22.6 million vehicles. Production volume in Japan rose by 1.8% to 9.2 million vehicles after several years of decline, while the figure for India declined by 1.5% to just under 3.6 million vehicles. The major OEMs and suppliers are continuing to expand their local capacity, both with joint ventures and by building their own new plants. By contrast, local providers suffered unexpected setbacks in 2014.

Automotive production in the NAFTA countries developed very well in 2014. Production volumes here rose by 5.2% year-on-year to 17 million units. The largest gains in terms of percentage, at 9.8% or 3.2 million vehicles, were in Mexico. On the key automotive market of the United States, too, vehicle production increased by 5.1% to 11.4 million units.

As a result of recession, production volumes in South America experienced a significant decline in volume of 15.6% to 3.8 million vehicles. The most important manufacturing location in the region is still Brazil with 3.0 million vehicles. Here alone, around 472,000 fewer vehicles were produced in 2014 than in 2013.

There is a growing technological trend towards achieving the necessary emissions reductions not only by optimizing the power train but also by reducing the weight of components, thereby making vehicles lighter than earlier models. The BMW i3 was the first "big" series-produced vehicle with a carbon structure to go into production in 2013/14, and the use of this material is still highly selective. The trend towards smaller, charged engines is also still ongoing. However, the market for electric vehicles is developing more slowly than forecast. OEMs are generally working to meet the extremely demanding CO<sub>2</sub> targets set by various governments worldwide.

### **Global tube consumption rising – Germany stagnant**

Despite the global improvement in economic prospects, geopolitical tension in particular, as seen in Ukraine for example, led to muted developments on the international steel market. In October 2014 the World Steel Association had scaled back its growth forecast for steel consumption in 2014 from 3.1% to 2.0%.

There are substantial regional differences in the consumption of steel tubes. While growth rates for the countries of Asia, Africa/Middle East, Eastern Europe and Turkey were between 3% and 5%, even

rising above this in some cases, the Western European market remained weak with growth rates of usually less than 2%. Production in Germany therefore remained mired at the same low level as in the previous year.

There were positive signals from the key US market for oil field tubes. Driven by a significant rise in oil exploration and production, tube consumption increased substantially from the middle of the year. Boosted by US anti-dumping measures against various, mainly Asian, imports, the price level climbed in the second half of the year. Towards the end of the year, however, the considerable fall in the price of oil led to a tangible drop-off in demand.



## Result of Operations

### BENTELER Group posts increase in revenue

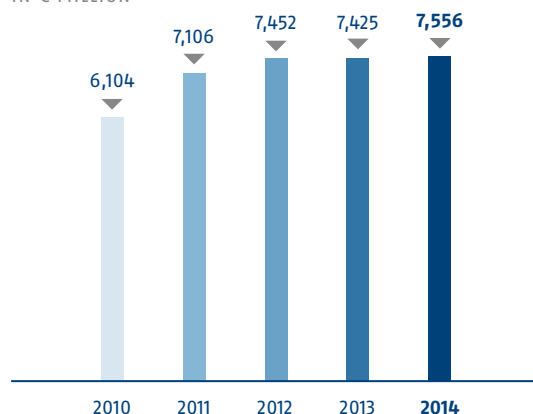
In 2014 the BENTELER Group generated a rise in revenue of €132 million on the previous year to €7,556 million. Adjusted for currency effects, revenue increased by 3.2% or €238 million year-on-year. While the Automotive division was nominally down on the previous year as a result of the sale and closure of locations in 2013 and the first half of 2014, the Distribution and Steel/Tube divisions succeeded in increasing revenue as a result of sales.

Revenue in the Automotive division was down nominally by around 0.7% as against the previous year to €5,865 million. After adjustment for currency effects, revenue increased by €61 million or 1.0% year-on-year. The impact of the sale and closure of locations as part of the previous year's restructuring program of around 5% of revenue was therefore compensated for operationally. Automotive's share of Group revenue amounted to approximately 76%. Revenue at BENTELER Steel/Tube rose by 5%; its share of Group revenue was around 13%. The Distribution division

also saw an 18% increase in revenue. Its share of Group revenue was 11%. This revenue also includes sales of strip steel, which were pushed substantially in 2014.

#### REVENUE PERFORMANCE SINCE 2010 — GRA: 3.1

IN € MILLION



#### REVENUE BY DIVISION — TAB: 3.2

€ MILLION	2014	2013 *	Change	
				%
Automotive	5,865	5,903	- 39	- 0.7
Steel/Tube	1,009	959	50	5.2
Distribution	858	728	130	17.8
<b>Division revenue</b>	<b>7,732</b>	<b>7,591</b>	<b>141</b>	<b>1.9</b>
Internal revenue, Other	- 176	- 167	- 9	5.5
<b>External revenue</b>	<b>7,556</b>	<b>7,425</b>	<b>132</b>	<b>1.8</b>

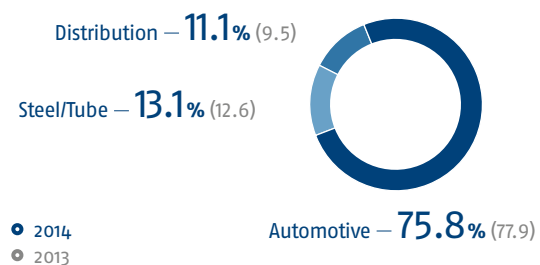
\* Automotive revenue for 2013 restated due to reclassification of BENTELER Engineering Services to Other

### Automotive compensates negative revenue effects

BENTELER Automotive develops and produces ready-to-install modules, components and parts for bodies, chassis and engines at 20 engineering and sales offices and 70 plants in 29 countries. The division generated revenue of €5,865 million in 2014. This corresponds to a nominal decline of €39 million or 0.7% as against the previous year, while revenue increased by €61 million or 1.0% year-on-year after adjustment for currency effects.

#### DIVISIONS' SHARE OF CONSOLIDATED REVENUE

IN %



Share of revenue including internal revenue between divisions

Significant growth in volumes was achieved in Europe, the US and Asia, which fully offset the market weakness in Brazil and the revenue effects of the site closures planned in 2013 and implemented in 2014 in Brampton (Canada), Opelika/USA and Hall Street (USA), in addition to the plants sold in Tigre (Argentina), Melfi (Italy) and St. Ursanne (Switzerland).

The Chassis and Modules product group focuses on developing and manufacturing chassis crossmembers, subframes and control arms, and on assembling complete front and rear suspensions. The revenue generated by this division in 2014 was 4% lower than in 2013, mainly as a result of the closure of the site in Brampton (Canada) referred to above.

The Structures product group increased its revenue by 5% compared to 2013. This unit produces safety components, such as bumpers, roof frames, A- and B-pillars, door beams and instrument panel supports, and press parts.

Revenue in the Engine and Exhaust Systems product group fell due to orders by 5.5% 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 smaller, separately managed business units with

different focuses. BENTELER Engineering supports OEMs and suppliers in their development work by providing specific expertise in automotive engineering and related industries. BENTELER Mechanical Engineering produces machinery and tools for the Automotive division and for the glass industry. The BENTELER Defense unit offers vehicle protection 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 and fiber-glass solutions.

### Sales volume and revenue increases on difficult Steel/Tube market

In 2014 the **Steel/Tube division** generated revenue of €1,009 million, 5% more than in the previous year. The rise in revenue was due to the US market and OCTG (oil country tubular goods) in particular, which saw significantly higher sales volumes accompanied by rising prices in the second half of the year. Demand in Europe was weak once again, meaning that prices remained under pressure with sales at a low level.



The BENTELER Steel/Tube business unit supplies seamless tubes worldwide for market segments in the automotive industry, oil and gas exploration, power plants, construction and mechanical engineering construction. Revenue increased by 4% year-on-year in 2014.

The BENTELER Rothrist business unit produces welded and welded drawn tubes for a variety of applications in the automotive industry, and also for other industries such as mechanical engineering and plant construction. This business unit increased its revenue by 7% as against the previous year.

### Revenue increase in Distribution division thanks to trading business

BENTELER Distribution supplies steel and stainless-steel tubing to customers through an international logistics network, and offers a variety of different tube processing solutions in addition to technical consulting. Its business focuses on the mechanical engineering and hydraulic cylinder segments, on the automotive, construction and energy sectors, and on industrial goods and downstream trading.

In the reporting year the Distribution division generated revenue of €858 million, 17.8% more than in the previous year. The growth in revenue was primarily generated by the new drop shipment

business with strip steel at BENTELER Trading International GmbH.

### Significant rise in consolidated earnings

At €133.3 million, the Group's consolidated earnings before taxes were €129.0 million higher than in the previous year. Adjusted for the non-recurring expenses of restructuring in 2013, this means an earnings improvement of €58.6 million.

The **Automotive** division recorded significantly higher earnings in 2014 as a whole. The restructuring that was implemented in 2013 and the closure or sale of five 5 locations with low profitability led to substantial improvements in almost all operating areas.

The measures implemented resulted in a tangible stabilization in critical areas, especially at the North American plants. A substantial improvement in earnings was achieved in the region. While the good economy also led to better results in Western and Eastern Europe and Asia, Latin America experienced significant losses owing to market factors.

Revenue growth in the **Steel/Tube** division as against 2013 had a positive influence on earnings development. Earnings increased strongly compared to the previous year.

Earnings in **Distribution** improved thanks to the systematic management of costs and margins. There was also a positive contribution to earnings from strip steel trading, though the margins on this business are low.

Tax expenses amounted to €31.3 million (tax rate: 23.5%). The BENTELER Group generated earnings after taxes of €102.0 million in fiscal 2014 after a consolidated net profit of €3.1 million in the previous year. Consolidated earnings not including non-controlling interests totaled €97.8 million, compared to €3.2 million in 2013.

## Assets and Financial Position

### Investment still above depreciation and amortization

The BENTELER Group invested €489 million in 2014. Investment was therefore considerably higher than the depreciation and amortization of €228 million in the reporting year. €478 million of the total investment volume related to property, plant and equipment while intangible assets accounted for €11 million.

Total investment by the Automotive division amounted to €170 million in 2014. €109 million or 64% of this went to project-specific investments, production facilities and equipment for the division. The biggest investment projects were thermoforming lines at the Malacky (Slovakia), Campinas (Brazil), Paderborn (Germany) and Wuhu (China) locations. The Steel/Tube division reported investments of €296 million, up 120% on the previous year's level of €88 million. This rise was due to

investments for the new rolling mill in the US in the amount of €234 million (previous year: €88 million). The Distribution division invested €20 million in the past fiscal year. These investments essentially related to the construction of a central warehouse for Germany in Duisburg.

#### INVESTMENTS

— TAB: 3.4

€ MILLION	2014	2013	Change	
				%
Automotive	170	202	– 32	– 16
Steel/Tube	296	134	162	120
Distribution	20	8	12	164
Other companies	3	5	– 2	– 41
<b>Total investments</b>	<b>489</b>	<b>349</b>	<b>140</b>	<b>40</b>

#### STATEMENT OF CASH FLOWS

— TAB: 3.5

€ MILLION	2014	2013
Cash flow from operating activities	296.3	397.3
(of which: cash flow from earnings)	303.4	153.8
Cash flow from investing activities	– 522.3	– 360.4
Cash flow from financing activities	150.1	33.2
Effect of exchange rate changes on cash and cash equivalents	5.8	– 12.4
<b>Cash and cash equivalents at beginning of period</b>	<b>404.2</b>	<b>346.7</b>
<b>Cash and cash equivalents at end of period</b>	<b>334.1</b>	<b>404.2</b>

### Cash and cash equivalents remain at high level

Cash flow from profit amounted to €303 million in 2014, €150 million more than in the previous year. Working capital was €101 million higher in December 2014 than at the end of 2013 at €572 million. The rise in working capital was curbed by the expansion of the factoring program.

Cash flow from investing activities increased by €162 million year-on-year to €522 million. The BENTELER Group strives to finance all investments (apart from company acquisitions) with cash flow from profit. As a result of the major investment in the US hot rolling mill, an amount of €186 million was therefore not covered by the generated cash flow in 2014.

Cash flow from financing activities was €150 million in the reporting year. Net cash inflows from bank borrowings in the amount of €200 million exceeded the net cash outflows for the repayment of promissory note loans and other financial liabilities by €148 million. There were also cash inflows from capital increases by non-controlling interests in the amount of €12 million and cash outflows for dividend payments to minority interests in the amount of €10 million.

Cash and cash equivalents were €70 million lower than in 2013 at €334 million. Cash and cash equiva-

lents accounted for 8.2% of total assets after 10.7% in the previous year.

### Total assets rise due to investments

Total assets amounted to €4,075 million in 2014 and were therefore up 7.6% on the previous year. Non-current assets increased by €373 million to €2,118 million. The carrying amounts of property, plant and equipment and intangible assets were up by €322 million. Additions of €489 million to intangible assets and property, plant and equipment were offset by depreciation and amortization of €228 million and disposals at residual carrying amounts of €10 million. Inventories increased by €39 million to €770 million.

Current assets (not including cash and cash equivalents) decreased by €17 million to €1,624 million. The changes in fiscal 2014 mainly resulted from a decline in other current assets due to the payment of income tax receivables.

The Group's cash and cash equivalents decreased by €70 million as a result of the settlement of trade payables due, but remained at a high level of €334 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 profit participation capital) rose by €93 million to €937 million. The equity increase predominantly results from the improved consolidated net profit for the year of €102 million in 2014. By contrast, dividend distributions were only made to minority interests in the amount of €10 million in 2013.

Non-current liabilities amounted to €1,512 million at the end of 2014, a rise of €306 million as against the previous year. The main reasons for this increase were the major investment not financed by cash flow in the US hot rolling mill, the long-term refinancing of the profit participation certificate called as of December 31, 2014, and the reclassification from current liabilities. Non-current financial liabilities increased by €226 million. Non-current provisions also increased by €64 million, largely as a result of provisions for pensions, while deferred tax liabilities rose by €14 million and other non-current liabilities increased by €2 million.

Trade payables decreased by €90 million year-on-year to €798 million, while current provisions were down €12 million at €147 million. By contrast, other current liabilities rose by €59 million. These primarily comprised liabilities for outstanding invoices, vacation and overtime, bonuses, and other liabilities.



ties. Income tax liabilities increased by €5 million as against the previous year.

Working capital (current assets less current liabilities) increased by €101 million to €572 million, corresponding to 7.6% of revenue compared to 6.3% in the previous year. This growth was due in particular to the reduction in trade payables. The rise in working capital was curbed by the expansion of the factoring program.

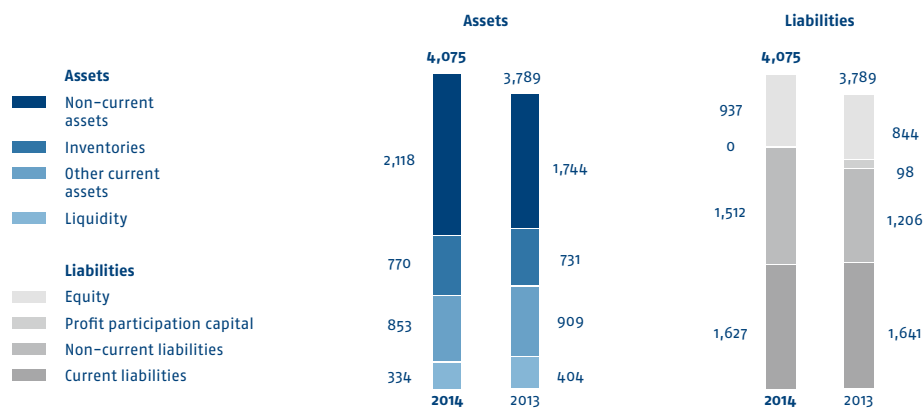
Non-current capital (equity and non-current liabilities) amounted to €2,448 million, accounting for 60% of total assets. It covered non-current assets by 116%, ensuring financing with matching maturities. The repayment of the profit participation capital was already refinanced in 2014.

At 23.0% the equity ratio was down on the previous year's figure of 24.8%, which was essentially as a result of the redemption of the profit participation capital and the rise in total assets due to investments. The profit participation capital was called as of the end of May 2015, but has no longer been included in adjusted equity since the end of 2014, which reduces the equity ratio by around 2.5%.

#### GROUP BALANCE SHEET RATIOS

— GRA: 3.6

€ MILLION



## KEY FINANCIAL RATIOS

— TAB: 3.7

		2014	2013
Equity ratio (%)	1	23.0	24.8
Internal financing ratio	2	0.62	0.44
Gearing ratio	3	0.92	0.69
Net financial debt to cash flow from earnings	4	2.85	3.77
Net financial debt to EBITDA	6	2.09	2.06
Return on equity (%)	7	19.8	5.8
ROCE (%)	8	8.2	2.6
Working capital	9	571.8	470.5
EBIT (€ million)	10	185.6	56.7
<b>EBITDA (€ million)</b>	<b>11</b>	<b>413.2</b>	<b>280.7</b>

- 1 Equity: Total assets  
(Profit participation capital was allocated to equity in the previous year, resulting in an adjusted equity ratio)
- 2 Cash flow from profit: Investments
- 3 Net financial debt<sup>1)</sup>: Adjusted equity (as of end of year)
- 4 Net financial debt<sup>3)</sup>: 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 capital and pension provisions)
- 6 Net financial debt<sup>3)</sup>: EBITDA<sup>1)</sup>
- 7 EBIT: Adjusted equity (averaged between beginning and end of the year)
- 8 Result of operating activities: (Intangible assets + property, plant and equipment + working capital<sup>9)</sup>) (averaged between beginning and end of the year)
- 9 Working capital = (Inventories + trade receivables from third parties, affiliated companies and equity investments) / (Trade payables to third parties, affiliated companies and equity investments + notes payable)
- 10 Result of operating activities after non-recurring effects = EBIT
- 11 Result of operating activities after non-recurring effects + depreciation and amortization

Mainly as a result of the investment in the US hot rolling mill and the reclassification of the called profit participation certificate from equity to debt, net financial liabilities were €284 million higher than the 2013 level at €863 million. Owing to the reduction in equity as a result of the redemption of the profit participation certificate and on account of the high level on investments, the gearing ratio increased from 0.69 to 0.92.

### Central cash and foreign exchange management

The BENTELER Group manages its financing centrally. 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.

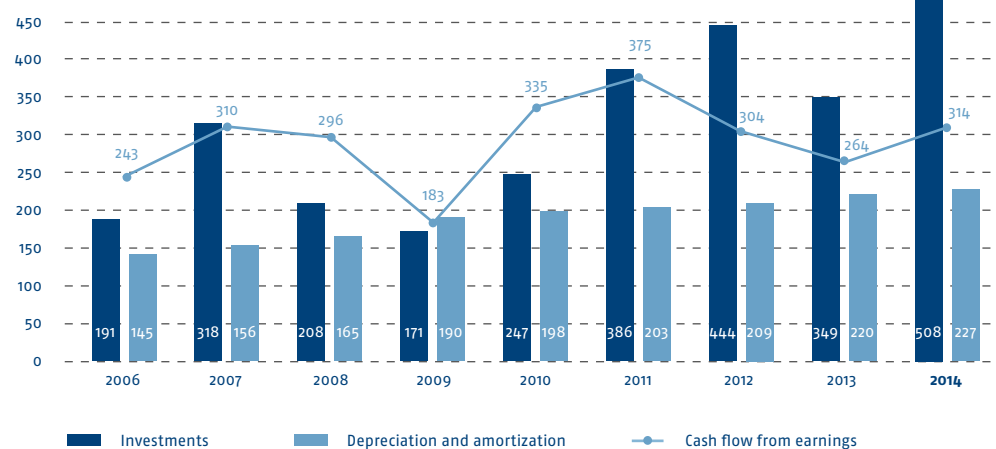
As a rule, capital expenditure is financed out of cash flow for the long term, and working capital is financed by short-term funding. Non-current assets are continuously financed out of cash flow and by taking out appropriate long-term loans with matching maturities.

In order to finance working capital, the company had cash resources of €334 million available at December 31, 2014, plus unutilized medium- and

**TOTAL INVESTMENTS, DEPRECIATION AND AMORTIZATION, AND CASH FLOW**

— GRA: 3.8

IN € MILLION (IN ACCORDANCE WITH HGB UNTIL 2008)



long-term written credit commitments of €383 million, which are treated as a strategic liquidity reserve. All credit commitments are free from collateral and financial covenants.

A large portion of the Group's internal goods and services are cleared through BENTELER International Aktiengesellschaft so that payment transactions can be regulated cost-effectively.



## 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 could at times have a considerable impact on the Group's net assets, financial position and results of operations. The BENTELER risk management system becomes especially important in periods of high market volatility. It regulates the identification, assessment and management of defined risks, and is fully integrated into the company's strategy, planning and information processes. The risk management system regularly undergoes a thorough review and its controlling effect within the Group is developed on an ongoing basis.

BENTELER International Aktiengesellschaft, as a strategic holding company, and BENTELER Deutschland GmbH, as the operating management company, manage 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 planning, the divisions 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 develop-

ments. An aggregate risk status report is also submitted to the management bodies every six months, on the basis of an inventory of possible risks that might pose a threat to the company as a going concern. In a cascading reporting system, the status of risks and pertinent measures is described for this purpose on the basis of defined indicators for probability and financial damage potential. Officers are appointed to take specific responsibility for each risk and the associated measures.

The BENTELER Group also has a company-wide internal control system that arranges organizational safeguards, procedural rules, and system audits. Internal Auditing regularly reviews each 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 insurance companies by the Group's central service provider. In particular, claims resulting from any recalls or liability issues are covered, as are property damage and losses caused by disruption to operations. In turn, risks that are only defined to a limited extent are reinsured for third-party insurance companies by BENTELER Reinsurance.

Particular attention is paid to risks resulting from changes in demand due to business cycles and from

the financial sector, specific customer and supplier risks, and risks resulting from changes in the supply markets. Management also carefully monitors project risks, quality risks, foreign currency risks, IT risks, and liquidity risks.

### Risks arising from the influence of economic demand

The company's business planning identifies opportunities in terms of new products, customers, and markets. However, 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 for vehicle models for which BENTELER supplies products. Economic fluctuations also significantly influence business in steel tubes, in both sales and production.

In recent years, BENTELER has initiated numerous projects, and turned them into standard procedures, to adapt cost structures to demand at the various divisions, and to manage those structures within narrow bounds. 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 manage-

ment mitigate potential cash flow risks. The Group furthermore aims to safeguard its liquidity position in the long term and to build up reserves for growth projects, through efficient investment and working capital management.

### 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 monitoring important market indicators and other early warning indicators.

The BENTELER Group could incur losses if the credit rating of individual customers deteriorates with the result that payment is delayed or defaulted on, or that planned sales volumes cannot be achieved. The company maintains intensive debtor management to counteract this risk. The divisions' sales and financing officers regularly track customers' economic situation, their payment performance, and the possibility of protection against 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

could 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 secure.

### Changes on the procurement markets

Fluctuations in the price of steel, aluminum, 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. This can have an adverse effect on earnings performance. Conversely, delays in passing on lower procurement prices can also have a positive influence on earnings.

The Automotive division sources considerable quantities of 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 with banks.

### 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 or higher investments than were planned. To avert or reduce these risks, the division applies extensive standards for project processing. These also call for regular project reviews to permit early countermeasures when needed. Suppliers are included in this process, and are audited periodically.

### Largest ever investment project in Steel/Tube division

BENTELER Steel/Tube has broadened its presence primarily on the North American market with the construction of a rolling mill in the US state of Louisiana. 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 can cause parts to be delivered to customers late or in faulty condition. Such problems may expose BENTELER to claims for damages. The BENTELER Group has therefore 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 conduct preventive maintenance on their equipment. The BENTELER Group has taken out insurance to limit residual risks to the company as a result of liability or claims. Claims can also result from purchases of defective materials. Through a cooperative arrangement with an insurance broker, the BENTELER Group also offers advantageous options for its external suppliers to take out product liability and recall insurance.

### Risks from property damage and business interruption

The system for operational risk prevention 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 BENTELER Group's international business operations, especially in purchasing and sales, exposes it to foreign exchange risks as a result of fluctuations in exchange rates. Its central financing and foreign exchange management restrict foreign exchange risks by applying an information system and coordinated hedging transactions. The BENTELER Group controls risks arising from changing interest rates by largely matching maturities when it borrows refinancing funds, and by using derivatives. Further information on 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 to achieve its growth objectives. The financing that must be covered is calculated on the basis of planning, and is mainly obtained by way of medium- and long-term financing, primarily from the company's core banks. Additional financing requirements can emerge if economic risks arise. Further funding can also be needed to take advantage of opportunities that arise. 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. In addition to active working capital management, an additional selling program (ABCP) was implemented at the end of 2014 for receivables denominated in USD, which gives the BENTELER Group additional financing leeway alongside the ABCP program already initiated for Europe in 2013.



### IT risks

The failure of IT systems or the manipulation of data can 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

The overall risk situation of the Group is composed of the individual risks across all risk categories in the business units, Group-wide functions and legal entities. 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 BENTELER Group as a going concern.

## Report on Research and Development Activities

The employees working in the BENTELER Group's research and development units consistently focus on meeting the needs of customers on the markets. We understand innovation to mean progress that is successfully applied and offers the customer a competitive edge – through more efficient products, processes and services or new materials. The BENTELER Group spent €93.2 million on research and development in fiscal 2014 and submitted 93 new patent applications.

### A new platform for a culture of innovation

In order to strengthen the BENTELER Group's culture of innovation, "BENTELER Innovation and Networking Days" were held at all the Group's locations again in 2014. These featured the motto: "Innovation concerns us all". These events focused on the expertise of each employee and the implementation of innovative potential and a culture of innovation in the company's development and decision-making processes.

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. Further milestones were achieved in this process in 2014. A number of prototypes were exhibited at the Talle plant and formed

the basis for discussion with staff from the plant, the development departments and workers from other regions contributing to the sharing of information and ideas.

### Product and process developments in the Automotive division

In the project to recover heat from car exhaust systems with special loop heat pipes (LHP), a system to heat the passenger cell was tested on an experimental vehicle in real-life application and on a standard dynamometer. This revealed the potential for eliminating the electrical booster heaters commonly used today, and thereby to significantly reduce CO<sub>2</sub> emissions when using combustion engines as a form of propulsion. Furthermore, a project to use LHPs for thermal management in electric vehicles was initiated as part of the leading East Westphalian cluster "it's OWL" to increase range and reduce CO<sub>2</sub> emissions. The goal of this project is that excess heat from components such as power electronics and engines is utilized to heat the interior by way of multiple combined and controllable LHP systems.

In a project to reduce raw material consumption when using continuous filament materials, a technology already tested on lab scale was developed further. OEMs have already shown intensive inter-

est. A development cooperation is currently being negotiated.

Several development projects to reduce the weight of chassis systems through hybrid lightweight structures are being funded by the EU and the state of North Rhine-Westphalia. Work is proceeding in close cooperation with OEMs and other suppliers. For example, a first hybrid bumper made of aluminum and ultra-strong steel has been produced using a SWOPtec technology developed at BENTELER.

The first functional models have also been produced from hybrid structures consisting of aluminum and fiber-reinforced synthetics by extrusion. This means a potential weight reduction in a current benchmark chassis component of around 20% at similar cost.

### Product and process developments in the field of welded tubes

The varID® concept, in which tubes of variable wall thicknesses can be produced by way of a drawing process, was used on tube-based stabilizers to achieve weight savings of up to 50% compared to solid rods.

Initial welding attempts with high manganese steel with an extreme forming capacity show that can

tubes can fundamentally be made from this steel. Crash structures in cars are potential components.

Extensive preliminary investigation into seat structures shows that weight reductions are possible using high-strength dual-phase steels. Sufficient forming capacity is assured for the downstream processing stages.

#### **Product and process developments in the field of seamless tubes**

In the field of oil country tubular goods (OCTG), BENTELER supplies green pipes for products used directly for the exploration of oil and gas.

A particular highlight in 2014 was the development and validation of high-strength perforating guns in grade 175 target quality. In the offshore sector in the Gulf of Mexico, these perforating guns were used to set a new world record for depth of use, load, and pressure resistance.

Also, API certification for sour gas and offshore line pipes was awarded for the first time with newly developed analyses.

Thanks to the validation of a new material and the optimization of the process route for diesel injection tubes, the possible system pressure on a pas-

senger car reading was increased by around 200 bar.

In the area of mineralogical drill pipes, materials and production concepts are being devised to find pipe solutions for rising processing and application requirements.

In the hydraulic line and cylinder pipes product area, work is being done on the development of new materials with the goal of producing pipes for the toughest operational demands. The development of compliant surface alternatives is still being driven by the statutory directives of the REACH Regulation.

Project management software tailored to BENTELER's needs for more efficient processing and controlling of product and advance development has been successfully tested and introduced.



## 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 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 or the energy management standard EN ISO 50001:2011 and are inspected regularly.

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<sub>2</sub> accounting methods, and other areas of applied environmental protection.

### Automotive division

The systematic implementation of "energy efficiency" and "calculation and evaluation of environmental aspects" processes at a global level during the reporting period led to the successful re-certification of the ISO standards ISO 14001– Environmental management and ISO 50001 – Energy management.

In this context, a number of energy efficiency projects and measures were identified and implemented to spare resources. Regular discussion in global teams and the creation of a knowledge store help to firmly establish efficiency thinking in production processes. In particular, reduced energy consumption can be seen by an improvement in the division's carbon footprint. Furthermore, rising standardization helps to sustainably reduce the consumption of resources.

### Steel/Tube division

BENTELER Steel/Tube has a responsibility to manage energy and materials resources sustainably – economy and ecology go hand-in-hand here. This is especially important for the energy-intensive production and processing of steel. All Steel/Tube locations are therefore not just certified in line with the environmental management standard DIN EN ISO

14001, they also meet the requirements of the likewise international standard DIN EN ISO 50001 to ensure effective energy management.

Key projects in environmental and energy management included further investments in emergency preparedness/fire protection and the optimization of energy requirements.

At the Steel/Tube locations, particularly in Schloss Neuhaus, the roll-out of state-of-the-art fire extinguishing technology continued systematically. Taking into account the highest possible standards of personal and plant protection, fire extinguishing systems coordinated with environmental conditions were installed.

Significant improvements were achieved in energy management. For example, optimization measures in the provision of process heat in the surface treatment process at Schloss Neuhaus led to significant savings; thermal discharge from the compressed air system can also be used to heat the newly inaugurated dispatch center.

Further measures in the Steel/Tube area included the optimization of plant procedures such as switching off major energy consumers during stand-by times or production-controlled lighting management.

A further current focus is the intensive search for additional utilization channels for the steel slag produced in large volumes in Steel/Tube in Lingen, which is an inextricable part of the steel production process. Around 7,000 metric tonnes of steel slag are produced each month, the majority of which is currently processed into a rock-like raw material for use in road construction materials such as gravel and grit. Finding a sensible use for this byproduct remains a central task, as it can substitute valuable natural construction materials. Other intelligent potential uses are also being considered parallel to this, e.g. fertilizer from secondary slags, etc.

## HR Report

At the BENTELER Group, 2014 went by the motto "Year of Opportunities". The positive attitude and performance, skills and commitment of each individual contribute to the success of the BENTELER Group as a whole. In particular, the outstanding global cooperation was clearly evident at our rapidly growing locations in Shreveport and Shanghai in 2014. The dynamic market environment in which the BENTELER Group also demands professionalism and excellence from its HR management.

### Number of employees

On average over 2014, the BENTELER Group had 27,559 FTEs (full-time equivalents) worldwide, 607 or 2.2% fewer than in the year before. Headcount declined overall as a result of restructuring measures and the sale of smaller units in 2013 and 2014.

At the Automotive division, the average workforce fell by 765 (3.4%) to 21,561. 78.2% of all BENTELER Group FTEs worked at BENTELER Automotive in the year under review. The average headcount in the Steel/Tube division increased by 181 year-on-year to 3,618 FTEs, largely as a result of the appointment of new employees in Shreveport. The average number of employees in the Distribution division was down by twelve to 1,418 FTEs. The average workforce in the other companies (including holding companies and BENTELER Engineering Services) numbered 961 FTEs

in 2014 (previous year: 973). The company is well aware of the great importance of building its ranks for the future, and trains young people in a variety of skilled trades. In 2014 BENTELER provided training for 759 young people worldwide (previous year: 795).

BENTELER employed an average of 293 FTEs in Austria in the reporting year. The Group had 9,276 FTEs in Germany and 17,990 FTEs in other countries.

### Fair and transparent remuneration policies, HR controlling

Uniform global remuneration policies were established for the BENTELER Group in 2014. All management positions were reassessed, and in doing so a uniform, transparent process was created and remuneration principles were harmonized. In the future as well, there will be a focus on ensuring transparent and professional HR management. Particular attention will be paid to establishing and building HR controlling. With the help of transparent processes and results, the entire value chain will be mapped in HR and, as a result, all of HR will be able to act with more foresight, more effectively and more efficiently.

### Employee recruitment, loyalty and development

As part of the employer branding activities initiated in 2012 for the German-speaking regions, further core markets of the BENTELER Group, such as the United States and China, were integrated in 2014. In addition to each country's own career websites, we have also significantly improved the recruitment system in these countries. This process will be finalized in 2015. Recruitment processes are also being overhauled around the world; there will be further system improvements with regard to user friendliness in particular in 2015. This way, on the one hand, an applicant will be able to benefit from greater processing speed and more professionalism in the future and, on the other, the company will have established a harmonized and efficient effective process. Since 2013 we have been engaged in a more intensive dialog with employees and applicants. We will continue to step this up further, for example by reaching out to potential candidates directly via social networks.

Ongoing training is a matter of high importance in the BENTELER Group. In the context of target agreement and assessment interviews held at least once a year, possible development prospects and training activities are regularly discussed. This training relates to current and potential future target positions. This entire process is based on an SAP online



system that was launched worldwide together with a new competence model in 2014.

In 2015 the focus will mainly be on establishing and building professional talent management. As part of this, existing management development programs will be revised and new programs for the targeted promotion of talented employees will be implemented. Parallel to this, we are working on structured and long-term succession planning. Our goal is to fill significantly more vacancies – all the way up to the top levels – with our own suitable employees who exhibit talent and potential. We are confident that, with our excellently trained employees and executives, we are well prepared for the future challenges that will arise from demographic change and the shortage of specialists this will entail.

We regard all these measures as a crucial investment in the future of our company, because our employees are and will continue to be our most important resource!

## Forecast

### Focus still on long-term, profitable growth

The BENTELER Group is still pursuing its corporate goal of a constant, long-term increase in corporate value while maintaining financial independence. The company's product portfolio and geographic presence have positioned it well to take advantage of market opportunities and face up to new challenges.

### Global economic momentum gradually gaining pace

A further upswing in the world economy is expected in the next two years. Improved framework conditions as a result of the generally still highly expansive monetary policy and the impetus provided by low oil prices will benefit general economic performance. Starting from 3.4% in 2014, global GDP growth of 3.7% and 3.9% is forecast for 2015 and 2016 respectively.

The economy in the euro area will remain muted, and is expected to expand by only 1.2% in the coming year. Greater growth momentum is still prevented by structural problems in the crisis nations. However, given the stimulative effect of the low price of oil, economic prospects should gradually improve.

Economic activity in the United States is expected to expand by 3.2% after growth of 2.2% in 2014. In light of improved national and international sales prospects and a consistently favorable financing situation, it also assumed that corporate investments will gain traction. In addition, the steady improvement on the labor market is also set to spark a further rise in private consumer spending.

Economic activity in the emerging nations will likewise benefit from stronger demand in the mature industrialized nations. However, the rapid return to high growth rates will be hampered by structural problems, and the recovery will therefore be only moderate. In line with this, while the rate of growth in China will remain high, it will also remain on a downward trajectory.

The rising volatility on the financial markets and geopolitical conflict will continue to be the primary disruptions, and they increase the susceptibility of global economic development in the forecast period. If the situation on the financial markets is exacerbated, for example as a result of election results in crisis nations in the euro zone or setbacks in the debt crisis, a weaker performance of the global economy would have to be assumed. However, the forecast framework is not based on a further escalation of risks.

### Upward trend in the BENTELER Automotive division

Market projections for vehicle production in 2015 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 expected to remain stable at a high level.

After a phase of revenue consolidation – influenced in particular by the 2013 restructuring project – which will extend into the current year as well, the growth path will be resumed in the medium term. BENTELER Automotive is excellently positioned to serve global OEM platform projects. Above all, there are big opportunities for growth in Asia and – after the crisis has been overcome – in Latin America. Parallel to this, specific plans are being devised for the future positioning of the various BENTELER Automotive locations in Europe to maintain and enhance the company's competitive capability. The division is still working to increase productivity at all locations and to eliminate location-specific operational problems. The Q15 quality initiative has also been launched with the aim of achieving a further improvement in quality.

### Internationalization of the Steel/Tube division

In 2015 the conclusion of development work on the hot rolling mill in the US, and the commencement of production of the first seamless tubes, will play a crucial role in the Steel/Tube division. The division is also investigating further growth potential outside its established core markets in Europe. A location for processing tube ends in China will be commissioned for welded tubes.

The recent developments in the price of oil on the world markets will also influence business for oil and gas delivery tubes. However, while all forecasts assume that this development will be temporary, they do not agree on how long it will last. The capacity expansion in the USA is continuing as planned in light of the recovery that is anticipated in the medium term.

### Distribution division anticipating challenging market conditions in 2015

Global demand for steel is set to increase by 2% in 2015. However, there will be strong regional differences. In the Western European markets such as Germany, Switzerland and the UK, growth will be between 1% and 2%. Stronger growth of 3% to 5% is forecast in Eastern Europe and Turkey.

In light of this, BENTELER Distribution is investing heavily in the expansion of locations in growth markets such as the Czech Republic, Poland and Turkey.

BENTELER Distribution is also anticipating an intensive competitive situation on its core markets in 2015 and high customer demands in terms of materials availability. Above all, the construction of a central German warehouse for BENTELER Distribution at the port of Duisburg, which will commence operation in the second half of 2015, will be of key importance. Thanks to an optimized cost, inventory, and logistics structure, more efficient working processes, and better services, it will also be possible to better exploit sales opportunities.

### BENTELER Group to continue strategy to boost operational profitability in 2015

All areas are expected to see a further improvement in operating EBIT in 2015 as against 2014. However, this will be offset in 2015 by substantial start-up costs for the rolling mill in the US and, to a significantly lesser extent, the commissioning of the central warehouse for Distribution in Germany. The BENTELER Group is therefore assuming a slight decline in EBIT for the Group as a whole.

### Long-term outlook:

Boosting profitability and increasing competitiveness form the basis for the five-year planning of all the BENTELER Group's divisions.

Revenue is expected to increase to more than €10 billion by 2019. 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. With all the imponderables of economic developments, the same conservative financing principles will apply as in the past: capital expenditure will be financed from cash flow, the equity ratio is to return to 30%, and as a rule, gearing is not to exceed 50%. Moreover, non-current assets are to be financed with long-term funds.

## Supplementary Report

As explained in note 35 "Events after the end of the reporting period", no significant events occurred that caused a change in the reporting or measurement of individual asset or liability items as of December 31, 2014.



## Disclaimer

This management report contains forward-looking statements about expected developments. These statements are based on current assessments and inherently entail risks and uncertainties. Actual events can differ from the statements formulated here.

Salzburg, February 20, 2015

The Executive Board

Hubertus Benteler   Boris Gleißner   Dr. Peter Laier

# CONSOLIDATED FINANCIAL STATEMENTS

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## Consolidated Income Statement (IFRSs)

for the fiscal year from January 1 to December 31, 2014

### CONSOLIDATED INCOME STATEMENT (IFRSS)

— TAB: 4.1

€ THOUSAND	Note	2014	2013 restated*
Revenue	6	7,556,392	7,424,663
Cost of sales	7	– 6,856,340	– 6,761,265
<b>Gross profit</b>		<b>700,053</b>	<b>663,398</b>
Selling expenses		– 211,777	– 228,577
Administrative expenses		– 295,915	– 285,524
Research and development costs		– 93,174	– 100,957
Other operating income	8	140,249	128,198
Other operating expenses	9	– 53,826	– 49,497
<b>EBIT before restructuring</b>		<b>185,610</b>	<b>127,040</b>
Restructuring expenses	10	0	– 70,355
<b>EBIT</b>		<b>185,610</b>	<b>56,685</b>
Net finance costs	11	– 53,171	– 53,089
Net income from associates		816	723
<b>Earnings before taxes</b>		<b>133,255</b>	<b>4,318</b>
Income taxes	12	– 31,267	– 1,184
<b>Net profit for the year</b>		<b>101,988</b>	<b>3,134</b>
Of which attributable to:			
Shareholders of the parent company		97,796	3,229
Non-controlling interests		4,192	– 95

\* See note 5.17



## Consolidated Statement of Comprehensive Income (IFRSs)

for the fiscal year from January 1 to December 31, 2014

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRSs)

— TAB: 4.2

€ THOUSAND	Note	2014	2013
<b>Net profit for the year</b>	<b>21</b>	<b>101,988</b>	<b>3,134</b>
<b>Items not reclassified to profit or loss:</b>			
Actuarial gains/losses		- 64,879	1,154
Income taxes on components of other comprehensive income		18,372	- 536
		<b>- 46,507</b>	<b>618</b>
<b>Items that can be reclassified to profit or loss:</b>			
Exchange rate differences from currency translation		44,491	- 56,456
Reclassification of amounts from exchange rate differences of foreign operations disposed of recognized in profit or loss		4,315	0
Changes in fair value from cash flow hedges recognized in the reporting period		- 28,660	5,704
Reclassification of cash flow hedge amounts recognized in profit or loss		424	- 3,692
Income taxes on components of other comprehensive income		7,933	- 424
		<b>28,502</b>	<b>- 54,868</b>
<b>Total comprehensive income</b>		<b>83,983</b>	<b>- 51,116</b>
Of which attributable to:			
Shareholders of the parent company		76,460	- 52,425
Non-controlling interest		7,523	1,308

# Consolidated Statement of Financial Position as of December 31, 2014 (IFRSs)

## Assets

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2014 (IFRSs)

— TAB: 4.3

€ THOUSAND	Note	12/31/2014	12/31/2013 restated*
Intangible assets	13	59,457	64,897
Goodwill	13	6,442	6,442
Property, plant and equipment	14	1,849,710	1,522,218
Investments in associates	15	12,274	11,726
Deferred tax assets	16	140,038	101,312
Non-current income tax receivables		22,971	5,255
Other non-current receivables and assets	17	26,673	32,579
<b>Non-current assets</b>		<b>2,117,564</b>	<b>1,744,429</b>
Inventories	18	770,497	731,121
Trade receivables	19.1	639,865	681,035
Receivables from contract manufacturing	19.2	6,724	6,548
Current income tax receivables		26,322	70,551
Other current receivables and assets	19.3	180,163	150,932
Cash and cash equivalents	20	334,091	404,248
<b>Current assets</b>		<b>1,957,662</b>	<b>2,044,434</b>
<b>Total assets</b>		<b>4,075,226</b>	<b>3,788,863</b>

\* See note 5.17

Continued on p. 59

# Consolidated Statement of Financial Position as of December 31, 2014 (IFRSs)

## Liabilities

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2014 (IFRSs)

— TAB: 4.3

€ THOUSAND	Note	12/31/2014	12/31/2013 restated*
Issued capital		200	200
Capital reserves		175,275	175,275
Other reserves		692,569	612,970
<b>Equity attributable to the shareholders of the parent company</b>		<b>868,044</b>	<b>788,445</b>
Non-controlling interests		68,626	55,717
<b>Equity</b>	<b>21</b>	<b>936,670</b>	<b>844,161</b>
<b>Profit participation capital</b>		<b>0</b>	<b>97,937</b>
Non-current financial liabilities	<b>24</b>	1,021,767	796,019
Deferred tax liabilities	<b>16</b>	34,121	20,199
Other non-current liabilities		46,455	44,016
Pension provisions	<b>23</b>	359,025	290,187
Other non-current provisions	<b>22</b>	50,346	55,250
<b>Non-current liabilities</b>		<b>1,511,713</b>	<b>1,205,671</b>
Current financial liabilities	<b>24</b>	254,267	229,577
Trade payables		797,793	887,873
Current income tax liabilities	<b>25</b>	18,671	14,136
Other current liabilities	<b>26</b>	408,682	349,993
Other current provisions	<b>22</b>	147,431	159,514
<b>Current liabilities</b>		<b>1,626,843</b>	<b>1,641,094</b>
<b>Liabilities</b>		<b>3,138,556</b>	<b>2,846,765</b>
<b>Total equity and liabilities</b>		<b>4,075,226</b>	<b>3,788,863</b>

\* See note 5.17

## Consolidated Statement of Cash Flows (IFRSs)

for the fiscal year from January 1 to December 31, 2014

### CONSOLIDATED STATEMENT OF CASH FLOWS (IFRSs)

— TAB: 4.4

€ THOUSAND	2014	2013 restated *
<b>Cash flow from operating activities:</b>		
EBIT	185,610	56,685
Interest paid	- 85,675	- 60,944
Interest received	14,056	7,439
Dividends received	197	167
Income taxes paid/received (net)	2,259	- 56,629
Depreciation of property, plant and equipment, amortization of intangible assets, impairment losses	227,595	220,114
Change in non-current provisions	- 10,767	- 40,163
Other cash transactions	- 29,916	27,118
<b>Cash flow from earnings</b>	<b>303,359</b>	<b>153,787</b>
Change in inventories	- 39,376	24,878
Change in trade receivables	40,994	166,191
Change in trade payables	- 102,897	10,114
<b>Change in working capital</b>	<b>- 101,280</b>	<b>201,183</b>
Change in current provisions	- 12,083	41,244
Change in other receivables	5,266	18,655
Change in other liabilities	31,384	- 5,219
Change in other assets, equity and liabilities	69,609	- 12,392
<b>Cash flow from operating activities</b>	<b>296,255</b>	<b>397,257</b>

\* See note 5.17

Continued on p. 61



# Consolidated Statement of Cash Flows (IFRSs)

for the fiscal year from January 1 to December 31, 2014

## CONSOLIDATED STATEMENT OF CASH FLOWS (IFRSs)

— TAB: 4.4

€ THOUSAND	2014	2013 restated *
<b>Cash flow from investing activities:</b>		
Payments for investments in property, plant and equipment and intangible assets	- 488,568	- 347,263
Cash receipts from the disposal of property, plant and equipment and intangible assets	9,708	3,583
Payments for investments in financial assets	- 41,241	- 12,670
Net cash flow from the acquisition of subsidiaries	0	- 4,088
Net cash flow from the sale of subsidiaries	- 2,216	0
<b>Cash flow from investing activities</b>	<b>- 522,317</b>	<b>- 360,438</b>
<b>Free cash flow</b>	<b>- 226,062</b>	<b>36,819</b>
<b>Cash flow from financing activities:</b>		
Borrowing/repayment of borrower note loans	- 36,619	62,500
Change in liabilities to banks	199,627	- 12,807
Change in other financial liabilities	- 14,112	4,245
Proceeds from non-controlling interests	12,255	4,180
Payments for the acquisition of non-controlling interests	- 1,300	- 1,680
Dividends paid	- 9,762	- 23,252
<b>Cash flow from financing activities</b>	<b>150,090</b>	<b>33,186</b>
<b>Change in cash and cash equivalents, total</b>	<b>- 75,972</b>	<b>70,005</b>
Change in cash and cash equivalents due to exchange rate effects	5,815	- 12,433
<b>Cash and cash equivalents as of 1/1</b>	<b>404,248</b>	<b>346,675</b>
<b>Cash and cash equivalents as of 12/31</b>	<b>334,091</b>	<b>404,248</b>

\* See note 5.17

## Consolidated Statement of Changes in Equity (IFRSs)

for the fiscal year from January 1 to December 31, 2014

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRSs)

— TAB: 4.5

€ THOUSAND	Issued capital	Capital reserves	Other reserves		
			Currency translation reserve	Cash flow hedge reserve	Reserve for actuarial gains/losses
<b>As of 12/31/2012</b>	<b>200</b>	<b>175,275</b>	<b>- 35,622</b>	<b>- 14,328</b>	<b>- 84,758</b>
Net profit for the year	0	0	0	0	0
Other comprehensive income (after taxes)	0	0	- 57,859	1,588	618
Capital increases	0	0	0	0	0
Other changes	0	0	0	0	2,167
Distributions	0	0	0	0	0
<b>Amount at 12/31/2013 = amount at 1/1/2014</b>	<b>200</b>	<b>175,275</b>	<b>- 93,481</b>	<b>- 12,740</b>	<b>- 81,973</b>
Net profit for the year	0	0	0	0	0
Other comprehensive income (after taxes)	0	0	45,474	- 20,303	- 46,507
Capital increases	0	0	0	0	0
Other changes	0	0	0	0	0
Distributions	0	0	0	0	0
<b>As of 12/31/2014</b>	<b>200</b>	<b>175,275</b>	<b>- 48,007</b>	<b>- 33,043</b>	<b>- 128,480</b>

See note 21.

Continued on p. 63

# Consolidated Statement of Changes in Equity (IFRSs)

for the fiscal year from January 1 to December 31, 2014

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRSs)

— TAB: 4.5

€ THOUSAND	Other reserves		Equity attributable to the shareholders of the parent company	Non-controlling interests	Equity
	Other	Total			
<b>As of 12/31/2012</b>	<b>814,560</b>	<b>679,851</b>	<b>855,326</b>	<b>59,758</b>	<b>915,084</b>
Net profit for the year	3,229	3,229	3,229	– 95	3,134
Other comprehensive income (after taxes)	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
Distributions	– 14,000	– 14,000	– 14,000	– 9,252	– 23,252
<b>Amount at 12/31/2013 = amount at 1/1/2014</b>	<b>801,164</b>	<b>612,970</b>	<b>788,445</b>	<b>55,717</b>	<b>844,161</b>
Net profit for the year	97,796	97,796	97,796	4,192	101,988
Other comprehensive income (after taxes)	0	– 21,336	– 21,336	3,331	– 18,004
Capital increases	0	0	0	12,255	12,255
Other changes	3,139	3,139	3,139	2,894	6,032
Distributions	0	0	0	– 9,762	– 9,762
<b>As of 12/31/2014</b>	<b>902,099</b>	<b>692,569</b>	<b>868,044</b>	<b>68,626</b>	<b>936,670</b>

See note 21.

## 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 (74 locations, about 21,561 full-time equivalents)
- Steel/Tube (18 locations, about 3,619 full-time equivalents)
- Distribution (55 locations, about 1,418 full-time equivalents)
- Other companies (15 locations, about 961 full-time equivalents)

The BENTELER Group's various divisions engage primarily 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 Commercial 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 Commercial 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 market value, and defined benefit plan assets, which are measured at fair value.

The consolidated income statement is prepared 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.

On February 20, 2015, the Executive Board approved the consolidated financial statements and the Group management report for the period ended December 31, 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 March 27, 2015.



### 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 2014, 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 of 12/31/2014	Effects on the BENTELER Group
IAS 27	Separate Financial Statements	1/1/2014	Yes	None
IAS 28	Investments in Associates	1/1/2014	Yes	Minor
IAS 32	Offsetting of Financial Assets and Financial Liabilities	1/1/2014	Yes	Minor
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	1/1/2014	Yes	Minor
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	1/1/2014	Yes	Minor
IFRS 10	Consolidated Financial Statements	1/1/2014	Yes	None
IFRS 11	Joint Arrangements	1/1/2014	Yes	None
IFRS 12	Disclosure of Interests in Other Entities	1/1/2014	Yes	Minor
IFRS 10, IFRS 11, IFRS 12	Consolidated Financial Statements, Joint Arrangements, Disclosure of Interests in Other Entities: Transition Disclosures	1/1/2014	Yes	Minor
IFRS 10, IFRS 12, IAS 27	Investment Entities	1/1/2014	Yes	None

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## 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 of 12/31/2014	Effects on the BENTELER Group
IFRIC 21	Levies	1/1/2014	Yes	None
IAS 19	Defined Benefit Plans: Employee Contributions	7/1/2014	Yes	Minor
Miscellaneous	IFRS Annual Improvements, 2010–2012 Cycle	7/1/2014	Yes	No
Miscellaneous	IFRS Annual Improvements, 2011–2013 Cycle	7/1/2014	Yes	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. This new definition does not affect the consolidation method of investees.

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. The share of the Group in a joint arrangement, which represents an arrangement in which the parties have rights to the assets and obligations for the liabilities, is recognized on the basis of the interest of the Group in these assets and liabilities. The interest of the Group in a joint venture which represents an arrangement with which the parties have rights to net assets is reported using the equity method. As there are no investments in joint arrangements in the Group, the new standard has no impact.

IFRS 12 extends all the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities and combines them in a separate standard. As there not a single subsidiary in the Group with a non-controlling interest which is material for the Group, the new standard does not result in any significant impact for the BENTELER Group.

The changes to IAS 19 clarify the accounting of employee or third party contributions in the context of defined benefit plans at the reporting entity. According to the previous standard, employee contributions are deducted from the service cost in the period in which the relevant service was rendered. This procedure can be maintained if the contributions are independent of the number of years of service. In all other cases, the services resulting from the contributions by employees or third parties are to be distributed over the years of service. The changed standard does not have any significant impact on the consolidated financial statements.

The other new or changed standards and interpretations, which are to be applied from January 1, 2014, do not result in any significant changes to the financial statements of the BENTELER Group.

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		Publication by the IASB	Application obligatory for fiscal years beginning on or after	Endorsed by the EU as of 12/31/2014	Effects on the enteler Group
Miscellaneous	IFRS Annual Improvements, 2012–2014 Cycle	9/25/2014	1/1/2016	No	Under review
IAS 1	Amendments to IAS 1: Presentation of Financial Statements	12/18/2014	1/1/2016	No	Under review
IAS 16, IAS 38	Clarification of acceptable depreciation and amortization methods	5/12/2014	1/1/2016	No	None
IAS 16, IAS 41	Agriculture: Bearer Plants	6/30/2014	1/1/2016	No	None
IFRS 10, IFRS 12, IAS 28	Investment Entities: Applying the Consolidation Exception	6/11/2014	1/1/2016	No	None
IAS 27	Separate Financial Statements (Equity Method)	8/12/2014	1/1/2016	No	None
IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	9/11/2014	1/1/2016	No	Minor
IFRS 11	Acquisitions of Interests in Joint Operations	5/6/2014	1/1/2016	No	Minor
IFRS 14	Regulatory Deferral Accounts	1/30/2014	1/1/2016	No	None
IFRS 15	Revenue from Contracts with Customers	5/28/2014	1/1/2017	No	Under review
IFRS 9	Financial Instruments	7/24/2014	1/1/2018	No	Under review

The amendments to IAS 1 aim to clarify the criteria of liabilities as current or non-current in line with IAS 1.

The new IFRS 9 introduces extensive changes in the categorization and measurement of financial assets, impairment of financial assets and rules for hedge accounting.

With the publication of the new IFRS 15, the regulations on revenue recognition are bundled into a single standard. IFRS 15 covers all contracts with customers in the sense of the standard, including the sale of goods and providing services. The standard provides a five-step model which should be used to determine the level of revenue and the time or period of realization.

The impact of the new or changed standards and the changes from improvements of the International Financial Reporting Standards on the consolidated financial statements are currently being examined.

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 Principles 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 on the basis of a contractual agreement (control relationship). Control in the sense of IFRS 10 occurs if BENTELER has power over the investee, is exposed to risk from variable returns and there is a connection between power and variable returns. Subsidiaries are fully consolidated in the consolidated financial statements from 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. The option of applying the full goodwill method, according to which goodwill resulting in the context of an acquisition is also calculated pro rata to the minority shares was not exercised. 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, and to which the parties have rights to the net assets. In line with IFRS 11, they are reported 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

In fiscal year 2014, 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 December 31, 2013	4	135	139
Additions/ formations in fiscal year 2014	0	8	8
Disposals as a result of mergers/ liquidation in fiscal year 2014	0	4	4
Disposals as a result of sales in fiscal year 2014	0	1	1
<b>Included in consolidation as at December 31, 2014</b>	<b>4</b>	<b>138</b>	<b>142</b>

New foundations in the fiscal year which were thus included in the consolidated financial statements for the first time were BENTELER Automotive (Shenyang) Co., Ltd., Shenyang, China (on April 16, 2014), BENTELER Services LLC, Auburn Hills, USA (on November 26, 2014) and Deutsches Zentrallager (DZL) Objektgesellschaft GmbH & Co. KG, Duisburg, Germany (on January 14, 2014). Furthermore, on April 22 2014, a shelf company was acquired. On the basis of a shareholder resolution, it was renamed Deutsches Zentrallager (DZL) Beteiligungsgesellschaft mbH, Duisburg, Germany. Further additions in the fiscal year 2014 resulted from the inclusion of 4 companies due to a status change from unconsolidated to consolidated companies.

To simplify the Group structure, on August 26, 2014 BENTELER Rothrist GmbH, Paderborn, Germany, and BENTELER Tube Management GmbH, Paderborn, Germany, were merged into BENTELER Steel Tube GmbH, Paderborn, Germany, as the acquiring company. In addition, on June 26, 2014, BENTELER Distribution Services (BDS) AG, Will, Switzerland, was merged into Kindlimann AG, Will, Switzerland as the acquiring company. B.E. S.r.l., Turin, Italy, was liquidated on December 19, 2014.

Four companies (prior year: ten companies) were not included in the consolidated financial statements because of their insignificance on the financial position and profit or loss of the Group.

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

### Disposals in fiscal year 2014

The investment in BENTELER Automotive S.A., Argentina was sold to the Punch Group in June 2014 for a symbolic sale price of EUR 1.

The following net assets were deconsolidated as a result of the loss of control:

<b>IMPACT OF ACQUISITIONS ON ASSETS AND LIABILITIES</b>		TAB: 4.9
€ THOUSAND		2014
Inventories		636
Trade receivables		2,991
Other current assets		697
Cash and cash equivalents		2,216
<b>Assets</b>		<b>6,540</b>
Financial liabilities		2,043
Provisions		721
Trade payables		3,198
Other current liabilities		1,107
<b>Liabilities</b>		<b>7,069</b>
<b>Deconsolidated net assets</b>		<b>- 529</b>

The consideration received for the negative net assets sold amounted to €1. This resulted in a gain on disposal of €529 thousand. Exchange losses of €4,315 thousand which were previously recognized in equity were reclassified in profit and loss. This resulted in a deconsolidation loss of €3,786 thousand which was recognized in other operating expenses.

#### **Increase of interests in fiscal year 2014**

In December 2014, BENTELER increased its stake in Swissauto Engineering S.A., Etagnières, Switzerland from 51% to 100% for a purchase price of €1,300 thousand. In the Group this resulted in a reclassification of non-controlling interests in equity to other reserves of €2,845 thousand.

In addition, at Wuhu BENTELER-POSCO Automotive Co. Ltd., Anhui, China, a non-proportional capital increase of €5,396 thousand (BENTELER share) was implemented. This resulted in the stake of the BENTELER Group increasing from 90% to 95%. As both shareholders participated in the capital increase, the non-controlling interest increased by €137 thousand as a result of this transaction.

## 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 the consolidated companies 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 as other operating expenses and income. Foreign currency gains and losses of BENTELER International Aktiengesellschaft as the ultimate parent holding company result largely from financing and are recognized in the financial result. Gains and losses which result from a group of similar transactions, such as foreign currency gains and losses within the same currency are netted.

#### 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 the local national currency. Exceptions are BENTELER Distribution Hungary Kft., located in Budapest, Hungary, and BENTELER Gebze Tasit Sanayi ve Ticaret Limited Sirketi, Cayirova / Kocaeli, located in Turkey which report in euros as the functional currency. Assets and liabilities of the 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. The translation differences are recognized as net gains or losses in equity. Any exchange rate differences are recorded as other comprehensive income only when the relevant unit is deconsolidated.

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

#### FOREIGN CURRENCY EXCHANGE RATES

— TAB: 4.10

	Average rate		Closing rate	
	2014	2013	12/31/2014	12/31/2013
BRL	3.10	2.89	3.23	3.25
CHF	1.21	1.23	1.20	1.23
CNY	8.15	8.17	7.44	8.33
CZK	27.55	26.02	27.72	27.40
GBP	0.80	0.85	0.78	0.83
MXN	17.63	17.12	17.86	18.03
NOK	8.40	7.87	9.04	8.37
RUB	51.94	42.59	72.70	45.25
SEK	9.12	8.67	9.40	8.83
USD	1.32	1.33	1.22	1.38
ZAR	14.33	12.99	14.04	14.50

## 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 deducted from the carrying amount of the asset and recognized at a reduced depreciation level over the periods and in the proportions in which depreciation expense on these assets are 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 their economic useful life.

Internally generated intangible assets are recognized as 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: 4.11

	Useful lives of intangible assets
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 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: 4.12

	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. Irrespective 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, 2014, discount factors between 6.92% and 9.17% were used (prior year: 8.35% to 9.31%). The long-term average growth rate beyond the period of detailed cash flow projections is estimated at 0.0% (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 normal capacity utilization.

### 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 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 lower realizable amount.

The BENTELER Group currently makes no use of the financial investments held to maturity category.

Liabilities to banks, other loan liabilities and trade payables, as well as other liabilities, are recognized in the financial liabilities in the 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 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 see Note 28 – Derivative financial instruments and hedge accounting and Note 29 – Additional information about financial instruments.

### 5.12 Cash and cash equivalents

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

### 5.13 Employee benefits

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

Post-employment benefit plans are classified as either defined 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 the 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 2.68% to 4.07% (prior year: 2.92% to 5.18%).

Provisions for impending losses from onerous contracts are recognized if the economic benefits expected to be received under the contract or contract bundles 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 the 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 23 – Provisions for pensions and similar commitments)
- Recognition and measurement of provisions (especially provisions for onerous contracts) (Note 22 – Provisions)

### 5.17 Changes in accounting policies

#### Translation to the functional currency

In the separate financial statements of the consolidated companies that are prepared in local currency, gains and losses from the foreign currency translations in the same currency are netted for reasons of better presentation.

The change in presentation has been implemented retrospectively by way of restating all figures previously shown for comparative purposes and results in a reduction of other operating income and expenses.

#### PRESENTATION CHANGES IN THE CONSOLIDATED INCOME STATEMENT

— TAB: 4.13

€ THOUSAND	Previous 2013	Adjustment 2013	Adjusted 2013
Other operating income	161,781	– 29,985	131,796 *
Other operating expenses	– 79,482	29,985	– 49,497

\* There was a further reduction in other operating income – by €3,598 thousand. This was due to the adoption of the net method for investment grants. As a result, other operating income for the 2013 fiscal year totaled €128,198 thousand.

#### Government grants

For reasons of better presentation, the option of presenting grants related to capital expenditure (grants related to assets) was exercised again in 2014. Instead of using a gross presentation under liabilities, in the statement of financial position grants related to capital expenditure are deducted from the carrying amount of the assets and recognized on the basis of a reduced depreciation amount over the period in which the depreciation expense on those assets is taken.

The change in presentation has been implemented retrospectively by way of restating all figures previously shown for comparative purposes and has the following impact on the consolidated financial statements:

#### PRESENTATION CHANGES IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

— TAB: 4.14

€ THOUSAND	Previous 1.1.2013	Adjustment 2013	Adjusted 1.1.2013
Intangible assets	85,216	– 2	85,214
Property, plant and equipment	1,467,934	– 20,533	1,447,401
Other non-current liabilities	66,552	– 16,937	49,615
Other current liabilities	343,553	– 3,598	339,955

**PRESENTATION CHANGES IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION** — TAB: 4.15

€ THOUSAND	Previous 31.12.2013	Adjustment 2013	Adjusted 31.12.2013
Intangible assets	71,341	– 1	71,339
Property, plant and equipment	1,539,154	– 16,936	1,522,218
Other non-current liabilities	56,223	– 12,207	44,016
Other current liabilities	354,723	– 4,730	349,993

**PRESENTATION CHANGES IN THE CONSOLIDATED INCOME STATEMENT** — TAB: 4.16

€ THOUSAND	Previous 2013	Adjustment 2013	Adjusted 2013
Cost of sales	– 6,764,863	3,598	– 6,761,265
Other operating income	161,781	– 3,598	158,183 *

\* There was a further reduction in other operating income – by €29,985 thousand. This was due to the changed presentation of gains and losses from foreign currency translation. As a result, other operating income for the 2013 fiscal year totaled €128,198 thousand.

**Consolidated statement of cash flows**

For reasons of a more appropriate presentation, in the cash flow from operating activities cash flows were reclassified from interest paid and received as well as dividends received. Previously interest paid was reported in cash flow from financing activities. Previously cash flows from interest and dividends received were reported in cash flow from investing activities. The changes in presentation have been implemented retrospectively by way of restating all figures previously shown for comparative purposes and have the following impact on the consolidated financial statements:

**PRESENTATION CHANGES IN THE CONSOLIDATED STATEMENT OF CASH FLOWS** — TAB: 4.17

€ THOUSAND	Previous 2013	Adjustment 2013	Adjusted 2013
Cash flow from operating activities	462,988	– 65,731	397,257
Cash flow from investing activities	– 348,863	– 11,575	– 360,438
Cash flow from financing activities	– 44,120	77,306	33,186

## Notes to the Consolidated Income Statement

### 6 REVENUE

Revenues of the BENTELER Group break down as follows:

REVENUE — TAB: 4.18		
€ THOUSAND	2014	2013
Sales of goods	7,458,098	7,322,794
Construction contracts	48,851	56,129
Other	49,444	45,741
<b>Total</b>	<b>7,556,392</b>	<b>7,424,663</b>

### 7 COST OF SALES

The cost of sales are composed as follows:

COST OF SALES — TAB: 4.19		
€ THOUSAND	2014	2013 adjusted *
Material expenses	5,130,181	5,041,818
Other	1,726,158	1,719,447
<b>Total</b>	<b>6,856,340</b>	<b>6,761,265</b>

\* See Note 5.17 – Changes in accounting policies

### 8 OTHER OPERATING INCOME

#### OTHER OPERATING INCOME — TAB: 4.20

€ THOUSAND	2014	2013 adjusted *
Insurance claims	6,654	4,039
Foreign currency exchange gains	37,481	42,438
Income from the reversal of provisions	15,370	16,436
Income from the disposal of property, plant and equipment	4,030	888
Government grants	3,572	802
Income from the reversal of impairment charges	3,221	3,681
Indemnification assets	18,991	14,796
Miscellaneous	50,930	45,117
	<b>140,249</b>	<b>128,198</b>

\* See Note 5.17 – Changes in accounting policies

### 9 OTHER OPERATING EXPENSES

Other operating expenses mainly consist of foreign currency translation losses.

## 10 RESTRUCTURING EXPENSES

RESTRUCTURING EXPENSES — TAB: 4.21		
€ THOUSAND	2014	2013
Personnel expenses related to restructuring	0	34,233
Impairment	0	5,789
Onerous contracts	0	30,333
<b>Total</b>	<b>0</b>	<b>70,355</b>

## 11 FINANCIAL RESULT

FINANCIAL RESULT — TAB: 4.22		
€ THOUSAND	2014	2013
Income from derivative financial instruments	6,033	4,323
Interest income from loans and other financial assets	1,237	1,857
Foreign currency exchange income	22,919	1,381
Interest income from bank accounts	6,631	1,727
Accrued interest on provisions	150	29
Other finance income	0	10,799
<b>Finance income</b>	<b>36,969</b>	<b>20,117</b>

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

FINANCIAL RESULT — TAB: 4.23		
€ THOUSAND	2014	2013
Interest expense for financial liabilities	45,503	40,727
Expense from derivative financial instruments	25,208	9,819
Interest expense for pension obligations	9,822	9,723
Profit participation certificate expenses	7,356	7,587
Foreign currency translation losses	1,607	4,587
Accrued interest on provisions	645	73
Other finance expenses	0	689
<b>Finance expenses</b>	<b>90,140</b>	<b>73,206</b>



## 12 INCOME TAX

INCOME TAX <span style="float: right;">— TAB: 4.24</span>		
€ THOUSAND	2014	2013
Current tax expense	28,789	1,240
thereof for the current reporting period	31,362	23,331
thereof for previous periods	– 2,572	– 22,092
Deferred tax expense / tax income	2,477	– 56
<b>Total tax expense / tax income</b>	<b>31,267</b>	<b>1,184</b>

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 <span style="float: right;">— TAB: 4.25</span>		
€ THOUSAND	2014	2013
<b>Profit for the period before tax under IFRS</b>	<b>133,255</b>	<b>4,318</b>
Group income tax rate (%)	30%	30%
<b>Expected tax expense / tax income for year</b>	<b>39,976</b>	<b>1,295</b>
Effect of changes in tax rates	2,015	89
Effect of differences in tax rates	– 5,499	– 2,736
Effect of income that is exempt from taxation and other deductions	– 1,836	– 1,462
Effect of non-tax-deductible operating expenses and other additions	4,267	4,863
Effect of taxes from previous years recognized during the year	– 6,494	1,796
Effect of income taxes not creditable toward income tax (withholding taxes and foreign taxes)	3,334	1,527
Effect of impairments / adjustments	– 4,086	– 4,128
Other effects	– 410	– 60
<b>Total tax expense (+) / tax income (-)</b>	<b>31,267</b>	<b>1,184</b>

## 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: 4.26		
€ THOUSAND	2014	2013
<b>Total research and development cost</b>	<b>80,718</b>	<b>91,199</b>
Capitalized development costs	– 6,237	– 7,522
Amortization and impairment of capitalized development costs	18,694	17,281
<b>Research and development costs recognized in the consolidated income statement</b>	<b>93,174</b>	<b>100,957</b>
Capitalization ratio (%)*	7.7%	8.2%

\* 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, alongside lightweight construction technology, 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.

Intangible assets include intangible assets with restricted ownership rights at a carrying amount of €0 thousand (prior year: €274 thousand). None of the intangible assets were pledged as collateral (prior year: €0 thousand).

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 €2,841 thousand (prior year: €2,704 thousand).

Intangible assets changed as follows:

**DEVELOPMENT OF INTANGIBLE ASSETS**

— TAB: 4.27

€ THOUSAND	Concessions, industrial property rights, similar rights and assets, and licenses to such rights and assets	Goodwill	Prepayments	Capitalized development costs	Total
<b>Costs</b>					
Balance as at January 1, 2014	81,844	10,918	586	216,946	310,294
Additions	3,126	0	1,040	6,237	10,403
Changes in the scope of consolidation	- 27	0	0	0	- 27
Reclassifications	- 28,220	0	- 44	28,264	0
Disposals	- 5,026	- 2,690	- 317	- 7,991	- 16,025
Foreign currency exchange differences	355	- 93	126	- 1,519	- 1,131
<b>Balance at December 31, 2014</b>	<b>52,052</b>	<b>8,134</b>	<b>1,390</b>	<b>241,938</b>	<b>303,514</b>
<b>Depreciation and amortization</b>					
Balance at January 1, 2014	47,746	4,476	0	186,733	238,955
Current amortization	4,252	0	0	18,694	22,945
Recoveries	0	0	0	- 9,951	- 9,951
Changes in the scope of consolidation	- 27	0	0	0	- 27
Reclassifications	- 5,565	0	0	5,565	0
Disposals	- 4,980	- 2,690	0	- 6,467	- 14,137
Foreign currency exchange differences	251	- 93	0	- 328	- 171
<b>Balance at December 31, 2014</b>	<b>41, 676</b>	<b>1,692</b>	<b>0</b>	<b>194,247</b>	<b>237,615</b>
<b>Carrying amount</b>					
Balance at January 1, 2014	34,099	6,442	586	30,213	71,340
<b>Balance at December 31, 2014</b>	<b>10,376</b>	<b>6,442</b>	<b>1,390</b>	<b>47,691</b>	<b>65,899</b>

## DEVELOPMENT OF INTANGIBLE ASSETS

— TAB: 4.28

€ THOUSAND	Concessions, industrial property rights, similar rights and assets, and licenses to such rights and assets	Goodwill	Prepayments	Capitalized development costs	Total
<b>Costs</b>					
Balance at January 1, 2013	77,031	11,000	609	213,410	302,049
Additions	4,224	0	786	7,522	12,533
Changes in the scope of consolidation	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
<b>Balance at December 31, 2013</b>	<b>81,844</b>	<b>10,918</b>	<b>586</b>	<b>216,946</b>	<b>310,294</b>
<b>Depreciation and amortization</b>					
Balance at January 1, 2013	46,353	4,539	0	165,943	216,835
Current amortization	2,433	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
<b>Balance at December 31, 2013</b>	<b>47,746</b>	<b>4,476</b>	<b>0</b>	<b>186,733</b>	<b>238,954</b>
<b>Carrying amount</b>					
Balance at January 1, 2013	30,678	6,461	609	47,467	85,214
<b>Balance at December 31, 2013</b>	<b>34,099</b>	<b>6,442</b>	<b>586</b>	<b>30,213</b>	<b>71,339</b>

The previous year figures were adjusted as a result of the presentation option for investment subsidies being used, see Note 5.17 – Changes in accounting policies.

## 14 PROPERTY, PLANT AND EQUIPMENT

### PROPERTY, PLANT AND EQUIPMENT

— TAB: 4.29

€ THOUSAND	Land and buildings	Technical equipment and machinery	Other equipment	Prepayments and construction in progress	Total
<b>Costs</b>					
Balance at January 1, 2014	714,307	2,490,405	426,685	246,539	3,877,937
Additions	52,945	92,574	19,703	312,943	478,165
Changes in the scope of consolidation	0	- 4,197	- 798	0	- 4,995
Reclassifications	6,725	104,232	9,844	- 119,039	1,762
Disposals	- 25,212	- 130,581	- 38,741	- 667	- 195,200
Foreign currency exchange differences	19,345	46,142	4,740	31,373	101,599
<b>Balance at December 31, 2014</b>	<b>768,110</b>	<b>2,598,576</b>	<b>421,433</b>	<b>471,149</b>	<b>4,259,267</b>
<b>Depreciation and amortization</b>					
Balance at January 1, 2014	358,144	1,693,656	303,919	0	2,355,719
Current amortization	23,783	151,107	29,759	0	204,649
Impairment	0	0	0	0	0
Recoveries	0	0	0	0	0
Changes in the scope of consolidation	0	- 4,197	- 796	0	- 4,993
Reclassifications	46	- 1,980	1,934	0	- 681
Disposals	- 17,483	- 133,778	- 35,685	0	- 186,947
Foreign currency exchange differences	6,134	31,953	3,042	0	41,128
<b>Balance at December 31, 2014</b>	<b>370,624</b>	<b>1,736,762</b>	<b>302,171</b>	<b>0</b>	<b>2,409,557</b>
<b>Carrying amount</b>					
Balance at January 1, 2014	356,163	796,749	122,767	246,539	1,522,218
<b>Balance at December 31, 2014</b>	<b>397,486</b>	<b>861,814</b>	<b>119,261</b>	<b>471,149</b>	<b>1,849,710</b>
thereof from finance lease	8,614	4,712	1,867	0	15,194

## PROPERTY, PLANT AND EQUIPMENT

— TAB: 4.30

€ THOUSAND	Land and buildings	Technical equipment and machinery	Other equipment	Prepayments and construction in progress	Total
<b>Costs</b>					
Balance at January 1, 2013	689,505	2,478,559	388,229	242,984	3,799,277
Additions	19,515	106,691	24,694	184,886	335,787
Changes in the scope of consolidation	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
<b>Balance as at December 31, 2103</b>	<b>714,307</b>	<b>2,490,405</b>	<b>426,685</b>	<b>246,539</b>	<b>3,877,937</b>
<b>Depreciation and amortization</b>					
Balance at January 1, 2013	348,215	1,738,299	265,362	0	2,351,876
Current amortization	20,776	139,358	30,859	0	190,994
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
<b>Balance as at December 31, 2103</b>	<b>358,144</b>	<b>1,693,656</b>	<b>303,919</b>	<b>0</b>	<b>2,355,719</b>
<b>Carrying amount</b>					
Balance at January 1, 2013	341,290	740,260	122,867	242,984	1,447,401
<b>Balance as at December 31, 2103</b>	<b>356,163</b>	<b>796,749</b>	<b>122,767</b>	<b>246,539</b>	<b>1,522,218</b>
thereof from finance lease	9,193	5,061	2,223	0	16,477

The previous year figures were adjusted as a result of the presentation option for investment subsidies being used, see Note 5.17 – Changes in accounting policies.



In the fiscal year 2014, borrowing costs of €10,166 thousand (after deduction of investment income) were capitalized (prior year: €6,256 thousand). Interest rates between 3.51% and 4.41% (prior year: between 1.10% and 4.41%) were applied for this purpose.

Property, plant and equipment include items with restricted ownership rights at a carrying amount of €6,968 thousand (prior year: €4,891 thousand). As in the previous year, none of the assets within property, plant and equipment are pledged as collateral.

At the reporting date, there were contractual obligations to acquire property, plant and equipment in an amount of €203,012 thousand (prior year: €316,498 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: 4.31		
€ THOUSAND	12/31/2014	12/31/2013
Future minimum lease payments		
due within one year	34,644	25,957
due within one to five years	73,113	63,367
due after five years	30,574	40,501
<b>Total</b>	<b>138,331</b>	<b>129,825</b>

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: 4.32		
€ THOUSAND	12/31/2014	12/31/2013
Future minimum lease payments		
due within one year	2,933	2,083
due within one to five years	6,242	5,475
due after five years	3,292	4,271
<b>Nominal value</b>	<b>12,467</b>	<b>11,828</b>
Interest component	1,006	1,001
<b>Present value of minimum lease payments</b>	<b>11,462</b>	<b>10,827</b>

Payments of €29,920 thousand under rental and lease agreements were recognized as expenses for 2014 (prior year: €66,603 thousand).

## 15 INVESTMENTS IN ASSOCIATES

The following overview shows in aggregated form the carrying amount of the investment in an associate and the pro rata income from associates:

FINANCIAL INFORMATION ON INVESTMENTS IN ASSOCIATES — TAB: 4.33		
€ THOUSAND	12/31/2014 or 2014	12/31/2013 or 2013
Carrying amount of investments in associates	12,274	11,726
Pro rata result from continuing divisions	816	723

## 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 LIABILITIES TO ITEMS IN THE STATEMENT OF FINANCIAL POSITION — TAB: 4.34

	12/31/2014		12/31/2013	
€ THOUSAND	Assets	Equity and liabilities	Assets	Equity and liabilities
Intangible assets	4,973	– 15,051	5,172	– 15,840
Property, plant and equipment	5,156	– 58,362	8,717	– 52,370
Current and non-current assets	6,459	– 3,838	4,749	– 2,072
Inventories	7,302	– 7,460	6,054	– 5,992
Current and non-current receivables and other assets	4,983	– 7,009	3,678	– 15,067
Pension provisions	44,670	– 2,530	35,680	– 5,756
Other provisions	27,888	– 3,155	24,812	– 1,241
Liabilities	42,793	– 5,219	24,991	– 2,989
Other	0	0	0	– 106
Unused tax loss carryforwards	60,835	0	60,452	0
Tax credits	3,482	0	8,241	0
<b>Gross value</b>	<b>208,542</b>	<b>– 102,625</b>	<b>182,546</b>	<b>– 101,433</b>
Netting	68,504	– 68,504	– 81,234	81,234
<b>Recognized in statement of financial position</b>	<b>140,038</b>	<b>– 34,121</b>	<b>101,312</b>	<b>– 20,199</b>

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, 2014, there were unused tax loss carryforwards of €399,307 thousand (prior year: €378,471 thousand). The Company assumes that unused tax loss carryforwards of €208,312 thousand (prior year: €207,511 thousand) can probably be utilized. No deferred tax was recognized for unused tax loss carryforwards of €190,995 thousand (prior year: €170,960 thousand).

The unused tax losses can be carried forward as follows:

UNUSED TAX LOSS CARRY-FORWARDS			— TAB: 4.35	
€ THOUSAND	12/31/2014	12/31/2013		
Expiring in the next ten years	46,938	50,303		
Expiring in more than ten years	1,846	11		
Unused tax losses not subject to expiration	142,211	120,646		
<b>Total</b>	<b>190,995</b>	<b>170,960</b>		

As at December 31, 2014, 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: 4.36	
€ THOUSAND	12/31/2014	12/31/2013		
Investments in companies	179	199		
Securities	1,217	925		
Financial receivables	8,174	14,849		
Other tax assets	3,259	30		
Prepaid expenses	10,227	0		
Other assets	3,618	16,576		
<b>Total</b>	<b>26,673</b>	<b>32,579</b>		

## 18 INVENTORIES

INVENTORIES — TAB: 4.37		
€ THOUSAND	12/31/2014	12/31/2013
Raw materials and supplies	277,991	251,270
Work in progress	139,431	137,916
Finished goods and products	334,929	325,909
Prepayments	18,145	16,026
<b>Total</b>	<b>770,497</b>	<b>731,121</b>

## 19 RECEIVABLES

### 19.1 Trade receivables

TRADE RECEIVABLES — TAB: 4.38		
€ THOUSAND	12/31/2014	12/31/2013
Trade receivables, gross	650,026	692,341
Doubtful debt allowances on trade receivables	-10,161	-11,306
<b>Carrying amount</b>	<b>639,865</b>	<b>681,035</b>

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 €361,524 thousand (prior year: 159,850 thousand) were sold under an accounts receivable facility agreement. There is normal residual default risk at the BENTELER Group.

Doubtful debt allowances on trade receivables developed as follows:

DEVELOPMENT OF DOUBTFUL DEBT ALLOWANCES ON TRADE RECEIVABLES — TAB: 4.39		
€ THOUSAND	12/31/2014	12/31/2013
Balance at January 1	11,306	13,554
Additions	7,240	4,704
Reversals	-3,221	-3,681
Utilization	-5,233	-2,201
Effects of foreign exchange rates and other changes	68	-1,069
<b>Balance as at December 31</b>	<b>10,161</b>	<b>11,306</b>

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:

<b>MATURITY STRUCTURE OF UNADJUSTED RECEIVABLES</b> — TAB: 4.40		
€ THOUSAND	12/31/2014	12/31/2013
Receivables that are neither past due nor impaired	579,633	604,276
Receivables that are past due but not impaired	56,581	73,852
less than 30 days past due	34,647	51,138
30 to 60 days past due	11,980	12,811
61 to 90 days past due	5,295	5,995
more than 90 days past due	4,660	3,909
Receivables with specific doubtful debt allowances	3,651	2,907
<b>Carrying amount as at December 31</b>	<b>639,865</b>	<b>681,035</b>

As at the end of the period on December 31, 2014, as in previous years, no trade receivables had been pledged.

## 19.2 Receivables from construction contracts

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

<b>RECEIVABLES FROM CONSTRUCTION CONTRACTS</b> — TAB: 4.41		
€ THOUSAND	12/31/2014	12/31/2013
Incurred contract costs	18,087	20,409
Recognized gains less recognized losses	2,203	2,330
<b>Production orders with outstanding balances receivable from customers</b>	<b>20,290</b>	<b>22,739</b>
Prepayments and partial invoices	– 13,566	– 16,192
<b>Receivables from construction contracts</b>	<b>6,724</b>	<b>6,548</b>

## 19.3 Other current receivables and assets

<b>OTHER CURRENT RECEIVABLES AND ASSETS</b> — TAB: 4.42		
€ THOUSAND	12/31/2014	12/31/2013
Prepaid expenses	10,079	9,136
Other financial assets	82,085	47,088
Other non-financial assets	87,999	94,708
<b>Total</b>	<b>180,163</b>	<b>150,932</b>

The increase in other financial assets is due to the reserves contained in the factoring program which was considerably expanded in fiscal year 2014.

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, 2014. 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.

The share capital as at December 31, 2014, 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: 4.43

€ THOUSAND	Fiscal year 2014		
	Before tax	Tax effect	After tax
Foreign currency translation effects	48,805	0	48,805
Effects of cash flow hedging	- 28,236	7,933	- 20,303
Actuarial gains and losses	- 64,879	18,372	- 46,507
<b>Total</b>	<b>- 44,310</b>	<b>26,304</b>	<b>- 18,005</b>

### DEVELOPMENT OF OTHER COMPONENTS OF EQUITY IN THE PRIOR REPORTING PERIOD

— TAB: 4.44

€ THOUSAND	Fiscal year 2013		
	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
<b>Total</b>	<b>- 53,290</b>	<b>- 960</b>	<b>- 54,250</b>



## 22 PROVISIONS

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

PROVISIONS <span style="float: right;">— TAB: 4.45</span>			
€ THOUSAND	Note	12/31/2014	12/31/2013
<b>Pension provisions – non-current</b>	<b>23</b>	<b>359,025</b>	<b>290,187</b>
Other provisions for employee benefits	22.2	23,823	19,922
Provisions for onerous contracts	22.1	11,597	6,355
Provisions for guarantees and warranties	22.1	12,161	11,390
Other provisions	22.1	2,765	17,583
<b>Other non-current provisions</b>		<b>50,346</b>	<b>55,250</b>
Other provisions for employee benefits	22.2	13,883	26,210
Provisions for onerous contracts	22.1	12,800	52,134
Provisions for guarantees and warranties	22.1	61,223	42,998
Other provisions	22.1	59,525	38,173
<b>Other current provisions</b>		<b>147,431</b>	<b>159,514</b>

### 22.1 Statement of changes in provisions

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

STATEMENT OF CHANGES IN PROVISIONS <span style="float: right;">— TAB: 4.46</span>				
€ THOUSAND	Guarantees and warranties	Onerous contracts	Other provisions	Total
<b>Balance at January 1, 2014</b>	<b>54,387</b>	<b>58,489</b>	<b>55,756</b>	<b>168,632</b>
Changes in the scope of consolidation	0	0	– 721	– 721
Additions	21,215	1,769	34,351	57,334
Utilization	– 1,291	– 30,730	– 18,758	– 50,779
Reversals	– 2,346	– 3,225	– 9,799	– 15,370
Reclassifications	0	0	0	0
Accrued interest	212	0	433	645
Discounting	– 8	– 19	– 123	– 150
Foreign currency translation	1,215	– 1,887	1,151	479
<b>Balance at December 31, 2014</b>	<b>73,384</b>	<b>24,397</b>	<b>62,290</b>	<b>160,071</b>
thereof current	61,223	12,800	59,525	133,548
thereof non-current	12,161	11,597	2,765	26,523

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.

## 22.2 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 secure 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.

## 23 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: 4.47

	2014	2013
Percentages as a weighted average	2.34	2013
Interest rate	2.34	3.27
Rate of salary increase/rate of benefit increase (pre-retirement)	2.52	2.54
Inflation	2.04	1.87

**RECONCILIATION OF THE OBLIGATION UNDER DEFINED BENEFIT PLANS  
WITH PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS**

— TAB: 4.48

€ THOUSAND	12/31/2014	12/31/2013
Present value of the liability	485,664	415,622
Fair value of plan asset	- 128,115	- 129,149
<b>Net balance</b>	<b>357,549</b>	<b>286,473</b>
Assets not included as per IAS 19.57(b)	1,476	3,715
<b>Provision for pensions and other similar commitments as at December 31</b>	<b>359,025</b>	<b>290,187</b>

**CHANGES IN OBLIGATIONS UNDER DEFINED BENEFIT PLANS**

— TAB: 4.49

€ THOUSAND	2014	2013
<b>Present value of defined benefit obligation as at January 1</b>	<b>415,622</b>	<b>428,164</b>
Actual payments	- 10,150	- 29,472
Current service costs	11,625	13,176
Expenses from retroactive plan amendments	31	- 4,305
Interest expense	13,117	12,998
Actuarial gains (losses) on defined-benefit plans (net)	66,461	- 1,502
thereof due to the change in demographic assumptions	264	2,985
thereof due to the change in financial assumptions	68,907	1,215
thereof due to experience-based assumptions	- 2,710	- 5,702
Foreign currency translation	- 522	- 5,260
Net change from company acquisitions and disposals	- 12,044	- 19
Other changes	1,524	1,843
<b>Present value of defined benefit obligation as at December 31</b>	<b>485,664</b>	<b>415,622</b>

**CHANGES IN PLAN ASSETS** — TAB: 4.50

€ THOUSAND	2014	2013
<b>Fair value of plan assets as at January 1</b>	<b>129,149</b>	<b>137,166</b>
Interest income	2,738	3,467
Paid into plan assets	16,210	19,209
Paid out of plan assets	- 10,166	- 27,982
Revaluation of plan assets	- 62	- 1,184
Foreign currency translation	143	- 3,369
Net change from company acquisitions and disposals	- 9,897	20
Other changes	0	1,822
<b>Fair value of plan assets as at December 31</b>	<b>128,115</b>	<b>129,149</b>

**CHANGES IN ASSET CEILING** — TAB: 4.51

€ THOUSAND	2014	2013
<b>Not recognized assets as at January 1</b>	<b>3,715</b>	<b>4,358</b>
Interests of not recognized assets in expenses	165	193
Other changes for not recognized assets	- 2,404	- 836
<b>Not recognized assets as at December 31</b>	<b>1,476</b>	<b>3,715</b>

The average remaining term of the obligation as at December 31, 2014, is 18 years (prior year: 17 years).

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

**COMPONENTS OF PLAN ASSETS** — TAB: 4.52

€ THOUSAND	12/31/2014	12/31/2013
Equity instruments (active market)	31,912	26,415
Debt instruments (active market)	15,813	14,509
Insurances	68,385	76,938
Property	7,736	5,704
Other assets	4,269	5,583
<b>Total</b>	<b>128,115</b>	<b>129,149</b>

The expected contributions to the plan as from 2015 amount to €15,401 thousand (prior year: €15,606 thousand).

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

**IMPACT OF CHANGES IN ACTUARIAL PARAMETERS  
ON THE DEFINED BENEFIT OBLIGATION** — TAB: 4.53

€ THOUSAND	Fiscal year 2014		
	Change in assumptions	Decrease of the parameter/ change of the defined benefit obligations	Increase of the parameter/ change of the defined benefit obligations
Interest rate	0.5%	44,781	– 39,083
Rate of salary increase	0.5%	– 3,162	3,542

**IMPACT OF CHANGES IN ACTUARIAL PARAMETERS  
ON THE DEFINED BENEFIT OBLIGATION** — TAB: 4.54

€ THOUSAND	Fiscal year 2013		
	Change in assumptions	Decrease of the parameter/ change of the defined benefit obligations	Increase of the parameter/ change of the defined benefit obligations
Interest rate	0.5%	34,782	– 30,478
Rate of salary increase	0.5%	– 2,540	2,835

Basis for the determination of the change in assumptions was an analysis of recent months.

## 24 FINANCIAL LIABILITIES

**FINANCIAL LIABILITIES** — TAB: 4.55

€ THOUSAND	12/31/2014		12/31/2013	
	current	non-current	current	non-current
Profit participation capital	98,150	0	0	0
Borrower's note loans	40,669	440,000	67,287	450,000
Liabilities to banks	106,219	572,926	142,751	336,766
Lease liabilities	2,688	8,774	1,574	9,253
Miscellaneous	6,541	67	17,964	0
<b>Total</b>	<b>254,267</b>	<b>1,021,767</b>	<b>229,577</b>	<b>796,019</b>

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

### Profit participation capital

In the year 2005, BENTELER Deutschland GmbH issued 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 €98,150 thousand (prior year: €97,937 thousand).

The participation certificates were called with due notice to December 31, 2014 by BENTELER Deutschland GmbH. In line with the conditions for the participation certificates, the repayment of the nominal amount and the distribution are to take place on May 30, 2015. As a result, the participation certificates are reported under current

financial liabilities. In the previous year, the participation certificates with their character as mezzanine capital were presented between equity and non-current liabilities.

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. Since July 1, 2010, the Company has been entitled 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 2014, no profit participation certificates were redeemed (prior year: €0 thousand).

## 25 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.

## 26 OTHER CURRENT LIABILITIES

### OTHER CURRENT LIABILITIES

— TAB: 4.56

€ THOUSAND	12/31/2014	12/31/2013 adjusted *
Other tax liabilities	52,855	50,044
Pending invoices payable	62,192	44,743
Liabilities to employees	97,554	84,264
Prepayments received	47,476	44,154
Social security liabilities	23,166	19,926
Miscellaneous other financial liabilities	26,918	6,592
Miscellaneous other non-financial liabilities	98,520	100,270
<b>Total</b>	<b>408,682</b>	<b>349,993</b>

\* See Note 5.17 – Changes in accounting policies

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

Other non-financial liabilities include general deferred expenses and sales allowances.



## Additional Information

### 27 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.

#### 27.1 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.

An increase or decrease in the euro would have the following impact on earnings after tax and equity:

#### SENSITIVITY ANALYSIS FOR EUR FOREIGN EXCHANGE RISK

— TAB: 4.57

€ THOUSAND	2014		2013	
	Decrease by 10%	Increase by 10%	Decrease by 10%	Increase by 10%
Impact on:				
Earnings after tax	- 657	562	- 44	36
Cash flow hedge reserve	- 2,772	5,077	4,617	- 1,703
Total equity	- 3,429	5,639	4,573	- 1,667

An increase or decrease in the USD would have the following impact on equity:

**SENSITIVITY ANALYSIS FOR USD FOREIGN EXCHANGE RISK** — TAB: 4.58

€ THOUSAND	2014		2013	
Impact on:	Decrease by 10%	Increase by 10%	Decrease by 10%	Increase by 10%
Equity	4,817	– 3,003	2,989	– 2,445

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

## 27.2 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. A Group tax rate of 30% (prior year: 30%) was applied as the

tax rate. It was also assumed that all other variables, especially foreign exchange rates, would remain constant.

An increase or decrease in the market interest rates by 100 bps (= 1%) would have the following impact on earnings after tax and equity:

**SENSITIVITY ANALYSIS FOR INTEREST RATE RISK** — TAB: 4.59

€ THOUSAND	2014		2013	
Impact on:	Increase by 100 bps = 1%	Decrease by 100 bps = 1%	Increase by 100 bps = 1%	Decrease by 100 bps = 1%
Earnings after tax	1,492	– 1,492	2,002	– 2,002
Cash flow hedge reserve	7,323	– 7,708	6,252	– 5,975
Total equity	8,815	– 9,200	8,254	– 7,977

## 27.3 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.

### 27.3.1 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 customers.

### 27.3.2 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.

On the basis of the planned purchased quantities by customers and the requisition notes of the decentralized units, the production site decides, 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 prices 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.

An increase or decrease in the level of commodity prices would have the following impact on equity:

SENSITIVITY ANALYSIS FOR ALUMINUM PRICE RISK				TAB: 4.60	
€ THOUSAND	2014		2013		
Impact on:	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%	
Equity	244	- 244	456	- 456	

#### 27.4 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, also with reference 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.

#### 27.5 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, 2014, a strategic liquidity reserve of unutilized written confirmed short- and long-term credit lines of a total €382,935 thousand (prior year: €367,116 thousand) was available.

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

#### MATURITIES OF FINANCIAL LIABILITIES

— TAB: 4.61

€ THOUSAND	Carrying amount 12/31/2014	Maturity of financial debts					
		One year		Two to five years		After five years	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
<b>Financial liabilities (non-current and current)</b>	<b>1,276,034</b>	<b>42,541</b>	<b>254,267</b>	<b>67,363</b>	<b>896,558</b>	<b>8,942</b>	<b>125,208</b>
Profit participation capital	98,150	6,933	98,150	0	0	0	0
Borrower's note loans	480,669	16,008	40,669	27,274	428,000	504	12,000
Liabilities to banks	679,145	19,372	106,219	39,394	462,684	7,799	110,241
Liabilities from finance lease	11,462	228	2,688	694	5,806	639	2,967
Other financial liabilities	6,609	0	6,541	0	67	0	0
<b>Trade payables</b>	<b>797,793</b>	<b>0</b>	<b>797,793</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other liabilities (non-current and current)</b>	<b>130,449</b>	<b>5,805</b>	<b>88,897</b>	<b>13,031</b>	<b>25,021</b>	<b>166</b>	<b>0</b>
Negative market values of derivatives without on-balance sheet hedging relationship	23,611	0	6,404	0	17,207	0	0
Negative market values of derivatives with on-balance sheet hedging relationship (hedge accounting)	44,646	5,805	20,301	13,031	7,814	166	0
Other financial liabilities	62,192	0	62,192	0	0	0	0
<b>Total</b>	<b>2,204,276</b>	<b>48,346</b>	<b>1,140,957</b>	<b>80,394</b>	<b>921,579</b>	<b>9,108</b>	<b>125,208</b>

## MATURITIES OF FINANCIAL LIABILITIES

— TAB: 4.62

€ THOUSAND	Carrying amount 12/31/2013	Maturity of financial debts					
		One year		Two to five years		After five years	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
<b>Financial liabilities (non-current and current)</b>	<b>1,025,596</b>	<b>32,815</b>	<b>229,577</b>	<b>71,238</b>	<b>726,030</b>	<b>5,793</b>	<b>69,989</b>
Borrower's note 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 from finance lease	10,827	251	1,574	773	5,006	786	4,247
Other financial liabilities	17,964	0	17,964	0	0	0	0
<b>Profit participation capital</b>	<b>97,937</b>	<b>6,933</b>	<b>0</b>	<b>6,933</b>	<b>98,150</b>	<b>0</b>	<b>0</b>
<b>Trade payables</b>	<b>887,873</b>		<b>887,873</b>		<b>0</b>		<b>0</b>
<b>Other liabilities (non-current and current)</b>	<b>86,475</b>	<b>6,285</b>	<b>50,685</b>	<b>13,932</b>	<b>20,510</b>	<b>156</b>	<b>420</b>
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
<b>Total</b>	<b>2,097,881</b>	<b>46,033</b>	<b>1,168,135</b>	<b>92,103</b>	<b>844,690</b>	<b>5,949</b>	<b>70,409</b>



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

## 27.6 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 equity ratio. The equity ratio is calculated as the ratio from equity shown in the consolidated statement of financial position and totals. As at December 31, 2004, it was 23.0% (prior year: 22.2%). In the previous year capital represented by participation certificates was shown as a part of equity. This resulted in an adjusted equity ratio of 24.8%. As the participation certificates were called effective December 31, 2014, for the purposes of capital management they were shown as liabilities from fiscal year 2014.

## 28 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, AUD 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 2021, and future operating cash flows in foreign currencies with terms of generally up to twelve months, but not more than 36 months. The employed commodity derivatives hedge variable cash flows until 2015 and primarily relate to aluminum 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: 4.63

	12/31/2014		
	Nominal volume	Positive market values	Negative market values
€ THOUSAND			
<b>Derivatives without on-balance-sheet hedging relationship</b>	<b>531,354</b>	<b>4,507</b>	<b>23,611</b>
Interest rate and interest/ currency hedges	0	0	0
Foreign currency hedges	531,354	4,507	23,611
<b>Derivatives with on-balance-sheet hedging relationship (hedge accounting)</b>	<b>892,581</b>	<b>8,277</b>	<b>44,646</b>
Interest rate and interest/ currency hedges	384,305	4,352	16,532
Foreign currency hedges	456,084	369	23,875
Commodity hedges	52,192	3,556	4,240

**TYPES, AMOUNTS AND FAIR VALUES OF FOREIGN CURRENCY HEDGES AND INTEREST RATE HEDGES HELD IN THE PRIOR REPORTING PERIOD** — TAB: 4.64

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

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

## 29 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, 2014, and the prior year:

## CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

— TAB: 4.65

€ THOUSAND	Category pursuant to IFRS 13	Carrying amount 12/31/2014	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		
<b>Trade receivables</b>	<b>1)</b>	<b>639,865</b>	<b>639,865</b>				
<b>Receivables from contract production</b>	<b>1)</b>	<b>6,724</b>	<b>6,724</b>				
<b>Other receivables and assets (non-current and current)</b>		<b>206,836</b>	<b>77,651</b>	<b>9,494</b>	<b>4,507</b>	<b>0</b>	<b>115,184</b>
Securities	2)	1,217		1,217			
Investments in unconsolidated, associated entities	2)	179	179				
Financial receivables	1)	77,472	77,472				
Positive market values of derivatives without on-balance-sheet hedging relationship	3)	4,507			4,507		
Positive market values of derivatives with on-balance hedging relationship (hedge accounting)	n/a	8,277		8,277			
Other financial receivables	2)	0	0				
Other non-financial receivables	n/a	115,184					115,184
<b>Cash and cash equivalents</b>	<b>1)</b>	<b>334,091</b>	<b>334,091</b>				
<b>Total</b>		<b>1,187,516</b>	<b>1,058,331</b>	<b>9,494</b>	<b>4,507</b>	<b>0</b>	<b>115,184</b>
thereof by measurement category under IAS 39:							
1) Loans and receivables		1,058,152	1,058,152	0	0		
2) Financial assets available for sale		1,396	179	1,217	0		
3) Financial assets held for trading		4,507	0	0	4,507		

## CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

— TAB: 4.66

€ THOUSAND	Category pursuant to IFRS 13	Carrying amount 12/31/2014	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		
<b>Financial liabilities (non-current and current)</b>		<b>1,276,034</b>	<b>1,264,572</b>	<b>0</b>	<b>0</b>	<b>11,462</b>	<b>0</b>
Profit participation capital	1)	98,150	98,150				
Borrower's note loans	1)	480,669	480,669				
Liabilities to banks	1)	679,145	679,145				
Liabilities from finance lease	n/a	11,462				11,462	
Other financial liabilities	1)	6,609	6,609				
<b>Trade payables</b>	<b>1)</b>	<b>797,793</b>	<b>797,793</b>				
<b>Other liabilities (non-current and current)</b>		<b>455,136</b>	<b>62,192</b>	<b>44,646</b>	<b>23,611</b>	<b>0</b>	<b>324,687</b>
Negative market values of derivatives without on-balance-sheet hedging relationship	2)	23,611			23,611		
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	n/a	44,646		44,646			
Other financial liabilities	1)	62,192	62,192				
Other non-financial liabilities	n/a	324,687					324,687
<b>Total</b>		<b>2,528,963</b>	<b>2,124,557</b>	<b>44,646</b>	<b>23,611</b>	<b>11,462</b>	<b>324,687</b>
thereof by measurement category under IAS 39:							
1) Financial liabilities measured at amortized cost		2,124,557	2,124,557	0	0		
2) Financial liabilities held for trading		23,611	0	0	23,611		

## CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

— TAB: 4.67

€ THOUSAND	Category pursuant to IFRS 13	Carrying amount 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		
<b>Trade receivables</b>	<b>1)</b>	<b>681,035</b>	<b>681,035</b>				
<b>Receivables from contract production</b>	<b>1)</b>	<b>6,548</b>	<b>6,548</b>				
<b>Other receivables and assets (non-current and current)</b>		<b>183,511</b>	<b>44,826</b>	<b>14,049</b>	<b>4,186</b>	<b>0</b>	<b>120,450</b>
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
<b>Cash and cash equivalents</b>	<b>1)</b>	<b>404,248</b>	<b>404,248</b>				
<b>Total</b>		<b>1,275,342</b>	<b>1,136,657</b>	<b>14,049</b>	<b>4,186</b>	<b>0</b>	<b>120,450</b>
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: 4.68

€ THOUSAND	Category pursuant to IFRS 13	Carrying amount 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		
<b>Financial liabilities (non-current and current)</b>		<b>1,025,596</b>	<b>1,014,769</b>	<b>0</b>	<b>0</b>	<b>10,827</b>	<b>0</b>
Borrower's note loans	1)	517,287	517,287				
Liabilities to banks	1)	479,517	479,517				
Liabilities from finance lease	n/a	10,827				10,827	
Other financial liabilities	1)	17,964	17,964				
<b>Profit participation capital</b>	<b>1)</b>	<b>97,937</b>	<b>97,937</b>				
<b>Trade payables</b>	<b>1)</b>	<b>887,873</b>	<b>887,873</b>				
<b>Other liabilities (non-current and current)</b>		<b>394,009</b>	<b>64,381</b>	<b>20,148</b>	<b>1,946</b>	<b>0</b>	<b>307,535</b>
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	307,535					307,535
<b>Total</b>		<b>2,405,415</b>	<b>2,064,961</b>	<b>20,148</b>	<b>1,946</b>	<b>10,827</b>	<b>307,535</b>
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		



No reclassifications between categories of financial instruments were performed during the fiscal 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 middle spot exchange rate as at December 31, 2014, 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. In addition, 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 LIABILITIES BY FAIR VALUE HIERARCHY** — TAB: 4.69

€ THOUSAND	12/31/2014				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Other receivables and assets (non-current and current)</b>	<b>14,001</b>	<b>14,001</b>	<b>0</b>	<b>14,001</b>	<b>0</b>
Securities	1,217	1,217		1,217	
Positive market values of derivatives without on-balance-sheet hedging relationship (financial assets held for trading)	4,507	4,507	0	4,507	0
Positive market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	8,277	8,277	0	8,277	0
<b>Other liabilities (non-current and current)</b>	<b>68,257</b>	<b>68,257</b>	<b>0</b>	<b>68,257</b>	<b>0</b>
Negative market values of derivatives without on-balance-sheet hedging relationship (financial assets held for trading)	23,611	23,611	0	23,611	0
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	44,646	44,646	0	44,646	0

**FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY FAIR VALUE HIERARCHY** — TAB: 4.70

€ THOUSAND	12/31/2013				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Other receivables and assets (non-current and current)</b>	<b>18,235</b>	<b>18,235</b>	<b>0</b>	<b>18,235</b>	<b>0</b>
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
<b>Other liabilities (non-current and current)</b>	<b>22,093</b>	<b>22,093</b>	<b>0</b>	<b>22,093</b>	<b>0</b>
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

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 LIABILITIES BY FAIR VALUE HIERARCHY** — TAB: 4.71

€ THOUSAND	12/31/2014				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Financial liabilities (non-current and current)</b>	<b>1,269,425</b>	<b>1,287,751</b>	<b>0</b>	<b>0</b>	<b>1,287,751</b>
Borrower's note loans	480,669	495,769	0	0	495,769
Liabilities to banks	679,145	680,819	0	0	680,819
Liabilities from finance lease	11,462	11,413	0	0	11,413
Profit participation capital	98,150	99,750	0	0	99,750

**FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL LIABILITIES BY FAIR VALUE HIERARCHY** — TAB: 4.72

€ THOUSAND	12/31/2013				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Financial liabilities (non-current and current)</b>	<b>1,105,568</b>	<b>1,127,627</b>	<b>0</b>	<b>0</b>	<b>1,127,627</b>
Borrower's note loans	517,287	529,698	0	0	529,698
Liabilities to banks	479,517	481,058	0	0	481,058
Liabilities from finance lease	10,827	10,471	0	0	10,471
Profit participation capital	97,937	106,399	0	0	106,399

### Offsetting financial instruments

The BENTELER Group enters into framework agreements for financial derivative transactions. These contractually agree 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 are made.

## OFFSETTING OF FINANCIAL INSTRUMENTS

— TAB: 4.73

€ THOUSAND	12/31/2014				
	Financial assets (gross)	Recognized amounts (gross)	Recognized financial assets (net)	Effect of enforceable netting agreements	Net amount
Other financial assets – derivatives with positive market value					
Foreign currency hedges	4,876	0	4,876	– 4,876	0
Aluminum hedges	3,556	0	3,556	– 3,556	0
Interest hedges	4,352	0	4,352	0	4,352
<b>Total</b>	<b>12,784</b>	<b>0</b>	<b>12,784</b>	<b>– 8,432</b>	<b>4,352</b>
€ THOUSAND	12/31/2013				
	Financial assets (gross)	Recognized amounts (gross)	Recognized financial assets (net)	Effect of enforceable netting agreements	Net amount
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
<b>Total</b>	<b>17,309</b>	<b>0</b>	<b>17,309</b>	<b>– 4,536</b>	<b>12,773</b>

## OFFSETTING OF FINANCIAL INSTRUMENTS

— TAB: 4.74

€ THOUSAND	12/31/2014				
	Financial liabilities (gross)	Recognized amounts (gross)	Recognized financial liabilities (net)	Effect of enforceable netting agreements	Net amount
Other financial liabilities – derivatives with negative market value					
Foreign currency hedges	47,485	0	47,485	– 4,876	42,609
Aluminum hedges	4,240	0	4,240	– 3,556	684
Interest hedges	16,532	0	16,532	0	16,532
<b>Total</b>	<b>68,257</b>	<b>0</b>	<b>68,257</b>	<b>– 8,432</b>	<b>59,825</b>
€ THOUSAND	12/31/2013				
	Financial liabilities (gross)	Recognized amounts (gross)	Recognized financial liabilities (net)	Effect of enforceable netting agreements	Net amount
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
<b>Total</b>	<b>22,094</b>	<b>0</b>	<b>22,094</b>	<b>– 4,536</b>	<b>17,558</b>

### 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.

<b>DETERMINATION OF THE NET AMOUNT OF OTHER FINANCIAL LIABILITIES RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION</b>			— TAB: 4.75
€ THOUSAND	2014	2013	
Loans and receivables	3,849	2,097	
Financial assets available for sale	0	– 27	
Derivatives without on-balance-sheet hedging relationship (financial assets and liabilities held for trading)	– 19,330	– 5,496	
Financial liabilities measured at amortized cost	– 62,523	– 58,589	
<b>Total net gains or losses</b>	<b>– 78,004</b>	<b>– 62,015</b>	
thereof: net interest expense for financial assets and liabilities not measured at fair value through profit or loss	– 54,655	– 55,005	
thereof: impairment expense for trade receivables	– 4,019	– 1,022	
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 contrary foreign currency effects from underlying transactions hedged using these derivatives are not shown.

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

## 30 CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated 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, are disclosed separately.

An amount of €0 thousand of total investments in property, plant and equipment is related to finance leases and therefore was not cash-effective (prior year: €1,056 thousand).

### 31 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 24 – Financial liabilities.

As at the end of the period on December 31, 2014, the Group had granted guarantees to third parties for a total of €5,676 thousand (prior year: €6,330 thousand). At the reporting date there were €734 thousand liabilities to third parties under warranty agreements (through contract performance bonds or supply bonds) (prior year: €0 thousand).

Other off-balance-sheet obligations – in particular toward employees, tax authorities and customs authorities – amount to €208 thousand as at December 31, 2014 (prior year: €390 thousand).

### 32 NUMBER OF EMPLOYEES

The BENTELER Group employed worldwide an average number of 27,559 full-time equivalents (prior year: 28,166). Personnel expenses amount to €1,352,657 thousand (prior year: €1,373,354 thousand). Not included are personnel expenses due to restructuring, see Note 10 – Restructuring expenses).

### 33 GOVERNING BODIES

#### Members of the Executive Board

- Hubertus Benteler, Salzburg, Austria (Chairman of the Executive Board, in charge of Corporate Strategy and Business Development to October 1, 2014), Corporate Communications, Corporate Human Resources, Corporate Compliance and Board Affairs, Internal Auditing)
- Boris Gleißner, Salzburg, Austria (in charge of Corporate Finance and Controlling, Corporate Legal and Insurance, Corporate Taxes)
- Dr. Peter Laier, Munich, Germany (since October 1, 2014; in charge of Corporate Strategy & Business Development, ZIT, Purchasing, Automotive division)

#### Members of the Supervisory Board

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

- Robert J. Koehler, Wiesbaden, Germany, Chairman
- 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, Berlin, Germany)

- Dr. Markus Flik, Stuttgart, Germany (engineering consultant, most recently Chairman of the Management Board of Homag Group AG, Schopfloch, Germany)
- Axel Prym, Roetgen, Germany (shareholder of William Prym GmbH & Co. KG, Stolberg, Germany)
- Frederik Vaubel, Düsseldorf, Germany (Managing Director of Vaubel Entwicklungs- und Beteiligungs GmbH & Co. KG)

### 34 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 33 – 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

In the fiscal year 2014, BENTELER International Aktiengesellschaft paid total compensation to members of management in key positions (17 persons; prior year 14 – 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: 4.76
€ THOUSAND	2014	2013	
Short-term payments – fixed	5,568	6,015	
Short-term payments – variable	6,756	6,411	
Post-employment benefits	1,654	1,716	
Severance benefits	1,221	3,584	
<b>Total</b>	<b>15,199</b>	<b>17,726</b>	

No share-based compensation was granted.

The members of the Supervisory Board of BENTELER International Aktiengesellschaft received compensation of €375 thousand in the fiscal year 2014 (prior year: €375 thousand).



### 35 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, 2014, or that would require disclosure.

### 36 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: 4.77	
€ THOUSAND	2014	2013		
Audit of separate and consolidated financial statements	229	205		
Audit-related services	11	29		
Other services	5	184		
<b>Total fees</b>	<b>245</b>	<b>418</b>		

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

### 37 PROPOSED ALLOCATION OF PROFIT

Under the terms of the Austrian Stock Corporation Act, the allocation of profits is to be based on the separate financial statements of BENTELER International Aktiengesellschaft as at December 31, 2014.

The Executive Board will propose to the Shareholders' Meeting that a dividend of €25,000,000.00 be distributed and to carry forward the remaining amount of €43,985,941.32.

Salzburg, February 20, 2015

The Executive Board

Hubertus Benteler

Boris Gleißner

Dr. Peter Laier

**Appendix to the Notes: List of Shareholdings as at December 31, 2014**

List of Shareholdings as at December 31, 2014

— TAB: 4.78

		2014
1.	BENTELER International Aktiengesellschaft, Salzburg, Austria	—
	<b>Subsidiaries</b>	
2.	BENTELER Deutschland GmbH, Paderborn, Germany	100
	<b>Automotive division</b>	
3.	BENTELER Aluminium Systems Denmark AS, Tønder, Denmark	100
4.	BENTELER Aluminium Systems France SNC, Louvières, France	100
5.	BENTELER Aluminium Systems Korea Ltd., Seoul, South Korea	100
6.	BENTELER Aluminium Systems Michigan, Inc., Holland (Michigan), USA	100
7.	BENTELER Aluminium Systems Norway AS, Raufoss, Norway	100
8.	BENTELER Aluminium Systems Sweden AB, Skultuna, Sweden	100
9.	BENTELER Automobiltechnik Eisenach GmbH, Eisenach, Germany	100
10.	BENTELER Automobiltechnik GmbH, Paderborn, Germany <sup>2</sup>	100
11.	BENTELER Automotive (Changshu) Company Limited, Changshu, China	100
12.	BENTELER Automotive (China) Investment Co. Ltd., Shanghai, China	100
13.	BENTELER Automotive (Chongqing) Co. Ltd., Chongqing, China	100
14.	BENTELER Automotive (Fuzhou) Co., Ltd., Fuzhou, China	100

15.	BENTELER Automotive (Shanghai) Co., Ltd., Shanghai, China	100
16.	BENTELER Automotive (Shenyang) Co., Ltd., Shenyang, China	100
17.	BENTELER Automotive (Thailand) Ltd., Bangkok, Thailand	100
18.	BENTELER Automotive Alabama, Inc., Opelika, USA	100
19.	BENTELER Automotive Belgium N.V., Gent, 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 SAS, Migennes, France	100
29.	BENTELER Automotive SK s.r.o., Malacky (Bratislava), Slovakia	100
30.	BENTELER Automotive UK Ltd., Corby, Great Britain	100
31.	BENTELER Automotive USA GmbH, Paderborn, Germany <sup>2</sup>	100
32.	BENTELER Automotive Vigo SL, Valladares – Vigo, Spain	100
33.	BENTELER Autótechnika Kft, Mór, Hungary	100
34.	BENTELER Bohemia s.r.o., Liberec, Czech Republic	100
35.	BENTELER Canada, Inc., Auburn Hills, USA	100

36.	BENTELER CAPP Automotive System (Changchun) Co., Ltd., Changchun, China	60	57.	BENTELER Management Consulting (Shanghai) Co., Ltd., Shanghai, China	100
37.	BENTELER Carbon Composites Beteiligungs GmbH, Paderborn, Germany <sup>2</sup>	100	58.	BENTELER Maschinenbau CZ s.r.o., Liberec, Czech Republic	100
38.	BENTELER Componentes Automotivos Ltda., Campinas (São Paulo), Brazil	100	59.	BENTELER Maschinenbau GmbH, Bielefeld, Germany	100
39.	BENTELER CR Holding GmbH, Paderborn, Germany <sup>2</sup>	100	60.	BENTELER Netherlands Holding B.V., Helmond, Netherlands	100
40.	BENTELER CR s.r.o., Chrastava, Czech Republic	100	61.	BENTELER Palencia S.L., Palencia, Spain	100
41.	BENTELER de México S.A. de C.V., Puebla, Mexico	100	62.	BENTELER Participation SA, Migennes, France	100
42.	BENTELER Defense GmbH & Co. KG, Bielefeld, Germany	100	63.	BENTELER SGL Composite Technology GmbH, Ried im Innkreis, Austria	50
43.	BENTELER Defense GmbH, Paderborn, Germany <sup>2</sup>	100	64.	BENTELER SGL GmbH & Co. KG, Paderborn, Germany	50
44.	BENTELER Defense Verwaltungs GmbH, Paderborn, Germany	100	65.	BENTELER SGL Verwaltungs GmbH, Paderborn, Germany	50
45.	BENTELER Engineering Chennai Private Limited, Chennai, India	100	66.	BENTELER Sistemas Automotivos Ltda., São José dos Pinhais, Parana, Brazil	100
46.	BENTELER España S.A., Burgos, Spain	100	67.	BENTELER South Africa (Pty.) Ltd., Alberton (Johannesburg), South Africa	100
47.	BENTELER Gebze Tasit Sanayi ve Ticaret Limited Sirketi, Cayirova / Kocaeli, Turkey	100	68.	BENTELER Spanien International GmbH, Paderborn, Germany	100
48.	BENTELER Goshen, Inc., Goshen, USA	100	69.	BENTELER-Indústria de Componentes para Automóveis Lda., Palmela, Portugal	100
49.	BENTELER Ibérica Holding SL, Barcelona, Spain	100	70.	BENTELER JIT Vitoria SL, Zaragoza, Spain	100
50.	BENTELER JIT Barcelona SL, Abrera (Barcelona), Spain	100	71.	EUPAL Beteiligungs GmbH & Co. Vermietungs-KG, Pullach i. Isartal, Germany <sup>1</sup>	100
51.	BENTELER JIT Douai SAS, Migennes, France	100	72.	Farsund Aluminium Casting AS, Farsund, Norway	100
52.	BENTELER JIT Düsseldorf GmbH & Co. KG, Düsseldorf, Germany <sup>1</sup>	100	73.	BENTELER JIT Martorell S.A., Abrera (Barcelona), Spain	100
53.	BENTELER JIT Düsseldorf Verwaltungs-GmbH, Paderborn, Germany	100	74.	OOO BENTELER Automotive, Kaluga, Russia	100
54.	BENTELER JIT Pamplona, S.L., Orcoyen Navarra, Spain	100	75.	OOO BENTELER Autotechnika Nowgorod, Welikij Nowgorod, Russia	100
55.	BENTELER JIT Valencia S.A., Almussafes, (Valencia), Spain	100	76.	RABET GmbH & Co. KG, Pullach i. Isartal, Germany <sup>1</sup>	100
56.	BENTELER Laser Application GmbH, Munich, Germany <sup>2</sup>	100			

77.	Shanghai BENTELER Huizhong Automotive Co., Ltd., Shanghai, China	60	96.	BENTELER Distribution (Thailand) Co., Ltd., Bangkok, Thailand	100
78.	Swissauto Engineering S.A., Etagnières, Switzerland	100	97.	BENTELER Distribution Austria GmbH, Biedermannsdorf, Austria	100
79.	Wuhu BENTELER-POSCO Automotive Co. Ltd., Anhui, China	95	98.	BENTELER Distribution Boru Sanayi ve Ticaret Limited, Cayirova/Kocaeli, Turkey	100
<b>Steel/Tube division</b>			99.	BENTELER Distribution Czech Republic spol. s.r.o., Dobříš (Prague), Czech Republic	100
80.	BENTELER (U.K.) Ltd., Wolverhampton, Great Britain	100	100.	BENTELER Distribution Germany Beteiligungs GmbH, Duisburg, Germany	72
81.	BENTELER Benelux B.V., Breda, Netherlands	100	101.	BENTELER Distribution Deutschland GmbH & Co. KG, Duisburg, Germany <sup>1</sup>	72
82.	BENTELER France SAS, Asnieres sur Seine, France	100	102.	BENTELER Distribution EOOD, Stara Zagora, Bulgaria	100
83.	BENTELER North America Corporation, Wilmington (Delaware), USA	100	103.	BENTELER Distribution France S.à.r.l., La Madeleine de Nonancourt, France	100
84.	BENTELER Rothrist AG, Rothrist, Switzerland	100	104.	BENTELER Distribution Hungary Kft., Budapest, Hungary	100
85.	BENTELER Steel & Tube Corporation, Houston (Texas), USA	100	105.	BENTELER Distribution Ukraine LLC, Lviv, Ukraine	100
86.	BENTELER Steel Tube GmbH, Paderborn, Germany	100	106.	BENTELER Distribution India Private Limited, Pune, India	100
87.	BENTELER Steel/Tube Manufacturing Corporation, Wilmington (Delaware), USA	100	107.	BENTELER Distribution International GmbH, Düsseldorf, Germany	100
88.	BENTELER Tubos y Maquinaria S.A., Barcelona, Spain	100	108.	BENTELER Distribution Limited, Bolton (Lancashire), Great Britain	100
89.	Noordned Holding B.V., Franeker, Netherlands	62,5	109.	BENTELER Distribution Poland Sp. z o.o., Dabrowa Gornicza, Poland	100
90.	Noord-Nederlandse Schrootverwerking B.V., Franeker, Netherlands	62,5	110.	BENTELER Distribution Singapore Pte Ltd, Singapore, Singapore	100
91.	Rohstoff-Handelsgesellschaft Günther Voth GmbH, Paderborn, Germany	62,5	111.	BENTELER Distribution Slovakia, s.r.o., Pusté Úľany, Slovakia	100
92.	Schrootverwerkingsbedrijf Kootstertille B.V., Franeker, Netherlands	62,5	112.	BENTELER Distribuzione Italia S.p.A., Trezzano sul Naviglio, Italy	100
<b>Distribution division</b>			113.	BENTELER Holdings Limited, Bolton (Lancashire), Great Britain	100
93.	A/S Thos. Sonne Junr., Middelfart, Denmark	75	114.	BENTELER Trading (Shanghai) Co., Ltd., Shanghai, China	100
94.	BENTELER Comercial Ltda., Cotia (Sao Paulo), Brazil	100	115.	BENTELER Trading International GmbH, Düsseldorf, Germany	100
95.	BENTELER Distribución Ibérica, S.L., Barcelona, Spain	100	116.	BENTELER Trgovina d.o.o., Sentjanz, Slovenia	100

117.	BENTELER Distribution Estonia OÜ, Saue, Estonia	75	136.	BENTELER Reinsurance Company Ltd., Dublin, Ireland	100
118.	BMB Ocel s.r.o., Ostrava-Mariánské Hory, Czech Republic	100	137.	BENTELER RV GmbH, Paderborn, Germany	100
119.	Deutsches Zentrallager (DZL) Beteiligungsgesellschaft mbH, Duisburg, Germany	72	138.	BENTELER Services LLC, Auburn Hills, USA	100
120.	Deutsches Zentrallager (DZL) Objektgesellschaft GmbH & Co. KG, Duisburg, Germany	72	139.	BENTELER Testing Services B.V., Helmond, Netherlands	100
121.	Heléns Rör A/B, Halmstad, Sweden	75	140.	BENTELER VV GmbH, Paderborn, Germany	100
122.	Heléns Rör A/S, Lillestrøm, Norway	75	141.	BLV Versicherungsmanagement GmbH, Dortmund, Germany	55
123.	Heléns Rör A/S, Middelfart, Denmark	75	142.	NAPOL GmbH & Co. KG, Objekt Schloss Neuhaus KG, Pullach i. Isartal, Germany <sup>1</sup>	100
124.	Kindlimann AG, Will, Switzerland	100	<b>Associated Companies</b>		
125.	OOO BENTELER Distribution Russia, St. Petersburg, Russia	75	143.	Polarputki Oy, Helsinki, Finland	37,5
126.	PT BENTELER Distribution Indonesia, Jakarta, Indonesia	100	144.	Profilanlegg ANS, Raufoss, Norway	26
127.	SC BENTELER Distribution Romania S.R.L., Slatina City, Olt County, Rumania	100	<b>Companies not included in the consolidated financial statements</b>		
128.	UAB BENTELER Distribution Lithuania, Vilnius, Lithuania	75	145.	BENTELER Automotive Funding NAO, LLC, Auburn Hills, USA	100
<b>Other</b>			146.	BENTELER Steel/Tube (Nantong) Co. Ltd., Nantong, China	100
129.	BENTELER Capital Corporation, Auburn Hills, USA	100	147.	BENTELER Trgovina d.o.o., Zlatar Bistrica, Croatia	100
130.	BENTELER Engineering Services AB, Västra Frölunda, Sweden	100	148.	Blitz 11-487 GmbH, Munich, Germany	100
131.	BENTELER Engineering Services B.V., Helmond, Netherlands	100			
132.	BENTELER Engineering Services GmbH, Paderborn, Germany <sup>2</sup>	100			
133.	BENTELER Engineering Services Shanghai Company Limited, Shanghai, China	100			
134.	BENTELER Global Procurement GmbH, Paderborn, Germany <sup>2</sup>	100			
135.	BENTELER International Beteiligungs GmbH, Salzburg, Austria	100			

<sup>1</sup> For these companies section 264b of the German Commercial Code is used.

<sup>2</sup> For this company section 264 paragraph 3 of the German Commercial Code is used.

## 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, 2014. These consolidated financial statements comprise the consolidated statement of financial position as of December 31, 2014, 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, 2014, 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, 2014, and of its financial performance and cash flows for the fiscal year from January 1 to December 31, 2014, 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.

Linz, February 20, 2015

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Cäcilia Gruber  
Wirtschaftsprüfer  
[Austrian Chartered Accountant]

Mag. Gabriele Lehner  
Wirtschaftsprüfer  
[Austrian Chartered Accountant]



»AS IS ITS RESPONSIBILITY, THE SUPERVISORY  
BOARD ACTIVELY MONITORED AND SUPPORTED  
THE DEVELOPMENT OF  
BENTELER INTERNATIONAL AG.«

## Report of the Supervisory Board

of BENTELER International AG on fiscal 2014

### Meetings and Committees

As is its responsibility, the Supervisory Board actively monitored and supported the 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 and one extraordinary meeting during fiscal 2014. 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 of the regular meetings, the Supervisory Board received comprehensive reports on the status of the "Rohrwerk USA" project in the Steel/Tube division.

The Supervisory Board also received information about the key figures of the consolidated financial statements, approved the consolidated financial statements and adopted the corporate planning for the years ahead. The Supervisory Board also received reports on the Group's risk management, ICS and compliance system.

At its extraordinary meeting on September 11, 2014, the Supervisory Board appointed Dr. Peter Laier as a member of the Executive Board of BENTELER International AG with effect from October 1, 2014.

The Personnel Committee met a total of three times in fiscal 2014, 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 2014 were audited by the independent auditors appointed by the Shareholders' Meeting and engaged by the Chairman of the Supervisory Board, KPMG Austria GmbH 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 parent-company and consolidated financial statements. The parent-company financial statements are therefore adopted in accordance with Sec. 96(4) of the Austrian Stock Corporations 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 GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Kudlichstrasse 41-43, 4020 Linz, as the independent auditor for the single-entity and consolidated financial statements for fiscal 2015.

Salzburg, March 27, 2015

Chairman of the Supervisory Board

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