

ANNUAL REPORT 2015

Key Performance Indicators

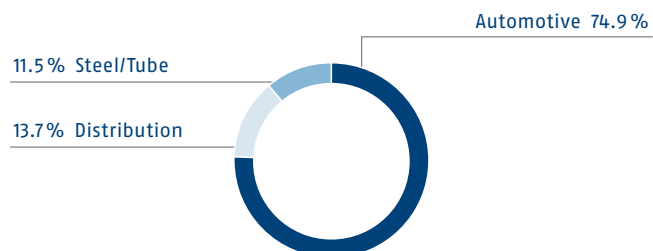
FINANCIAL YEAR FROM 1 JANUARY – 31 DECEMBER

— 1.1

		2015	2014
External revenue	€ MILLION	7,598	7,556
Employees including trainees (average for year)		27,764	27,559
Personnel expense	€ MILLION	1,419	1,353
Investments	€ MILLION	455	489
Depreciation and amortization	€ MILLION	230	228
Cash flow from profit	€ MILLION	277	303
Equity	€ MILLION	996	937
Total assets	€ MILLION	4,315	4,075
Equity ratio	%	23.1	23.0
Profit/loss before tax	€ MILLION	91.5	133.3
Consolidated profit	€ MILLION	67.1	102.0

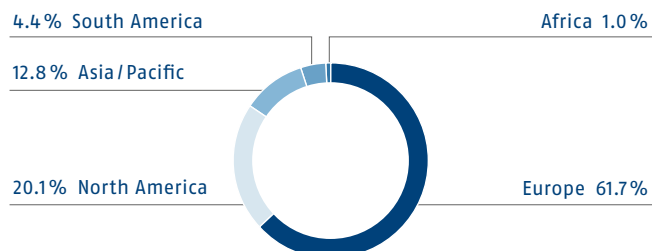
REVENUE BY SEGMENT

— 1.2



REVENUE BY REGION

— 1.3



The BENTELER-Group – a short profile

———— 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 independent Divisions – BENTELER Automotive, BENTELER Steel/Tube and BENTELER Distribution.

Continuous progress has been an integral part of the Company's history for 140 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 owned by the fourth generation of its founding family, and employs around 30,000 employees in 83 production facilities worldwide, 78 subsidiaries and trading firms in 40 countries.

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Hubertus Benteler —



Isabel Diaz Rohr —



— Boris Gleißner

Ladies and gentlemen,

In spite of a sometimes difficult market environment, in this fiscal year we managed to strengthen our position and at the same time set the course for 2016. We commissioned new plants in the United States, China and Brazil and thus expanded our company's internationalization. Pioneering projects and investments in the United States and Germany were finished precisely on schedule and within budget.

With the new hot rolling mill in Shreveport (United States), BENTELER has secured a place as an international partner on the market for steel tubes. The facility in Louisiana is a key building block in the global growth strategy for the Steel/Tube Division. In spite of market-related setbacks, the Automotive Division developed positively in Brazil, Russia and to some extent in China, and continues to consistently implement its consolidation course. A milestone for the Distribution Division was the central warehouse with Europe's largest high-bay storage for tubes. With the new central warehouse, we are setting standards for availability and efficiency. Fast and flexible delivery of high-quality products as well as good customer service are the key factors necessary to succeed in this market.

BENTELER's overall business development in the past fiscal year, however, did not meet expectations due to the situation on the steel tube market. The decline in drilling activities – in particular in the

United States as a result of the slide in the price of oil – and the associated drop in demand for oil and gas exploration tubes are affecting the whole industry. The effect of the present overcapacity in Europe is continuously increasing due to the steel crisis and growing imports from the Far East. At the same time, positive economic activity in Western Europe and North America is ensuring high stability for our Automotive Division – by far our largest – and thus for the whole business.

BENTELER's product portfolio ensures good positioning throughout the various Divisions. Thus possible risks, e.g. due to market fluctuations, can be better compensated. Also, we are constantly working on improvements to our processes and the quality of our products in order to provide excellent service to our customers. In this way we can also apply our growth potentials more efficiently to satisfy customer needs, and ensure constant and profitable growth as a strategic partner. At the same time, our goal is to sustainably safeguard our corporate independence and to be an attractive employer.

In order to pursue this course one step at a time, during this fiscal year we introduced a smooth transition of the corporate governance. Chairman Hubertus Benteler is increasingly withdrawing from the operating business activities and will leave the Executive Board on the day of the Annual General Meeting in spring 2017. Since January 1, 2016,

Boris Gleißner, CFO, has begun taking over relevant executive functions from Hubertus Benteler. Isabel Diaz Rohr was appointed to the Executive Board as of January 1, 2016.

In this way the company reflects the increasing relevance of the role played by personnel management. In our Holding structure, along with strategy derivation and financial management, personnel development has gained increased importance. In order to achieve this, we follow numerous initiatives to ensure that we can attract good employees. At the same time, we continue to work on a company structure that will allow our employees to contribute to the company's success through courage, performance and mutual respect. Our goal is to ensure that the management positions are largely occupied by people from our own company so we can achieve our ambitious growth targets.

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. We would also like to thank our customers for their continuing trust in us as a reliable development partner. And last but not least, we would like to express special thanks to our shareholders for their valuable support.

Salzburg, March 2016



Hubertus Benteler,
Chief Executive Officer



Boris Gleißner
Chief Financial Officer



Isabel Diaz Rohr,
Member of the Board

Personnel Matters

THE EXECUTIVE BOARD OF BENTELER INTERNATIONAL AG

Hubertus Benteler, Salzburg, Austria,
CEO BENTELER International AG
(Departments: Corporate Human Resources, Corporate
Compliance and Committees, Corporate Communica-
tions, Distribution Division, Engineering Services and
Glass Processing Equipment areas)

Boris Gleißner, Seekirchen, Austria,
(Departments: Corporate Finances and Controlling,
Corporate Legal & Insurance, Corporate Tax, Internal
Audit)

Dr Peter Laier, Munich, Germany,
until December 3, 2015
(Departments: Corporate Strategy and Corporate
Development, Central IT, Global Procurement,
Automotive and Steel/Tube Divisions)

Isabel Diaz Rohr, Schöna am Königssee, Germany
(Member of the Board from January 1, 2016)

THE SUPERVISORY BOARD OF BENTELER INTERNATIONAL AG

Robert J. Koehler, Wiesbaden, Germany,
Chairman (died May 17, 2015)

Dr Ralf Bethke, Deidesheim, Germany,
Vice Chairman, Chairman from September 18, 2015
(Chairman of the Supervisory Board of K+S AG, Kassel,
Germany)

Rolf Eckrodt, Berlin, Germany,
until March 27, 2015 (Chairman of the Advisory Board,
Huawei Technologies Germany GmbH, Berlin, Germany)

Dr Markus Flik, Stuttgart, Germany,
until August 31, 2015 (Chairman of the Executive
Board of CHIRON-WERKE GmbH & Co. KG,
78532 Tuttlingen, 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, Düsseldorf, Germany)

Boudewijn Beerkens, Amsterdam, Netherlands,
from September 1, 2015 (CFO of SHV Holdings N.V.,
Utrecht, Netherlands)

Christian A. Caspar, Zürich, Switzerland,
from March 28, 2015 (Director Emeritus at McKinsey &
Company, Inc., Zürich, Switzerland)

Dr Ulrich Dohle, Stuttgart, Germany,
from September 1, 2015 (Chairman of the Executive
Board of Rolls-Royce Power Systems AG, Friedrichs-
hafen, Germany)

THE MANAGEMENT BOARDS OF THE DIVISIONS

BENTELER AUTOMOTIVE

Ralf Göttel (CEO)
Laurent Favre
James T. Sheehan
Dr Christian Terlinde

BENTELER STEEL/TUBE

André Sombecki (CEO until December 31, 2015)
Dr Andreas Hauger (CEO from January 1, 2016)
Matthias Jäger
Dr Meike Schäffler (until June 30, 2015)

BENTELER DISTRIBUTION

Dr Jost A. Massenberg (CEO)
Torsten O. Beer
Dr Arthur Jaunich (from June 1, 2015)

THE MANAGEMENT BOARD OF BENTELER DEUTSCHLAND GMBH

Dirk Ringelkamp (from May 1, 2015)
Dr Christian Terlinde (until December 31, 2015)
André Sombecki (from January 1, 2016)

BENTELER at a glance

BENTELER AUTOMOTIVE

provides development, production and services worldwide – while consistently focussing on quality, safety and efficiency. Our products include components and modules for chassis, body, engine and exhaust systems. Our customers include almost all major vehicle manufacturers. We successfully implement new ideas and solutions in close collaboration with our customers.

—— CHASSIS & MODULES

Lightweight optimized suspension components made of different materials as well as the design and assembly of highly complex modules

—— ENGINE & EXHAUST SYSTEMS

Powertrain systems and components to reduce emissions

—— STRUCTURES

Lightweight solutions for vehicle structures in steel and aluminium

—— MECHANICAL ENGINEERING

Innovative machines, systems and tools for the automotive industry

—— DEFENSE

Development and production of protective solutions for various customers and market segments

—— BENTELER SGL

Innovative material composite concepts optimize customized lightweight solutions

BENTELER STEEL/TUBE

develops and produces seamless and welded quality steel tubes. As one of the leading manufacturers, we offer our customers problem-solving expertise worldwide, ranging from material definition to process integration. We develop customized tube solutions for the Automotive, Energy and Industry market segments.

BENTELER DISTRIBUTION

is a stockholding company for steel tubes with more than 320,000 square meters of warehouse space. We are a leading distributor thanks to our worldwide sales and logistics network. We offer our customers a full range of carbon steel and stainless steel tubes, short and flexible delivery times as well as comprehensive processing and customized additional services. These services range from technical consulting and development of logistics concepts to project support for the construction or renovation of large industrial plants.

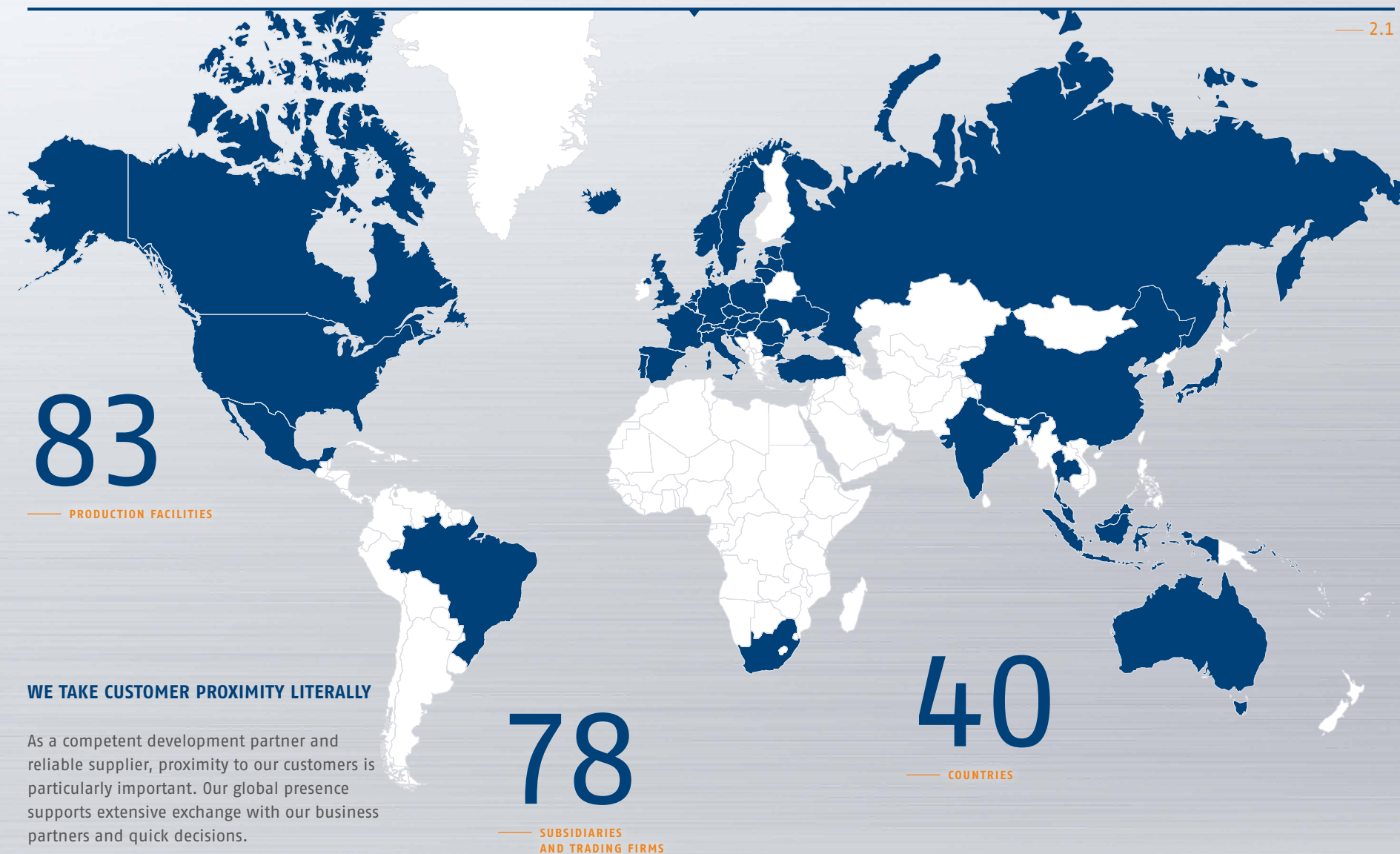
BENTELER ENGINEERING

is an innovative, reliable development partner in automotive engineering, vehicle construction, shipbuilding and industry market segments. We offer our customers services along the entire value chain: all the way from the first design to manufacturing the prototype, test phase, and finally to incorporating the product into our product range.

BENTELER GLASS PROCESSING EQUIPMENT

is a leading provider of flat glass processing machinery. We develop and build innovative systems for the Architectural, Automotive, Solar and Display glass industry.

BENTELER-Locations



Achieving excellence together



BENTELER Automotive continues to expand overall vehicle competence

We provide expertise that is available in every key market worldwide.



BENTELER Steel/Tube's new hot rolling mill creates opportunities for the future

We open up new markets with our customized steel tube solutions.



BENTELER Distribution is setting market standards with its new central warehouse

We stand for outstanding quality, short delivery times and customized processing.

— Guaranteeing efficiency, quality and safety in vehicles worldwide is the modern challenge for the international automotive industry. In close cooperation with our customers, we successfully implement new ideas and solutions, thus shaping the future development of the automotive industry.

BENTELER AUTOMOTIVE

Achieving excellence through overall vehicle competence



— PROJECT TEAM BATTERY TRAY
(FROM LEFT TO RIGHT)

Jakub Navrátil – Production Unit Manager
František Kleiner – Manufacturing Manager
Stanislav Ešpandr – Production Team Leader
Martin Mastný – Materials Planner
Miroslav Tůma – Quality Specialist

— LIGHTWEIGHT BATTERY TRAY FOR ELECTROMOBILITY (LEFT IMAGE)

Lightweight yet sturdy battery trays by BENTELER Automotive reduce vehicle weight, promoting electromobility.

TRUSTED WORLDWIDE

BENTELER Automotive offers on-site development, production and services in almost all major markets worldwide. Our products include components and modules for chassis, body, engine and exhaust systems. Our customers benefit from our complete vehicle competence: We develop and implement ideas in close collaboration along the entire value chain. With 74 plants in 24 countries, we have established a global production network which we are continuously expanding. In the reporting year, a new plant in China and in Brazil began production. Additional sites are under construction in Poland, Czech Republic and China.

CLOSELY LINKED TO CUSTOMER PROCESSES

Our production is closely linked to the customer's needs in order to create the best possible solution. Our plants, especially the module plants, have been constructed near the customer or even on the customer's factory grounds. Locally, we supply various models of large OEM worldwide, which are produced based on a platform. This allows us to significantly contribute to the implementation of modular concepts and to our customers' platform strategies.

FOCUS ON LIGHTWEIGHT SOLUTIONS

Our strength in the Automotive Division is our comprehensive understanding of materials, design and processes for lightweight components and modules. This understanding results from our experience in working with different materials such as steel, aluminum, fiber composites or plastics, as well as our process knowledge of customer products. We manage the transnational development process for our customers with our local development offices, testing equipment and facilities. This process allows us to take components and modules from the concept phase all the way to series production. Our most recent developments are weight-reduced axle components made of fiberglass-reinforced plastic, which the leading manufacturers are installing in their new luxury-class SUV. In terms of weight or emission reduction, we have also developed lightweight battery trays for electric vehicles as well as for hybrids, which are now in series production.



A TYPICAL ASSEMBLY SITUATION

The prefabricated corner modules are mounted on the front axle module, while an additional fiber-reinforced composite plate spring was installed in a previous installation step. These weight-optimized plate springs (up to 65% lighter than steel) at the front axle are responsible for the vehicle's suspension comfort, in conjunction with the shock absorbers.

Ralf Göttel —

— As the CEO of BENTELER Automotive, Ralf Göttel confronts the challenges posed by the automotive industry every day. In this interview, he explains how he faces these challenges by increasing development services and digitization.

»We don't sell aluminium, steel or composite fiber materials; we sell solutions.«

Mr. Göttel, the automotive industry is facing increased pressure to reconcile environmental protection and individual mobility. How do you support your customers to achieve this goal?

Our key strength in this area is our complete vehicle and material competence. This makes it possible for us to offer new product solutions for e-mobility as well as for classic drives. An example for the e-mobility field is crash-proof yet extremely lightweight battery trays. Our product solutions for exhaust after-treatment or -cooling can reduce the harmful emissions from traditional engines even further.

What advantages does your multi-material expertise offer the customer?

With us, the customer will always know that they will receive the optimal material concept for their product. We develop and manufacture products in all material families relevant for our applications. Our customers value this ability because it makes solution-oriented developments possible

independent of materials used. Without having to decide on aluminum, steel or fiber composite materials at the beginning of a project, development goals can be achieved with mixed or unmixed materials. We see ourselves as a competent development partner, we find individual solutions and do not only define ourselves over one material.

How do you respond to the future trends of the industry in terms of areas like safety or the environment?

As always, our approach is to help our customers meet the ambitious CO₂ goals with consistent lightweight construction. It's important for us to optimize the materials and manufacturing processes in terms of their cost as well as their global availability and sustainability. The Total Lifecycle Assessment approach is becoming increasingly important and is already being taken into consideration during an early stage of our research and development work.

What are the most important strategic measures that BENTELER Automotive is taking to prepare for the challenges of the future?

I want to especially highlight three measures: the "Deep Localization" of our entire value chain, the targeted support of our employees worldwide, and the digitization of manufacturing processes

across the entire supply chain, – also known as "Industry 4.0". To us, "radical localization" means that the entire BENTELER Automotive product range is available locally to our customers in all key automotive markets. We implement targeted promotion for our employees: during the reporting year, we started the "Chinese Talent Days" employee program. With this program, we recruit graduates with Chinese heritage from European universities in order to use their skills in Asia/Pacific. "Industry 4.0" is about utilizing the opportunities offered by digitization. For example, one of our goals is to further advance our Smart Factory approach. This means that our supply chains and manufacturing systems will largely organize themselves autonomously in the future. Here, we will implement comprehensive education and training measures to ensure that our employees can strive to achieve and support these goals.

Where does BENTELER Automotive see itself in ten years?

We will generate around two-thirds of our sales outside Europe, reflecting the trends of the automotive industry. By following the emerging trend of digitization, in ten years we will have implemented the trend's developing opportunities into production and will be connected with many of our customers via the self-organized supply chains mentioned above.

BENTELER STEEL/TUBE

Achieving excellence through customer proximity and solution competence

Customers in the global steel tube market expect regional proximity from their manufacturers. But only expertise in finding solutions from idea to implementation can turn a simple tube manufacturer into a development partner in worldwide demand.



PROJECT TEAM SHREVEPORT (FROM LEFT TO RIGHT)

Dr Michael Koch – Chief Technical Officer
 David Baker – Director, Maintenance
 Markus Forsch – Director Operations
 Dr Andreas Hauger – CEO of BENTELER Steel/Tube since 1 January 2016
 Rhonda Simmons – Human Resources Manager
 Timothy Erway – Chief Operating Officer
 Patrick Guillaume – Project Director

SHREVEPORT HOT ROLLING MILL – THE FIRST LOCATION OUTSIDE EUROPE (LEFT IMAGE)

The construction and commissioning of the new seamless tube mill in Shreveport, Louisiana, was successfully implemented within the predetermined budget and timeframe. Special attention was paid to the core unit, the hot rolling mill. However, all subsequent process steps such as heat treatment, quality inspection and finishing have been successfully implemented, with the processing facility receiving its API certification – mandatory for the oil and gas industry – as early as November.

NEW MARKETS IN SIGHT

For BENTELER Steel/Tube, customer proximity and solution-oriented skills are the most critical success factors to supply automotive, energy and industry customers internationally with seamless and welded quality steel tubes. Our customer's needs are our primary focus. With our comprehensive knowledge and years of experience, we support them in many countries across the world – especially in the USA. Our new plant in Shreveport, Louisiana, places us in an ideal location for many years to come, since the American market is the largest in the world for oil and gas exploration products.

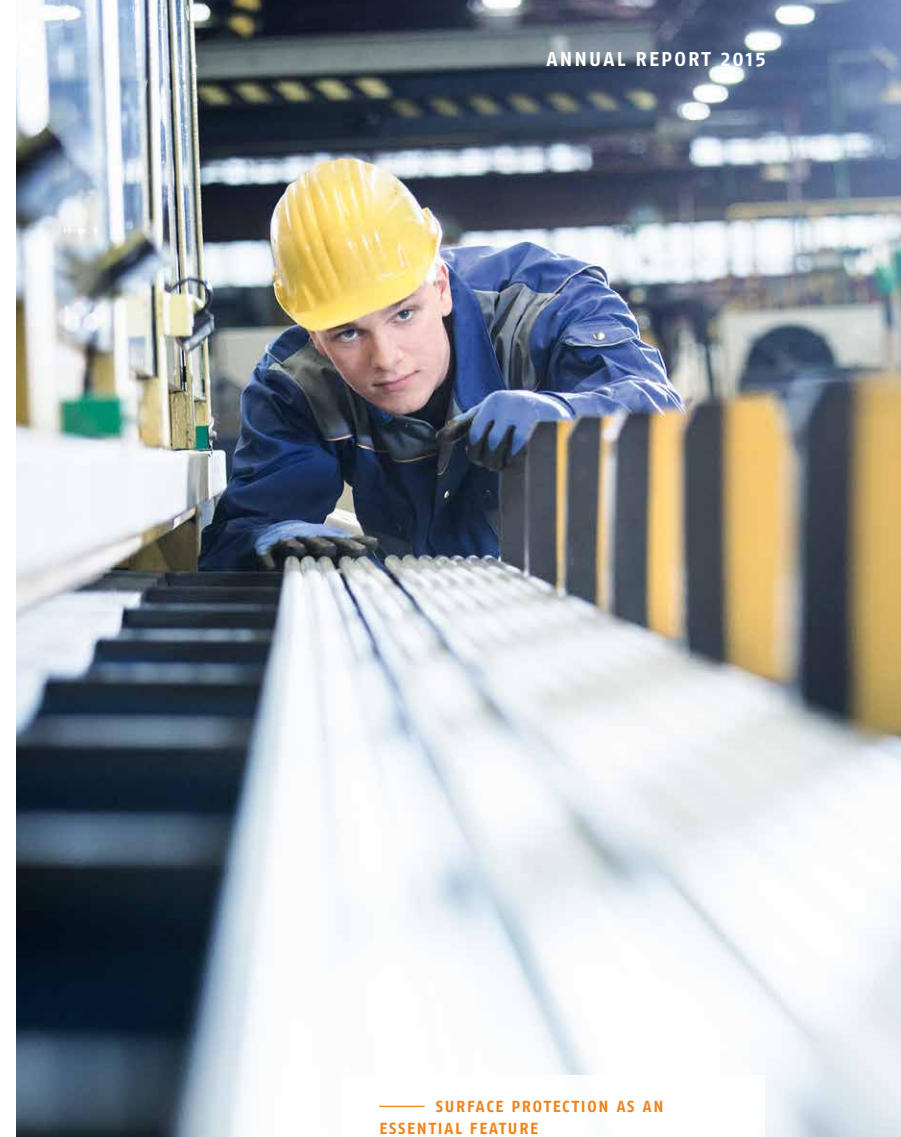
TWO KEY ADVANTAGES OVER THE COMPETITION

The severe downturn in the oil market also impacted us in the previous fiscal year. Two criteria that speak for BENTELER Steel/Tube and allow us to view the future optimistically: first, our diversification across the automotive, energy and industry market segments. Second, our close collaboration with our customers, which helps us understand the challenges of their industry in order to support them. We don't just see ourselves as tube manufacturers; we are development partners who accompany our customers from the idea to the technical solution – starting with material definition, advancing to product design and culminating with process integration. Our customers benefit from our experience and our technical knowledge of steel and tube manufacturing.

POTENTIAL FOR INNOVATIVE TUBE SOLUTIONS

The innovative power of BENTELER Steel/Tube is demonstrated in high-strength tube solutions, developed in collaboration with our customers for surface protection, lightweight construction and tubes with high strength. In engine business, trends are shifting away from sliding cam shafts in favor of anti-friction bearing cam shafts. Benefits include lower friction losses, a more compact design, reduced fuel consumption and reduced CO₂ emissions.

To meet these requirements, we have developed a material for a camshaft precision tube for engine business whose weight is optimized through heat treatment. It also ensures that it retains a high degree of strength. This allows us to manufacture tubes which serve as a direct track for the anti-friction bearings and which have excellent wear properties. In the past fiscal year, we have also developed tubes with a high-quality surface under the brand name Zista® Seal. Zista® Seal is a particularly environmentally friendly coating for tubes for hydraulic and automotive applications with a significantly higher corrosion resistance. With products like this, as well as the increased internal collaboration with the other Divisions, BENTELER Steel/Tube will continue to expand its own development expertise.



SURFACE PROTECTION AS AN ESSENTIAL FEATURE

Corrosion protection for tubes is becoming increasingly important in hydraulic applications and many others, thanks to their wide range of possible applications. BENTELER Steel/Tube has also developed an entire product family under the brand name Zista®.



Dr Andreas Hauger

—— Dr Andreas Hauger, COO, since 1 January 2016 CEO of BENTELER Steel/Tube, reflects on a difficult 2015 financial year. But he still believes the Division is well-positioned for the future, as he explains in the interview.

»Diversification is an important part of our long-term strategy.«

Dr Hauger, what is your assessment of the previous fiscal year for BENTELER Steel/Tube?

The collapse in the oil and gas market impacted us in the past fiscal year. We made it through this crisis thanks in part to our business strategy of achieving only 30 percent of our sales in the oil and gas industry. Our traditional diversification to other market segments, such as industry and automotive, helped us exceedingly and will remain part of our long-term strategy in the future. Our orders in the international automotive market are especially encouraging, as BENTELER Steel/Tube is recording good sales in that market.

What are the specific challenges posed by the US market, where you just opened a new hot rolling mill in Shreveport, Louisiana?

First of all, we are very proud that this new plant, a 750-million-dollar project, was finished precisely within the predetermined budget and timeframe. The Shreveport facility and its products will largely cover the current difficult North American oil and gas exploration market – and is also a key building block in our growth strategy. This market

for our tubes will recover when the price of oil rises. That's why we're using this time to start up the facility as well as possible and to train the employees on site. That's how we will continue to offer the highest-quality products to our customers in the future.

What achievements allow BENTELER Steel/Tube to look positively toward the future?

We are well positioned thanks to our diversification success, which we will continue to expand in order to avoid becoming too dependent on a particular market segment. What is also important is that we not only manufacture seamless but welded quality steel tubes as well. We cover all areas of integrated added value: from steel production to tube manufacturing to surface technology and further pre-processing. We have a sales presence in all major markets.

How important are qualified employees for the further development of BENTELER Steel/Tube?

Gaining and qualifying employees is one of our core topics. Our goal is to fill 80 percent of our

management positions internally. We can't achieve this worldwide at the moment, but we are already very well positioned in terms of education and training. We're already using the Paderborn education and training center as a talent pool for all Divisions. We are pursuing similar goals with our dual studies in Germany and the training center in the United States. At the same time, BENTELER Steel/Tube promotes the exchange of experienced specialists across all Divisions.

What do you foresee as the key focal points of your strategy in the near future?

Essentially, we intend to continue our current strategy, with its five vertices of internationalization, further development of the value chain, operational excellence, focus on the customer and leadership.

Today, steel tube distribution includes much more than an international network for storage, logistics and sales. In addition to outstanding quality, our customers expect increasingly shorter delivery times and customized processing.

BENTELER DISTRIBUTION

Achieving excellence through logistics competence and providing customized services



PROJECT TEAM NEW CENTRAL WAREHOUSE
(FROM LEFT TO RIGHT)

Philipp Düppe – Head of Transport Management & Shipping

Christoph Datko – Managing Director / Vice President Operations

Roger Gähler – Managing Director Kindlimann / Project Director Central Warehouse

Martin Flatau – Operational Excellence Manager

NEW CENTRAL WAREHOUSE IN DUISBURG UNITES PRODUCT QUALITY AND EXCELLENT SERVICE (LEFT IMAGE)

We want to use this new central warehouse to set new standards for availability and service. Officially open since October 2015, it combines fully automatic storage of up to 27,000 tons of tubes, paperless order picking, modern packaging facilities and numerous processing options.



Source: Trumpf

FURTHER EXPANSION OF PROCESSING SOLUTIONS

The processing solutions of BENTELER Distribution include the preparation of steel tubes for production as well as the manufacture of ready-to-install components. This allows customers to reduce the number of internal production steps.

CUSTOMER ORIENTATION

With the commissioning of the new central warehouse in Duisburg, BENTELER Distribution has further optimized logistics, especially for German-speaking countries. We can optimally consult and support our customers throughout the world through our international network with 53 locations in 29 countries.

CUSTOMIZED PRODUCTS

Over 320,000 square meters of warehouse space worldwide allow us to stock a full product range for each of the industries we serve. By collaborating with leading steel tube manufacturers, we can also provide special dimensions and grades with a short turnaround time. This is where our close collaboration with the BENTELER Steel/Tube Division pays off.

PARTNER FOR MANY INDUSTRIES

We offer a wide product range for machine construction, from hydraulics and pneumatics to vehicles, energy, furniture, health and consumer products. Our extensive material and application knowledge makes us a preferred partner for our customers. We have developed a deep understanding of their specific needs through close collaboration.

VARIED SERVICES FOR EVERYTHING AROUND THE TUBE

We want to comprehensively advise our customers and support them in finding solutions for their challenges. We offer a wide range of processing options based on knowledge of their manufacturing processes. Moreover, BENTELER Distribution also controls international projects and logistics concepts for the construction or renovation of large industrial plants, for which we especially ensure global procurement and material supply.

Dr Jost A. Massenberg

—— The market for steel tubes is particularly competitive. For Dr Jost A. Massenberg, CEO of BENTELER Distribution, the fast and flexible delivery of high quality products and good customer service are the key factors necessary to succeed in this market. The new central warehouse in Germany serves an important purpose, especially in German-speaking countries.



»With the new central warehouse, we are setting standards for availability and efficiency.«

Dr Massenberg, what challenges does the international distribution market currently face?

The European market for steel tubes is extremely competitive. It is characterized by regional weakness in demand, overcapacity and significant price pressure – especially by the sharp increase in Chinese exports. At the same time, customer requirements have gone up, continuously increasing the demand for customized products and services. Just supplying tubes is no longer enough.

What do tube distributors have to offer in order to stay successful in this field?

In addition to high quality, tube distributors also have to offer a wide product range, fast and flexible delivery and customized processing solutions. Our product range, which ranges from straight tubes to production-ready processed steel tubes to ready-to-install components, meets all of these requirements. Our strategic partnerships with European and

selected suppliers worldwide also allow us to ensure consistent product quality at competitive prices. We use the latest technologies to speed up our processes and to supply our customers even faster and more flexibly.

How did the construction of the central warehouse play out, and what benefits does it offer your customers?

The construction was completely on schedule from its announcement in October 2013 to its punctual opening in October 2015. With this building, we have expanded the storage capacity of the Duisburg site to over 35,000 square meters and improved the logistics in order to better serve our customers. The heart of the warehouse is the largest fully automatic high-bay storage for tubes in Europe. Since all of our standard products are in stock, our customers benefit from a high degree of availability.

You offer your customers customized processing. How do you believe the service sector will continue to develop?

Receiving individual support from us is important to our customers. We offer a complete technical consultation and together we create solutions for production-ready semi-finished tubes as well as fully incorporable components. Individual consultation and development will continue to gain importance in the future.

In summary, how would you describe the immediate future for BENTELER Distribution?

Our prospects are good. We understand our customers and provide comprehensive consultation. Our products and services enable customers to overcome the challenges in their industries more successfully. We are confident that BENTELER will continue to achieve its growth targets in the future.

GROUP MANAGEMENT REPORT

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Business and General Conditions

The expansion of the global economy weakened in 2015. According to the Institute for World Economy (IfW) in Kiel, global production in each of the first three quarters slowly increased by 0.7%. A similar growth rate was assumed for the fourth quarter, stabilizing global production at a low level and preventing the feared slump. On an annual basis, global gross domestic product recorded the lowest growth since 2009 with a rate of 3.1%.

Growth in the industrialized world remained moderate with a growth rate of 2.1%, while the economic development of country- and region-specific exhibited significant changes. The cyclical upward trend is primarily due to still favorable financing conditions as well as energy and raw material costs. The economy in the euro area increased by 1.5%, while demonstrating lower overall economic dynamism and continued high but declining unemployment. In the United States, the economy remained relatively robust with GDP growth of 2.5%.

The relatively low economic expansion of emerging nations was primarily due to the severe economic downturn in the first half, of 2015. While production in Russia began to stabilize in the third quarter, the recession in Brazil continued until recently. Against the background of drastic price losses on the stock markets, the rate of expansion in China slowed significantly at 6.8% but has not yet to any crisis-like adjustment process for the real economy.

Overall, the economic situation of emerging nations is showing the first signs of stabilization.

The growth trend of global vehicle production continues

According to reports from the industry service IHS, 2014 was concluded with global automotive production of 87.4 million vehicles. 88.3 million vehicles were produced in 2015, an increase of 1.0% as against the previous year. With a combined production share of 33.4% in 2015, the three largest automobile manufacturers in the world, Toyota, VW and GM, remained below the 2014 level in 2015 by 1.1 percentage points. This result was caused by the below-average growth rates of this top trio compared to the overall market. As before, Toyota remains the worldwide market leader with 9.9 million units in 2015, closely followed by Volkswagen with just under 9.9 million vehicles. GM, on the other hand, continues to lose market shares.

Automotive production in Europe developed quite positively this year. In Western Europe in particular, production volume increased to 14.1 million vehicles, which represents an increase of 6.2%. In Eastern Europe, however, only 6.7 million vehicles were produced. The region lost 2.2% in production volume compared to 2014, primarily influenced by the Russian automotive industry, which decreased by

28% and only produced 1.3 million vehicles in 2015. On the other hand, the Czech market showed a positive trend in the current fiscal year with an increase of 7.6%.

Automotive production in North America continued to increase in 2015. The total volume increased to 17.5 million vehicles, representing a growth of 2.7% as against the previous year. Production reached a new all-time high, surpassing the pre-crisis level in 2007.

After high volume declines in 2014 and the first half of 2015 the situation was able to stabilize somewhat towards the end of the second half of 2015 in South America. Overall, 3.0 million vehicles were produced. This continued the decline in production by 20.2% as against the previous year. Brazil, the largest market in the region lost 22.1% of production volume.

In the Asia / Pacific highest-volume market region, 44.6 million vehicles were produced in 2015. This allowed production volumes to narrowly surpass the previous year's level. In China, the largest single market in the region, about 23.3 million vehicles were produced, an increase of 0.7 million as against the previous year. Despite this moderate growth, this progress further expanded the country's position as the most important automotive market.

Steel and tube market in a challenging environment

In 2015, the steel industry found itself in a difficult market environment around the world. In addition to existing geopolitical tensions, regional downturns led to lowered expectations and falling commodity prices. According to the World Steel Association, global steel consumption in 2015 was 2.8%, lower than in 2014. The market is not expected to recover significantly in the coming year. In addition, European manufacturers are placed under pressure by cheap imports from China, which is characterized by excess capacity.

While this development also characterizes the situation of the steel tube market, it is also significantly driven by the decline in oil prices. Production volumes for 2015 show a decline in global consumption which presents itself regionally and for widely varying causes. While many Asian countries still recorded positive growth, although significantly subdued compared to previous years, North America and the Middle East in particular recorded a significant drop in demand for OCTG (Oil Country Tubular Goods). due to the global oversupply of crude oil in 2015. This also had an increasingly significant impact on the situation in the EU, which is already flooded with excess capacity and competitive pres-

sure, and where the production of seamless steel tubes declined by more than 20% as against 2014.

A positive indicator is that tube inventories for oil and gas applications were significantly reduced in the US market towards the end of 2015, so that increased order activity is expected for tube manufacturers in the second half of 2016. However, the oil price developments in the first few weeks of 2016 are slowing greater optimism. Within the EU, European tube manufacturers are supported for another five years by the December announcement of the extension of anti-dumping measures against Chinese imports for seamless tubes.

Result of Operations

BENTELER-Group posts a nominal increase in revenue

In 2015 the BENTELER-Group generated a rise in revenue of €41 million on the previous year to €7,598 million. Adjusted for currency effects, revenue decreased by 2.5% or €191 million year-on-year. While the Automotive Division nominally remained the same as in the previous year despite the sale and closure of locations in the first half of 2014, the Steel/Tube Division saw a decrease in

revenue as a result of sales. The Distribution Division results were significantly higher than in the previous year due to the intensification of strip steel sales.

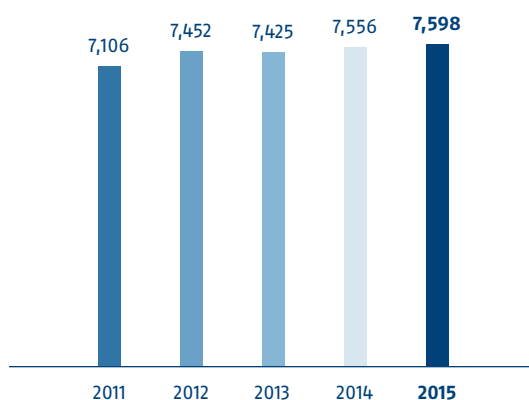
Revenue in the Automotive Division decreased nominally by around 1.4% as against the previous year to €5,782 million. After adjustment for currency effects, revenue decreased by €264 million or 4.5% year-on-year. The €266 million impact on revenue of the sale and closure of locations as part

of regroupings should be taken into consideration. Automotive's share corresponds to 75% of Group revenue. Revenue for the Steel/Tube Division decreased by 12.3%; its share of Group revenue was around 11%. The Distribution Division also saw a 23% increase in revenue. Its share of Group revenue was 14%. This revenue also includes sales of strip steel, which were pushed substantially as of 2014.

REVENUE PERFORMANCE SINCE 2011

— 3.1

EXTERNAL REVENUE IN € MILLION



REVENUE BY DIVISIONS

— 3.2

	2015	2014	Change	
IN € MILLION				%
Automotive	5,782	5,865	-82	-1.4
Steel/Tube	885	1,009	-124	-12.3
Distribution	1,056	858	198	23.1
Division revenues	7,724	7,732	-9	-0.1
Internal revenues, Other	126	176	-50	-28.3
External revenue	7,598	7,556	41	0.5

Automotive achieves improved results despite lower sales

BENTELER Automotive develops and produces ready-to-install modules, components and parts for bodies, chassis and engines at 20 engineering and sales offices and 74 plants, as well as six additional plants currently under construction, in 24 countries. The Division generated revenue of €5,782 million in 2015. This corresponds to a nominal decline of €82 million or 1.4% as against the previous year. The development of different

exchange rates had a positive impact on sales. The USD and CNY in particular were stronger in relation to the euro as against 2014. Adjusted for currency effects, revenue decreased by 4.5% or €264 million year-on-year. The decisive factors for this drop in sales were the divestments and closures of the plants in Brampton/Canada, St. Ursanne/Switzerland, Tigre/Argentina, Hall Street and Opelika/USA as well as the reclassification of the Glass Processing Equipment unit, which resulted in a reduction in sales of around €266 million. Without these special effects, revenue was slightly higher year-to-year.

When adjusted for the illustrated special effects, growth was only generated in Europe. Sales declined in North America and Asia. In Latin America, the market-related decline in revenue was more than offset by accelerating the Joinville/Brazil plants.

The Chassis and Modules business unit focuses on developing and manufacturing chassis cross-members, subframes and control arms, and on assembling complete front and rear suspensions. The revenue generated by this Division in 2015 was €3,247 million, 4.4% lower than in 2014, as a result of the closure of the site in Brampton (Canada).

The Structures business unit increased its revenue by 2.3% compared to 2014. This unit produces safety components, such as bumpers, roof frames,

A- and B-pillars, door beams and instrument panel supports, and press parts.

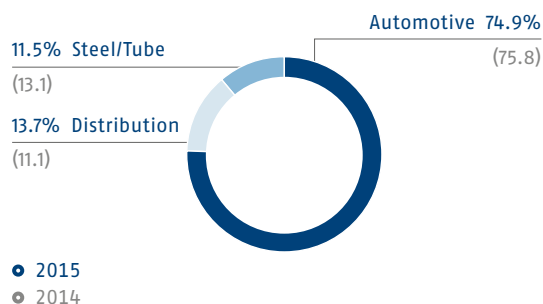
Revenue in the Engine and Exhaust Systems business unit fell by 7.6% year-on-year to €656 million. This unit develops and produces components and systems to optimize fuel consumption and reduce exhaust gas emissions.

In addition to the three business units, there are smaller business units with different focuses. BENTELER Mechanical Engineering produces machinery and tools for the Automotive Division. 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 and the SGL Group, develops and makes fiber composite components, thus expanding BENTELER's capabilities for solutions in lightweight automotive construction.

Sales volume and revenue increases on difficult Steel/Tube market

Due to the difficult market environment, the Steel/Tube Division generated revenue of €885 million in 2015, 12.3% less than in the previous year. Assuming constant exchange rates, sales decreased by 16.3%. The decrease in revenue was

DIVISION SHARES OF GROUP REVENUE



Share of revenue including internal revenue between Divisions

due to the US market and OCTG in particular, due to low oil prices.

The Seamless operating unit produces and sells seamless tubes for the automotive, oil and gas exploration, power plant, construction and mechanical engineering market segments world-wide. In 2015, sales decreased by 21.6% as against the previous year based on constant exchange rates, primarily owing to the aforementioned development in the oil and gas business.

The Welded operating unit produces welded tubes for various applications in the automotive industry as well as for other industries, such as mechanical and plant engineering. Sales decreased by 4.8% as against the previous year based on constant exchange rates. The primary cause was negative price effects due to the handover of reduced input prices to customers.

Significant revenue increase in Distribution Division

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 €1,056 million, 23.1% more than in the previous year, and 21.8% based on constant exchange rates. Revenue growth resulted exclusively from the intensification of strip steel sales, which were handled by BENTELER Trading International GmbH. Without the strip steel business, revenue for the traditional trading of the classic trade Division was at the 2014 level.

Consolidated earnings declined due to market conditions

At €91.5 million, the Group's consolidated earnings before taxes were €41.8 million lower than in the previous year. The primary cause was in particular a negative development for Steel/Tube, while Automotive continues its positive trend and exceeded last year's results.

The primary drivers for the increased profits seen by BENTELER Automotive were higher volumes in Europe, the continuation of cost reduction activities in all regions, and positive exchange rate effects in the Asia/Pacific region. Negative effects from Latin America could be more than offset.

In the Steel/Tube Division, earnings declined significantly as against the previous year. The decisive factors were the impact of the slump in demand in the US OCTG business, which fell to nearly zero in the last quarter, and the start-up costs for the new hot rolling mill in the US.

Profits for Distribution were below the 2014 level. The decisive factors were closure costs for locations in Brazil and Russia as well as expenses for the construction and commissioning of the new central tube warehouse in Duisburg, including the closure costs for decentralized warehouses. The continued weak demand for tubes also exerted high pressure on prices and margins.

Taxes on income and return amount to €24.4 million for fiscal 2015. The tax rate was 26.7% as against 23.5% in the previous year. After income taxes, the BENTELER-Group achieved a profit of €67.1 million in fiscal 2015, as against consolidated net profit of €102.0 million in the previous year. Without minority interests, the Group's net income amounted to €58.5 million, as against €97.8 million in 2014.

Assets and Financial Position

Investment still above depreciation and amortization

The BENTELER-Group invested €455 million in 2015. Investment was therefore considerably higher than the depreciation and amortization of €230 million in the reporting year €444 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 €210 million in 2015. €143 million or 68% of this went to project-specific investments, production facilities and equipment for the Division. The biggest investment projects were thermo-forming lines at the Campinas (Brazil) and Migennes (France) locations, as well as module projects at the Joinville (Brazil) and Shenyang (China) locations. The Steel/Tube Division reported investments of €218 million. At €180 million this year after €234 million in the previous year, these include the largely completed construction of the new tube

plant in Shreveport, Louisiana / USA. The project was completed on schedule and under budget. The Distribution Division invested €19 million in the previous financial year, primarily for the construction of a German central warehouse in Duisburg.

Cash and cash equivalents remain at high level

Cash flow from profit amounted to €277 million in 2015, €26 million less than in the previous year as a result of earnings. Working capital was €100 mil-

INVESTMENTS

— 3.4

	2015	2014	Change	
IN € MILLION			%	
Automotive	210	170	40	24
Steel/Tube	218	296	- 78	- 26
Distribution	19	20	- 1	- 5
Other companies	8	3	5	167
Total investments*	455	489	- 34	- 7

*including intangible assets and tangible assets

STATEMENT OF CASH FLOWS

— 3.5

	2015	2014
IN € MILLION		
Cash flow from operating activities	286.8	296.3
(of which: cash flow from earnings)	277.2	303.4
Cash flow from investing activities	- 407.9	- 522.3
Cash flow from financing activities	107.1	150.1
Effect of exchange rate changes on Cash and cash equivalents	- 0.5	5.8
Cash and cash equivalents at beginning of period	334.1	404.2
Cash and cash equivalents at end of period	319.6	334.1

lion lower in December 2015 than at the end of 2014 at €472 million. The majority of the reduction was due to the increase in liabilities at the balance sheet date, as well as lower inventories as against the previous year.

Cash flow from investing activities decreased by €114 million year-on-year to €408 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 €178 million was therefore not covered by the generated cash flow in 2015.

Cash flow from financing activities was €107 million in the reporting year. Net cash inflows from credit financing and other financing activity in the amount of €280 million exceeded the net cash outflows for the repayment of promissory note loans and other financial liabilities by €135 million. There were also cash outflows from the acquisition of non-controlling shareholders' equity with €8 million, as well as outflows from dividends paid to controlling shareholders in the amount of €25 million as well as to minority interests in the amount of €6 million.

Cash and cash equivalents were €15 million lower than in 2014 at €320 million. Cash and cash

equivalents accounted for 7.4% of total assets after 8.2% in the previous year.

Total assets rise due to investments

Total assets amounted to €4,315 million on December 31, 2015 and were therefore up 5.9% on the previous year. Non-current assets increased by €227 million to €2,344 million. This is primarily due to the €277 million increase in carrying amounts of property, plants and equipment. Additions of €455 million to intangible assets and property, plant and equipment were offset by depreciation and amortization of €230 million and disposals at residual carrying amounts of €9 million.

Current assets (not including cash and cash equivalents) increased by €27 million to €1,651 million. The changes in fiscal 2014 mainly resulted from an increase in other current assets as well as income tax receivables. On the other hand, inventories decreased by €22 million to €748 million.

The Group's cash and cash equivalents decreased by €15 million at the end of 2015 as a result of the settlement of trade and remained at a high level of €320 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 amounted to €996 million, €59 million higher than the previous year. The equity increase predominantly results from the improved consolidated net profit for the year of €67 million in 2015. The dividend payment for 2014 in the amount of €25 million and dividends paid to non-controlling interests totalling €6 million, resolved by the Annual General Meeting in March 2015, resulted in a decrease in equity.

Non-current liabilities amounted to €1,699 million at the end of 2015, a rise of €187 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 as well as the partly offsetting currency effects. Non-current liabilities increased by €181 million year-on-year. The long-term provisions increased by €14 million and other long-term liabilities increased by €4 million, while deferred tax liabilities decreased by €12 million as against 2014.

Trade payables increased by €85 million year-to-year to €883 million. The other liabilities decreased by €47 million as against the previous year. These primarily comprised liabilities for outstanding invoices, vacation and overtime, bonuses, and other liabilities. Income tax liabilities increased by

€14 million and current provisions increased by €6 million as against the previous year.

Working capital (current assets less current liabilities) decreased by €100 million to €472 million, corresponding to 6.2% of revenue compared to 7.6% in the previous year. The increase, in particular the liabilities and the reduction of inventories, was decisive for the decrease as against 2014 despite counter-acting translation effects. The development of the working capital was also

positively influenced by the continuation of the factoring program.

Non-current capital (equity and non-current liabilities) amounted to €2,694 million, accounting for 62% of total assets. It covered non-current assets by 115%, ensuring financing with matching maturities.

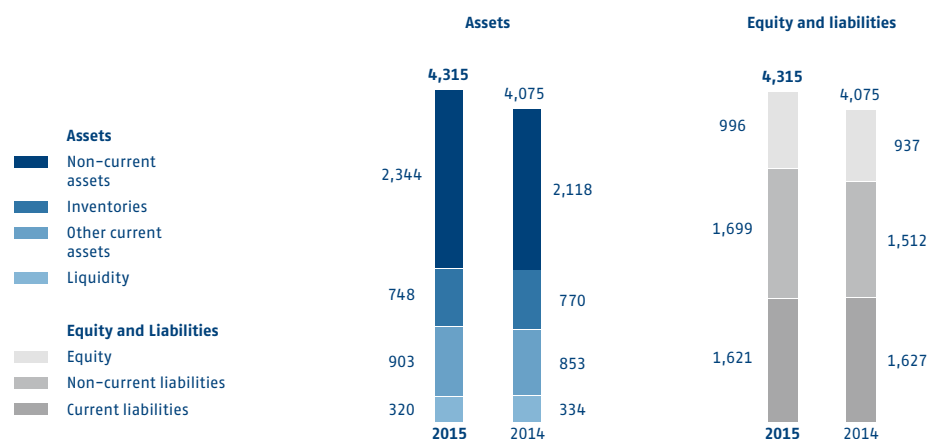
The equity ratio improved from 23.0% to 23.1% and the total assets increased substantially, which is primarily due to the net profit and positive effects from currency translation of foreign subsidiaries.

Mainly as a result of the investment in the US hot rolling mill, net financial liabilities were €173 million higher than the 2014 level at €1,036 million. Owing to the reduction in equity as a result of the redemption of the profit participation certificate

GROUP BALANCE SHEET RATIOS

IN € MILLION

— 3.6



KEY FINANCIAL RATIOS

— 3.7

		2015	2014
Equity ratio (%)	1)	23.1	23.0
Internal financing ratio	2)	0.61	0.62
Gearing ratio	3)	1.04	0.92
Net financial debt to cash flow from earnings	4)	3.74	2.85
Net financial debt to EBITDA	6)	2.83	2.09
Return on equity (%)	7)	13.7	19.8
ROCE (%)	8)	5.3	8.2
Working capital	9)	472.1	571.8
EBIT (€ million)	10)	136.2	185.6
EBITDA (€ million)	11)	366.5	413.2

- 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 debt⁹⁾: Equity (as of end of year)
- 4) Net financial debt⁹⁾: Cash flow from profit
- 5) Net financial debt = non-current and current financial debt less financial receivables and other financial assets (excluding derivatives) and less cash and cash equivalents
- 6) Net financial debt⁹⁾: EBITDA¹¹⁾
- 7) EBIT: Adjusted equity (averaged between beginning and end of the year)
- 8) EBIT: (Intangible assets + property, plant and equipment + working capital⁹⁾) (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

and on account of the high level on investments, the gearing ratio increased from 0.92 to 1.04.

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

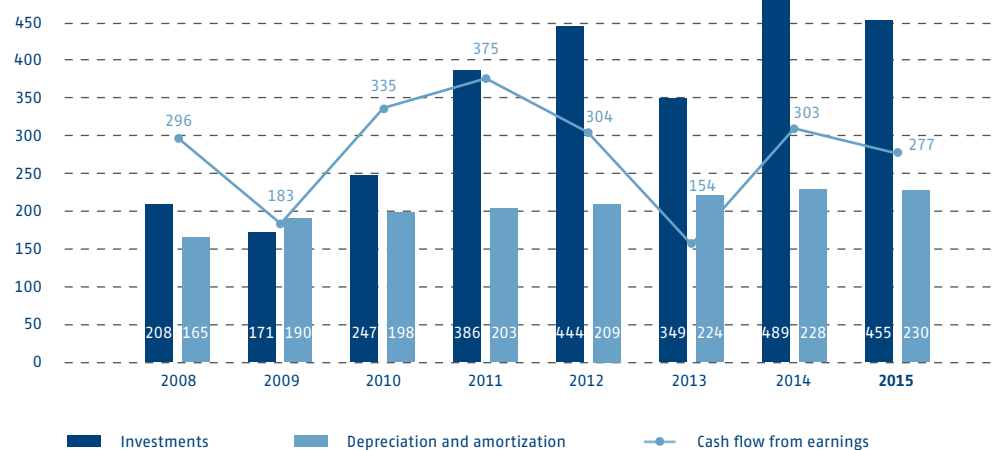
taking out appropriate long-term loans with matching maturities.

In order to finance working capital, the company had cash resources of €320 million available at December 31, 2015, plus unutilized medium- and long-term written credit commitments of €387 million, which are treated as a strategic liquidity

TOTAL INVESTMENTS, DEPRECIATION AND AMORTIZATION, AND CASH FLOW

— 3.8

IN € MILLION (IN ACCORDANCE WITH HGB UNTIL 2008)



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 (clearing).

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, manages 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 developments. 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 an on-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 systematic risk management process helps management detect risks in a timely manner and initiate suitable precautionary measures to prevent or avoid the risks.

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 management 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, which are heavily dependent on oil prices due to the focus on the OCTG segment. 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.

Report on Research and Development Activities

Generating sustainable value for our customers is the core task for BENTELER-Group's Research and Development Division. These customer values are tied to innovative products with a higher range of services, as well as to innovative processes to display cost and quality leadership. For the BENTELER-Group, their combined engineering expertise across all sales Divisions is the key to success. Targeted innovation management in product development as well as in manufacturing process development strengthen technological leadership and innovation. The BENTELER-Group spent €91 million on research and development in fiscal 2015 and submitted 71 new patent applications.

A culture of innovation

As a part of the focus on innovation management, an annual innovation Day was conducted in Paderborn in 2015. Employees from all Divisions of the BENTELER-Group presented products and process innovations to the Research and Developments team. 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 Automotive particular innovation focus is the evaluation of alternative materials such as plastics, which are considered an alternative to metallic

materials, either as a hybrid or a stand-alone. The key focal point is lightweight construction. Of course, the consistent implementation of innovative processes in the hot forming field in order to increase the performance of current products is also being successfully carried out. In the engine and exhaust gas components field, Research and Development is working intensively to increase efficiency and reduce emissions – for example, the sustainable use of exhaust heat for interior heating. Collaborating on developments with the customer in the early stages is critical for all innovative projects. Only then will the customer's needs be met correctly.

Product and process developments in the Automotive Division

In November 2015, the team was able to create the first prototype of a front axle made of an aluminum sheet metal upper shell and a fiber-reinforced polypropylene lower shell with rib structure. The plastic structure was created via an extrusion process, which can already be illustrated at existing BENTELER plants. Then, the plastic component and the metal shell are combined with a thermally assisted bonding process. In conjunction with this material, this process chain greatly expands the design spectrum. It allows structures to be produced that cannot be displayed in the metal area, opening

up many possibilities for functional integration in the front axle carrier. Along with reducing weight by using fiber-reinforced plastics, this greatly increases the attractiveness of this technology to our customers. Simultaneously, researchers are constantly working on optimizing existing production processes.

The thoroughly researched Loop Heat Pipe technology was installed in a modern diesel vehicle and tested on a chassis dynamometer according to standard norms. This technology offers the possibility of transporting exhaust heat into other areas of the vehicle exceptionally quickly and efficiently without using wear-prone components such as pumps, etc. In this case, the interior is heated by the exhaust heat, with the objective of replacing the series standard production electric heater. The initial test measurements demonstrate precisely this potential, which demonstrated 13% reduced consumption of diesel fuel in the relevant test cycles as against the series standard with an electric heater.

The same technology of waste heat recovery is being implemented in an electric vehicle to increase its range. Overall, this technology offers a wide range of applications that expand the product portfolio of the Engine and Exhaust System business units accordingly.

On the way to becoming the multimaterial champion

In 2015, the ALIVE and ENLIGHT products promoted in the EU were able to advance past the different key steps of virtual development of innovative vehicle concepts in two states of expression (as close to series standard production as possible in terms of technologies, costs and extreme lightweight construction) to achieve a testable, complete vehicle prototype. In cooperation with leading OEMs, component functions were fundamentally analyzed and new lightweight construction methods using multimaterial concepts were explored. At this stage, BENTELER was primarily responsible for individual prototypes (such as a thermally-assisted formed complex aluminum sheet metal component and a fiber-reinforced vehicle floor) and for the joining technologies to be used throughout the entire vehicle. Two joining technologies, suitable for the relevant occurring aluminum / steel material combinations, were qualified experimentally. The BENTELER joining technology SWOPtec will be used in multiple areas on the ALIVE vehicle. Meanwhile, potential production suppliers were found for this technology in collaboration with Purchasing and Process Development.

In 2015, the company's cooperation with Paderborn University's Institut für Leichtbau mit Hybridsystemen (ILH) also supported their work on hybrid materials

and new thermoforming technologies. Using this approach, two doctoral theses created foundations for future series products and processes.

High customer interest for multi-zone hardening / curing

BENTELER has been able to develop many different technologies in recent years which we can use to fulfill our customers' requests for thermoforming components with partial soft zones. The corresponding predevelopment activities for the latest version, which is based on separate stations between the oven and the press and on high flexibility in the choice of zone geometry as well as the components to be manufactured by one plant, were completed in 2015, so that this version can also begin advancing towards series production.

Product and process developments in the field of seamless tubes

BENTELER provides preliminary tubes for OCTG products, which are used directly for the exploration of crude oil and natural gas. The product portfolio was successfully expanded. The first orders were produced with sour gas-resistant target quality T95. For applications in the energy sector, an elaborate TÜV validation and certification program for a high-

temperature boiler tube has been successfully completed and BENTELER has been added to the TÜV data sheet 377 / 2 as a certified manufacturer.

Special emphasis was placed on the technical market launch of the Zistaseal surface in the hydraulic and precision tubes field. This surface is a thin organic coating which is applied continuously during a continuous process. All necessary preparations for the series production of products with the unique "Zistaseal surface" selling point were taken in early 2016.

The development of a new material with special galvanizing properties for structural applications is being developed for industrial applications in the hot-rolled tubes product area. Moreover, a new material with improved low-temperature toughness was developed for cold-formed airbag inflator modules.

In 2015, an improved steel material for the new cam shaft generation was developed in order to increasingly replace the sliding bearing due to the lower friction losses. The new material also displays a much higher wear resistance which is required in roller bearings due to the higher adjustable surface hardness as compared to standard cam shaft steels.

Product and process developments in the field of welded tubes

In the chassis area, bases have been developed for stabilizer tubes in order to further enhance performance. The performance capacity of the tubes has been further enhanced with lower decarburization and by using directly welded, unscrapped tubes. This allowed the service life to be significantly extended.

For application in stabilizers and drive shafts, a material with further optimized weldability was developed and used successfully. By switching to the new material, the scrap rate due to weld defects has been significantly reduced.

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 CO₂ accounting methods, and other areas of applied environmental protection.

Automotive Division

Similar to the previous year, multiple energy efficiency projects and resource-saving measures were identified and implemented in 2015. Regular discussion in global teams and the creation of a knowledge store within the BENTELER Automotive Division were intensified by Division-wide exchange as part of the "FM Journey" project. This allowed efficiency projects to be rolled out to more locations.

BENTELER Automotive also obtained the successful re-certification of the ISO standards ISO 14001 and ISO 50001. As part of this achievement, multiple projects to improve energy efficiency and the responsible use of resources were initiated and implemented. All of these measures have a positive effect on energy consumption and create an improved CO₂ balance.

Steel/Tube Division

The basic idea of production-integrated recycling has been practiced by Steel/Tube since the 1970s: Scraps are exclusively used to produce our demanding quality steels, contributing to material cycles from the very beginning to their completion.

Sustainability as a business strategy element is the past, present and future of production and planning for the company and is reflected in all the various complex processes at BENTELER Steel/Tube.

A standardized evaluation procedure at each location ensures that all activities and their environmental aspects are inspected regularly in order to systematically accelerate their continuous improvement.

The results of the annual external audit of our environmental/energy management system confirm the effectiveness of this evaluation process and certify our system with the highest standards for treatment of water, raw materials and hazardous substances, emissions, risks and energy.

In 2015, particular focus was placed on energy efficiency opportunities. Economy and ecology are not mutually exclusive: less energy = lower costs + increased environmental protection!

The process furnaces that reach the required forming temperatures are exclusively operated with natural gas – a form of energy with particularly low environmental impact.

Intensive investigations of the incineration processes showed additional potentials that could be implemented successfully. This allowed the key hot pipe locations in Schloss Neuhaus and Dinslaken to increase energy efficiency by up to 17%.

Such projects will continue to be integrated into and alongside production in order to continue optimizing our processes continuously.

HR Report

2015 went by the motto "Lead & Deliver". This motto reflects the BENTELER-Group's stance of achieving set goals and delivering positive results. It also challenges HR management to act with professionalism and excellence. The positive attitude and performance, skills and commitment of each individual contribute to the success of the BENTELER-Group as a whole.

Number of employees

On average over 2015, the BENTELER-Group had 27,764 FTEs (full-time equivalents) worldwide, 205 or 0.7% more than in the year before. At the Automotive Division, the average workforce fell by 235 (1.1%) to 21,326. 175 employees who were assigned to BENTELER Automotive in 2014 were reclassified to the divested Glass Processing Equipment business unit in 2015. In the Steel/Tube Division, the average number of employees rose by 229 FTE to 3,848 FTE as against the previous year, primarily due to hiring new employees in our new Shreveport location. In the Distribution Division, the average number of employees rose by 14 FTE to 1,432 FTE. The average number of employees in other companies (including holding companies, BENTELER Engineering Services and BENTELER Glass Processing Equipment) amounted to 1,158 FTE in 2015, as against 961 FTE in 2014. In this case, the

increase is due to the previously mentioned reclassification of Glass Processing Equipment employees.

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 2015 BENTELER provided training for 756 young people worldwide (previous year: 759).

BENTELER employed an average of 296 FTEs in Austria in the reporting year. The Group had 9,371 FTEs in Germany and 18,097 FTEs in other countries.

Employee recruitment, loyalty and development

For employer branding, a new campaign was developed in 2015 that will be introduced globally in 2016. The overall motto remains "Be it all at BENTELER", as the employer BENTELER represents international opportunities for advancement and many diverse development perspectives.

As in the previous year, further measures were taken in 2015 to define an approach for candidates in the target group and to ensure a user-friendly and professional recruitment process worldwide. In order to do so, the online application process was implemented in other countries such as Sweden, Norway and Spain. Furthermore, the BENTELER career website is constantly updated with country-specific

content and translations. The company also intensified cooperation with target universities in order to attract students and graduates as future employees as early as possible. In 2016, we will also focus on reaching out to potential candidates directly via social networks.

"Be it all at BENTELER" – of course, that also applies to our own employees. Ongoing training and individual development are among our highest priorities.

In 2015 the focus was mainly on establishing and building professional talent management. As part of this, existing management development programs were revised and new programs for the targeted promotion of talented employees were implemented. Consequently, the training program was revised and two continuing education programs, so-called "talent-circuits", were designed. In these programs, internal candidates are well-prepared for middle and top management positions in order to ensure 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 demo-

graphic change and the shortage of specialists this will entail.

We regard all these measures as a crucial investment in the future of our company. Our employees are and will continue to be the foundation for our success!

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 initially remaining moderate

A moderate upswing in the world economy is expected in the next two years. The continuation of the extremely expansionary monetary policy and the economic stimulus effect of low oil prices both support the general economic developments. Starting from 3.1% in 2015, global GDP growth of 3.4% and 3.8% is forecast for 2016 and 2017 respectively.

For the euro area, the Kiel Institute for the World Economy projects a steady, albeit moderate economic recovery. For the economy in the euro area, the GDP is expected to expand by only 1.7% in the coming year. Greater economic momentum is still stalled by persistent structural problems in parts of the currency area. However, given the stimulative effect of the low price of oil, economic prospects should continue to improve.

Production in the United States is expected to increase by 2.8% after growth of 2.5% in 2015. In light of improved national and international sales prospects, corporate investments are projected to gain significant traction. A similar picture is emerging for consumer spending, which is expected to gain additional momentum due to the sustained upturn in the labor market.

Although economic activity in the emerging nations will initially remain low due to low commodity prices and structural problems, the indicators point to a gradual stabilization of economic activity. As before, the return to the high growth rates projected in the past will be hampered by structural problems, and the recovery will therefore be only moderate. In China, multiple government measures were taken to support demand, such as monetary stimuli and additional public investments. Consequently, this may only result in a slight decline in expansion, causing it to fall to its current high level.

The primary risk factors for the global economic development during the project period arise from the geopolitical potential for conflict as well as the volatility in the financial markets. The immediate economic effects, especially those due to the developing situation in conflict areas in the Middle East, are currently classified as low. However, an increase in tensions could prevent the predicted recovery. If the situation on the financial markets is exacerbated, for example as a result of increased interest

rates in the USA, 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 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.

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 first measures for reorganizing production facilities have already been implemented in France and in Northern and Eastern Europe.

At the beginning of 2016, a future-oriented dialogue with the German employee representatives was successfully concluded, in which the parties agreed on measures to reduce personnel costs, increase competitiveness, enable location guaran-

tees and agreed not to make any involuntary redundancies. The Division is still working to increase productivity at all locations.

It continued to develop the BENTELER Automotive Technology Strategy 2020+ in order to achieve our ambitious goals. In doing so, its strategy zeroes in on business development with target customers in defined business areas. Another key focus is the implementation of initiatives in order to increase operational efficiency. The formulated strategy was rolled out worldwide, initiating implementation of the defined measures.

In order to strengthen operational efficiency, BENTELER Automotive's Q15 quality initiative, the worldwide introduction of training centers and the revision of system landscape/project management, has initiated and largely implemented important measures through the GProcS project.

In terms of sales and investment planning, our targets of focusing on our target customers, strengthening core competencies and technologies as well as achieving a balanced product portfolio were taken into consideration. The proposed above-average growth in Asia/Pacific and North America, as well as investment in new presses, are excellent examples.

Internationalization of the Steel/Tube Division

In 2015, the construction of the hot rolling mill in the US was largely completed on schedule and on budget. The first tubes for testing and approvals have been manufactured starting in August 2015. The ramp-up of serial production will begin in the middle of 2016.

The development of oil prices across global markets affects sales for tubes used to promote oil and gas. The predominant forecasts assume a medium-term recovery for the oil and gas market. Since the European market is still plagued by overcapacity and pricing pressures, additional markets outside the established core markets in Europe are increasingly being targeted.

Distribution Division intensifies activities for differentiation

The challenging distribution market is growing, but so are customer needs. Today, customers are demanding more and more products that are tailored to their individual requirements. Just supplying standard tubes is no longer enough. In addition to high quality, tube distributors also have to offer customers a wide product range, fast and flexible delivery and customized processing solutions.

Despite the expected difficult market situation for 2016, the Distribution Division is aiming for an improvement in earnings with moderate growth in sales volumes and revenues.

In doing so, the expected continued price pressure will be offset by a higher value-added share, created by focusing on higher-margin products such as stainless steel tubes.

Moreover, Distribution is striving for additional efficiency improvements. The focus is on a better use of the in-house logistics network and incorporating the German central warehouse.

BENTELER-Group continues consolidation in challenging markets in 2016

We expect a more improved EBIT in 2016. In the current market situation, the additional costs associated with starting series production at the new tube mill can not be fully offset by margins from increased revenue. Further increased cost discipline at Steel/Tube and substantial revenue improvements in the other areas – especially Automotive – will continue the consolidation course successfully for the Group's financial result.

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 2020. 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. The dynamic gearing, calculated as net financial debt/EBITDA, will always remain below 3 and will stabilize at 1.5 in the long term.

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, 2015.

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 29, 2016

The Board of Directors

Hubertus Benteler Boris Gleißner Isabel Diaz Rohr

CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Income Statement (IFRSs)

for the fiscal year from January 1, 2015 to December 31, 2015

CONSOLIDATED INCOME STATEMENT (IFRSs)		— 4.1	
€ THOUSAND	NOTE	2015	2014
Sales	6)	7,597,651	7,556,392
Cost of sales	7)	– 6,891,339	– 6,856,340
Gross Profit		706,312	700,053
Selling expenses		– 196,534	– 211,777
Administration expenses		– 337,423	– 295,915
Research and development expenses		– 94,082	– 93,174
Other operating income	8)	132,484	140,249
Other operating expenses	9)	– 74,555	– 53,826
EBIT		136,201	185,610
Financial result	10)	– 44,853	– 53,171
Income from associates	14)	146	816
Result before tax		91,494	133,255
Income taxes	11)	– 24,394	– 31,267
Result for the period		67,100	101,988
Of which:			
Attributable to owners of parent		58,507	97,796
Non-controlling interests		8,593	4,192

Consolidated Statement of Comprehensive Income (IFRSs)

for the fiscal year from January 1, 2015 to December 31, 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRSs)			4.2
€ THOUSAND	NOTE	2015	2014
Result for the period	20)	67,100	101,988
Items that will not be reclassified to the income statement in future periods:			
Actuarial gains (losses) on defined-benefit plans (net)		- 4,499	- 64,879
On these items of the comprehensive income relating taxes		1,787	18,372
		- 2,712	- 46,507
Items that will be reclassified to the income statement in future periods:			
Gains (losses) on exchange differences on translation for foreign operations		30,585	44,491
Reclassification of amounts on exchange differences on translation of disposed foreign operations, recognised in the income statement		- 40	4,315
Gains (losses) on the measurement of cash flow hedges		- 7,643	- 28,660
Reclassification of amounts of cash flow hedges recognised in the income statement		23,362	424
On these items of the comprehensive income relating taxes		- 4,000	7,933
		42,264	28,502
Total comprehensive income		106,652	83,983
Of which:			
Attributable to owners of parent		95,756	76,460
Non-controlling interests		10,896	7,523

Consolidated Statement of Financial Position (IFRSs)

for the period ended December 31, 2015

Assets

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRSs)		— 4.3	
€ THOUSAND	NOTE	12/31/2015	12/31/2014
Intangible assets other than goodwill	12)	48,410	59,457
Goodwill	12)	6,442	6,442
Property, plant and equipment	13)	2,127,082	1,849,710
Investments in associates	14)	12,065	12,274
Deferred tax assets	15)	124,035	140,038
Non-current income tax receivables		584	22,971
Other non-current receivables and assets	16)	25,546	26,673
Non-current assets		2,344,164	2,117,564
Inventories	17)	748,228	770,497
Trade receivables	18.1)	642,706	639,865
Receivables from contract production	18.2)	6,768	6,724
Current tax receivables		40,241	26,322
Other current receivables and assets	18.3)	213,300	180,163
Cash and cash equivalents	19)	319,557	334,091
Current assets		1,970,800	1,957,662
Total assets		4,314,964	4,075,226

Consolidated Statement of Financial Position (IFRSs)

for the period ended December 31, 2015

Equity and liabilities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRSs)		— 4.3	
€ THOUSAND	NOTE	12/31/2015	12/31/2014
Issued capital		200	200
Retained earnings		175,275	175,275
Other reserves		762,325	692,569
Equity attributable to owners of parent		937,800	868,044
Non-controlling interests		57,827	68,626
Total shareholders' equity	20)	995,627	936,670
Non-current financial liabilities	23)	1,202,579	1,021,767
Non-current income tax liabilities	15)	22,082	34,121
Other non-current liabilities		50,844	46,455
Pension provisions	22)	370,729	359,025
Other non-current provisions	21)	52,337	50,346
Non-current liabilities		1,698,572	1,511,713
Current financial liabilities	23)	228,783	254,267
Trade payables		883,289	797,793
Current income tax liabilities	24)	5,090	18,671
Other current liabilities	25)	361,768	408,682
Other current provisions	21)	141,834	147,431
Current liabilities		1,620,765	1,626,843
Liabilities		3,319,337	3,138,556
Total shareholders' equity and liabilities		4,314,964	4,075,226

Consolidated Statement of Cash Flows (IFRSs)

for the fiscal year from January 1, 2015 to December 31, 2015

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRSs)		4.4
€ THOUSAND	2015	2014
Cash Flows from operating activities		
EBIT	136,201	185,610
Interest paid	– 73,196	– 85,675
Interest received	12,616	14,056
Dividends received	0	197
Income taxes paid / received (net)	– 27,770	2,259
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	230,311	227,595
Changes in non-current provisions	– 1,572	– 10,767
Other non-cash transactions	604	– 29,916
Cash Flow from profit	277,193	303,359
Changes in inventories	22,495	– 39,376
Changes in trade receivables	1,393	40,994
Changes in trade liabilities	64,198	– 102,897
Changes in working capital	88,086	– 101,280
Changes in current provisions	– 7,542	– 12,083
Changes in other receivables	– 25,094	5,266
Changes in other liabilities	– 48,804	31,384
Changes in other assets and liabilities	2,934	69,609
Cash Flow from operating activities	286,774	296,255

See Note 29

Consolidated Statement of Cash Flows (IFRSs) [continued]

for the fiscal year from January 1, 2015 to December 31, 2015

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRSs)

— 4.4

€ THOUSAND

	2015	2014
Cash Flows from investing activities		
Cash payments for investments in property, plant and equipment and intangible assets	– 431,002	– 510,815
Cash receipts from the disposal of property, plant and equipment and intangible assets	8,160	9,708
Government grants received for investments	15,558	22,247
Cash payments for investments in financial assets	– 2,465	– 41,241
Cash receipts from the disposal of financial assets	5,872	0
Net cash payments for acquisitions of subsidiaries	– 4,000	0
Net cash payments from the disposal of subsidiaries	0	– 2,216
Cash Flows from investing activities	– 407,878	– 522,317
Free Cash Flow	– 121,104	– 226,062
Cash Flows from financing activities		
Repayment of borrower's note loans	– 35,000	– 36,619
Repayment of bank loans	– 63,742	– 157,130
Cash receipts from the raising of bank loans	334,568	356,757
Repayment of profit participation certificates	– 100,000	0
Dividends paid	– 30,660	– 9,762
Cash payments for the acquisition of non-controlling interests	– 7,700	– 1,300
Cash receipts from non-controlling interests	0	12,255
Other cash receipts/cash payments from financing	9,621	– 14,112
Cash Flows from financing activities	107,086	150,090
Change in cash and cash equivalents	– 14,018	– 75,972
Effect of exchange rate changes on cash and cash equivalents	– 516	5,815
Cash and cash equivalents at January 1	334,091	404,248
Cash and cash equivalents at December 31	319,557	334,091

Consolidated Statement of Changes in Equity (IFRSs)

for the fiscal year from January 1, 2015 to December 31, 2015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRSs)

— 4.5

€ THOUSAND	Issued capital	Retained earnings	Other reserves		
			Foreign currency translation reserve	Cash Flow hedge reserve	Reserve for actuarial gains/losses
Balance at January 1, 2014	200	175,275	- 93,481	- 12,740	- 81,973
Result for the period					
Other income (after tax)			45,474	- 20,303	- 46,507
Capital increases					
Other changes					
Dividends paid					
Balance at December 31, 2014 = January 1, 2015	200	175,275	- 48,007	- 33,043	- 128,480
Result for the period					
Other income (after tax)			28,066	11,717	- 2,534
Acquisition of non-controlling interests ¹					- 1,730
Other changes ²					1,932
Dividends paid					
Balance at December 31, 2015	200	175,275	- 19,941	- 21,325	- 130,812

See also Note 20

1) See Note 20 and section 4.2. "Share purchases in financial year 2015"

2) In fiscal year 2015 puttable instruments related to non-controlling interests in an amount of KEUR 7.575 were reclassified to liabilities for the first time.

Consolidated Statement of Changes in Equity (IFRSs) [continued]

for the fiscal year from January 1, 2015 to December 31, 2015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRSs)

— 4.5

€ THOUSAND	Other reserves		Equity attributable to owners of parent	Non-controlling interests	Total share-holders' equity
	Other	Total			
Balance at January 1, 2014	801,164	612,970	788,445	55,717	844,161
Result for the period	97,796	97,796	97,796	4,192	101,988
Other income (after tax)		- 21,336	- 21,336	3,331	- 18,004
Capital increases		0	0	12,255	12,255
Other changes	3,139	3,139	3,139	2,894	6,032
Dividends paid		0	0	- 9,762	- 9,762
Balance at December 31, 2014 = January 1, 2015	902,099	692,569	868,044	68,626	936,670
Result for the period	58,507	58,507	58,507	8,593	67,100
Other income (after tax)		37,249	37,249	2,302	39,552
Acquisition of non-controlling interests ¹	409	- 1,321	- 1,321	- 6,379	- 7,700
Other changes ²	- 1,612	320	320	- 9,655	- 9,335
Dividends paid	- 25,000	- 25,000	- 25,000	- 5,660	- 30,660
Balance at December 31, 2015	934,403	762,325	937,800	57,827	995,627

See also Note 20

1) See Note 20 and section 4.2. "Share purchases in financial year 2015"

2) In fiscal year 2015 puttable instruments related to non-controlling interests in an amount of KEUR 7.575 were reclassified to liabilities for the first time.

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, 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 21,326 full-time equivalents)
- Steel/Tube (20 locations, about 3,848 full-time equivalents)
- Distribution (53 locations, about 1,432 full-time equivalents)
- Other companies (14 locations, about 1,158 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. The exceptions were 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. In addition, minor PoC (Percentage of Completion) receivables under PoC are extant, which are capitalized according to the degree of completion.

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 12, 2016, the Executive Board approved the consolidated financial statements and the Group management report for the period ended December 31, 2015, 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 18, 2016.

3 NEW ACCOUNTING STANDARDS

This section lists all standards and interpretations released by the IASB (International Accounting Standards Board) and IFRIC that were applied for the first time in the current reporting period, or that must be applied in future periods.

In the fiscal year 2015, the application of the following new standards and amendments of existing standards became mandatory:

NEW ACCOUNTING STANDARDS – CURRENT REPORTING PERIOD

— 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
Miscellaneous	IFRS Annual Improvements, 2011–2013 Cycle	7/1/2014	Yes	None
IFRIC 21	Levies	6/17/2014	Yes	None

IFRIC 21 represents a concretization of IAS 37 and contains guidelines for the time period and the amount of the accounting of public levies. The obligating event is the activity that triggers the payment of the levy in accordance with the relevant statutory regulations. When applying IFRIC 21, two different cases are possible. If the obligating event is a time period-related event, the debt should be recognized pro-rata temporis. On the other hand, if the obligation is triggered by reaching a threshold value, the debt is only recognized upon reaching or exceeding the threshold.

The new or changed regulations do not affect the consolidated financial statements of the BENTELER-Group.

The following standards, interpretations and amendments of existing standards have already been released by the IASB, but their 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

— 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 BENTELER-Group
New standards					
IFRS 9	Financial Instruments	7/24/2014	1/1/2018	No	Under review
IFRS 14	Regulatory Deferral Accounts	1/30/2014	1/1/2016	No	None
IFRS 15	Revenue from Contracts with Customers	5/28/2014	1/1/2018	No	Under review

Continued on p. 61

NEW ACCOUNTING STANDARDS – CURRENT REPORTING PERIOD

— 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 BENTELER-Group
Adjustment of existing standards					
Miscellaneous	IFRS Annual Improvements, 2010–2012 Cycle	12/12/2013	2/1/2015	Yes	None
IAS 19	Defined Benefit Plans: Employee Contributions	11/21/2013	2/1/2015	Yes	None
IFRS 11	Acquisitions of Interests in Joint Operations	5/6/2014	1/1/2016	No	None
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	30/6/2014	1/1/2016	No	None
IAS 27	Separate Financial Statements (Equity Method)	12/8/2014	1/1/2016	Yes	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 (Adjustment planned)	No	None
Miscellaneous	IFRS Annual Improvements, 2012–2014 Cycle	9/25/2014	1/1/2016	Yes	None
IAS 1	Presentation of Financial Statements	12/18/2014	1/1/2016	Yes	None
IFRS 10, IFRS 12, IAS 28	Investment Entities: Applying the consolidation exception	6/11/2014	1/1/2016	No	None

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 stand-

ard 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 on the consolidated financial statements are currently being examined.

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. The new rules require e.g. taking so-called risk-sharing into account when determining the benefit obligation. According to the previous standard, employee contributions are deducted from the service cost during the period of service in which the corresponding service is performed. This procedure can then be maintained if the contributions are independent of the number of years of service. In all other cases, the benefits resulting from the contributions from employees or third parties shall be distributed over the period of service. The adjusted standard does not impact the consolidated financial statements, as risk-sharing has never been applied in the BENTELER-Group.

The amendments to IAS 1 are intended to improve the statements and to encourage companies to exercise discretion in the application of IAS 1 when determining what information their financial statements shall contain.

In addition, there are a number of further standards and amendments that either are not relevant to the Group, or have no influence on the Group's consolidated financial statements. These regulations 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 BIAG and all significant subsidiaries in which BIAG 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 or 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. As in previous years, the full goodwill method is not applied.

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 2015, the number of fully consolidated companies developed as follows:

DEVELOPMENT OF THE CONSOLIDATED GROUP				— 4.8
	Austria	Other countries	Total	
Included in consolidation as at December 31, 2014	4	138	142	
Addition through new foundation	—	1	1	
Included for the first time	—	2	2	
Disposals as a result of mergers/liquidation	—	5	5	
Included in consolidation as at December 31, 2015	4	136	140	

New foundations in the fiscal year which were thus included in the consolidated financial statements for the first time were BENTELER Automotive Poland spolka z o.o., Warsaw, Poland. Further additions in the fiscal year 2015 resulted from the first-time inclusion of two companies in the consolidated group. These companies are BENTELER Steel/Tube (Nantong) Co. Ltd., Nantong, China and TF-Tec GmbH, Paderborn, Germany (previously Blitz 11-487 GmbH).

To simplify the Group structure, in January 2015 BENTELER Global Procurement GmbH, Paderborn, Germany was merged with BENTELER Deutschland GmbH, Paderborn, Germany, as the acquiring company. In addition, in January 2015 Schrootverwerkingsbedrijf Kootstertille B.V. and in December 2015 Noord-Nederlandse Schrootverwerking B.V. were merged with Noordned Holding B.V., Franeker, Netherlands as the acquiring company. Noordned Holding B.V was subsequently renamed

Noord-Nederlandse Schrootverwerking B.V. In November 2015, BENTELER JIT Barcelona SL, Abrera (Barcelona), Spain merged with BENTELER JIT Martorell S.A., Abrera (Barcelona), Spain. 000 BENTELER Distribution Russia, St. Petersburg, Russia was liquidated in December 2015.

Three companies (prior year: four 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).

Acquisitions in fiscal year 2015

For the strategic expansion of the value chain in the Steel/Tube Division with further preprocessing forms as well as for reasons of consistent further development of specific tube solutions, especially for cam shafts, the Hotformtec Division was taken over by IFUTEC Produktions GmbH, Karlsbad, Germany, as part of an asset deal in October 2015. A shelf company (Blitz 11-487 GmbH) was used for the acquisition and was renamed TF-Tec GmbH, Paderborn, Germany.

Hotformtec is a technology for hot-forming seamless and welded tubes. The total purchase price amounts to €5,000 thousand and is composed of a fixed purchase price of €4,000 thousand as well as a contingent purchase price liability, which was evaluated at €1,000 thousand on the date of acquisition. The actual amount of the contingent purchase price liability depends on the revenue achieved by Hotformtech during the period from October 1, 2015 and December 31, 2021, and is limited to a maximum amount of €600 thousand per calendar year. The contingent purchase price obligation is due for payment on a monthly basis.

The acquired assets are based on the determined fair values at the acquisition date and consist of the following:

REVALUED IDENTIFIABLE ASSETS		4.9
€ THOUSAND		2015
Intangible assets		2,600
Property, plant and equipment		2,350
Inventories		50
Acquired assets		5,000

The profit includes €292 thousand and revenue includes €215 thousand from the business additionally generated by the acquisition.

The net cash outflow from the acquisition was as follows for the past fiscal year:

NET CASH OUTFLOW		4.10
€ THOUSAND		2015
Fixed purchase price, paid in cash		– 4,000
Variable purchase price, paid in cash		0
Cash flow from investing activities		– 4,000

Increase of interests in fiscal year 2015

In June 2015, BENTELER increased its shareholdings in BENTELER Distribution Deutschland GmbH & Co. KG as well as in BENTELER Distribution Deutschland Beteiligungs GmbH, both headquartered in Duisburg, Germany, from 72% to 100% for a purchase price of €7,700 thousand. The acquisition reduced the equity attributable to non-controlling interests by €6,327 thousand, and the difference from the purchase price was recognized directly within equity attributable to owners of the parent.

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 BIAG 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

— 4.11

	Average rate		Closing rate	
	2015	2014	12/31/2015	12/31/2014
BRL	3.74	3.10	4.31	3.23
CHF	1.06	1.21	1.08	1.20
CNY	6.89	8.15	7.07	7.44
CZK	27.27	27.55	27.02	27.72
GBP	0.72	0.80	0.74	0.78
MXN	17.67	17.63	18.92	17.86
NOK	8.99	8.40	9.61	9.04
RUB	68.80	51.94	80.54	72.70
SEK	9.33	9.12	9.18	9.40
USD	1.10	1.32	1.09	1.22
ZAR	14.28	14.33	16.99	14.04

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 PoC (Percentage of Completion) method. The PoC method is only applied 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 their acquisition costs. Intangible assets are 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

— 4.12

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

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

5.5 Property, plant and equipment

Property, plant and equipment is measured at 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

— 4.13

	Useful lives 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 any such indications are present, the assets are tested for a possible impairment. An impairment loss is recognized if the recoverable amount falls below the carrying amount. The recoverable amount is defined as the higher of an asset's fair value less costs to sell and its value in use.

For the BENTELER-Group, the value in use was the basis for the determination of the recoverable amount. 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 financial plans.

If the carrying amount exceeds the recoverable amount of the asset, the exceeding amount is recognized as an impairment loss in profit or loss. If the impairment loss exceeds the carrying amount of any goodwill allocated to a cash generating unit (CGU), 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. 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 CGU to which the asset belongs.

Impairment losses are reversed if there are indications of an increase in value are present and the recoverable amount is greater than the carrying amount. 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. Impairment exists if the carrying amount is greater than the recoverable amount.

For purposes of impairment testing, goodwill was allocated to the CGUs (Divisions) as follows:

IMPAIRMENT TEST		4.14
€ THOUSAND	2015	2014
Steel/Tube	5,679	5,679
Distribution	764	764
Total	6,442	6,442

The recoverable amount of the CGUs is based on the value in use, which is calculated using discounted cash flow projections. Cash flow projections are calculated based on the business planning for the next five years and under the assumption of a subsequent long-term growth rate. The planning assumptions are based on historical experiences and expectations for market development.

The key assumptions used to calculate the recoverable amount for the Steel/Tube Division, to which goodwill is primarily attributable, are the discount rate of 6.3% (prior year: 8.4%) as well as the long-term growth rate of 0% (prior year: 1%).

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 CGU.

The annual goodwill impairment test did not indicate an impairment loss, because, as in the prior year, the recoverable amount exceeded the carrying amount of the CGU by more than 10%. The sensitivity analyses demonstrate that a 1% increase in interest rates or a 5% decrease in cash flow does not lead to an impairment.

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 **"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. Liabilities for puttable equity instruments include non-controlling interests in the equity of partnerships (limited partners' shares). These interests shall be recognized as a liability of the BENTELER-Group because they can be returned to the issuer in exchange for cash. Liabilities for puttable equity instruments are recognized at their redemption value and any changes are recognized in the financial result.

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 uses hedge accounting if the conditions specified in IAS 39 for the formation of hedging relationships are met. 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 27 – “Derivative financial instruments and hedge accounting” and Note 28 – “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 1.0% to 2.1% (prior year: 2.7% – 4.1%).

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 15 – Deferred tax assets and liabilities)
- Recognition and measurement of provisions (especially provisions for onerous contracts) (Note 21 – Provisions)
- Measurement of defined benefit obligations (Note 22 – Provisions for pensions and similar commitments)

Notes to the Consolidated Income Statement

6 REVENUE

Revenues of the BENTELER-Group break down as follows:

REVENUE	— 4.15	
€ THOUSAND	2015	2014
Sales of goods	7,489,625	7,458,098
Construction contracts	57,892	48,851
Other	50,134	49,444
Total	7,597,651	7,556,392

7 COST OF SALES

The costs of sales are composed as follows:

COST OF SALES	— 4.16	
€ THOUSAND	2015	2014
Material expenses	5,117,943	5,130,181
Other	1,773,396	1,726,158
Total	6,891,339	6,856,340

8

OTHER OPERATING INCOME

OTHER OPERATING INCOME	— 4.17	
€ THOUSAND	2015	2014
Insurance claims	6,135	6,654
Foreign currency exchange gains	37,507	37,481
Income from the reversal of provisions	20,495	15,370
Income from the disposal of property, plant and equipment	1,873	4,030
Government grants	22,387	3,572
Income from the reversal of bad debt allowances	430	3,221
Compensation benefits	6,701	18,991
Miscellaneous	36,956	50,930
Total	132,484	140,249

The government grants include a performance-related grant of €12,364 thousand, which was granted in connection with previously incurred costs for the construction of the new hot rolling mill in the United States. The subsidy is conditional, whereby €810 million in investments in the hot rolling mill shall be incurred until 2024 and a minimum number of jobs and personnel costs shall be maintained from 2016 to 2035. There is reasonable assurance that future conditions will be met. Insofar as the conditions are not met, partial amounts of received government grants are subject to repayment.

9 OTHER OPERATING EXPENSES

Other operating expenses mainly consist of foreign currency translation losses.

10 FINANCIAL RESULT

FINANCIAL RESULT

— 4.18

€ THOUSAND	2015	2014
Income from derivative financial instruments	29,916	6,033
Interest income from loans and other financial assets	2,097	1,237
Foreign currency exchange income	23,039	22,919
Interest income from bank accounts	4,572	6,631
Accrued interest on provisions	19	150
Other finance income	5,082	0
Finance income	64,724	36,969

In fiscal year 2015, other finance income for the first time includes the profit attributable to puttable equity instruments which are held by non-controlling shareholders and recognized under other financial liabilities.

FINANCIAL RESULT

— 4.19

€ THOUSAND	2015	2014
Interest expense for financial liabilities	45,226	45,503
Expense from derivative financial instruments	46,183	25,208
Interest expense for pension obligations	8,577	9,822
Profit participation certificate expenses	2,909	7,356
Foreign currency translation losses	6,129	1,607
Accrued interest on provisions	554	645
Finance expenses	109,577	90,140

11 INCOME TAXES

INCOME TAXES

— 4.20

€ THOUSAND	2015	2014
Current tax expense	26,316	28,789
thereof for the current reporting period	22,629	31,362
thereof for previous periods	3,687	– 2,572
Deferred tax expense / tax income	– 1,922	2,477
Total tax expense / tax income	24,394	31,267

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

— 4.21

€ THOUSAND	2015	2014
Profit for the period before tax under IFRS	91,494	133,255
Group income tax rate (%)	30 %	30 %
Expected tax expense / tax income for year	27,448	39,976
Effect of changes in tax rates	1,070	2,015
Effect of differences in tax rates	– 2,898	– 5,499
Effect of income that is exempt from taxation and other deductions	– 3,223	– 1,836
Effect of non-tax-deductible operating expenses and other additions	6,221	4,267
Effect of taxes from previous years recognized during the year	– 9,499	– 6,494
Effect of income taxes not creditable toward income tax (withholding taxes and foreign taxes)	2,347	3,334
Effect of impairments / adjustments	4,239	– 4,086
Other effects	– 1,311	– 410
Total tax expense (+) / tax income (–)	24,394	31,267

Notes to the Consolidated Statement of Financial Position

12 INTANGIBLE ASSETS

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

TOTAL RESEARCH AND DEVELOPMENT COST		— 4.22
€ THOUSAND	2015	2014
Research and development expenses (total)	84,053	80,718
Capitalized development costs	– 79	– 6,237
Amortization and impairment of capitalized development costs	10,108	18,694
Research and development costs recognized in the consolidated income statement	94,082	93,174
Capitalization ratio (%) *	0.1%	7.7%

* 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 the Steel/Tube Division.

Intangible assets include intangible assets with restricted ownership rights at a carrying amount of €0 thousand (prior year: €0 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 €3,246 thousand (prior year: €2,841 thousand).

Intangible assets changed as follows:

DEVELOPMENT OF INTANGIBLE ASSETS					
€ THOUSAND	Acquired intangible assets (without goodwill)	Acquired goodwill	Prepayments	Internally generated intangible assets	Total
Cost of acquisition or production					
Balance as at January 1, 2015	118,304	8,134	3,264	173,812	303,514
Additions	5,131	0	3,227	79	8,437
Changes in the scope of consolidation	2,600	0	0	0	2,600
Reclassifications	799	0	- 572	- 227	0
Disposals	- 557	0	- 13	- 504	- 1,073
Foreign currency exchange differences	- 1,033	0	188	- 1,900	- 2,746
Balance at December 31, 2015	125,244	8,134	6,094	171,261	310,733
Depreciation and amortization					
Balance as at January 1, 2015	95,920	1,692	0	140,003	237,615
Current amortization	10,714	0	0	10,108	20,822
Impairment	0	0	0	882	882
Disposals	- 1,579	0	0	- 209	- 1,788
Foreign currency exchange differences	- 936	0	0	- 713	- 1,649
Balance at December 31, 2015	104,118	1,692	0	150,072	255,881
Carrying amount					
Balance as at January 1, 2015	22,384	6,442	3,264	33,809	65,899
Balance at December 31, 2015	21,127	6,442	6,094	21,189	54,852

— 4.23

DEVELOPMENT OF INTANGIBLE ASSETS

— 4.24

€ THOUSAND	Acquired intangible assets (without goodwill)	Acquired goodwill	Prepayments	Internally generated intangible assets	Total
Cost of acquisition or production					
As of 1/1/14	139,721	10,918	3,024	156,631	310,294
Additions	6,198	0	2,506	1,699	10,403
Changes in the scope of consolidation	- 27	0	0	0	- 27
Reclassifications	- 21,600	0	- 1,845	23,445	0
Disposals	- 6,191	- 2,690	- 547	- 6,597	- 16,025
Foreign currency exchange differences	203	- 93	125	- 1,366	- 1,131
As of 12/31/14	118,304	8,134	3,264	173,812	303,514
Depreciation and amortization					
As of 1/1/14	91,776	4,476	172	142,531	238,955
Current amortization	10,901	0	0	12,045	22,945
Recoveries	0	0	0	- 9,951	- 9,951
Changes in the scope of consolidation	- 27	0	0	0	- 27
Reclassifications	- 737	0	0	737	0
Disposals	- 6,145	- 2,690	- 166	- 5,135	- 14,137
Foreign currency exchange differences	151	- 93	- 6	- 223	- 171
As of 12/31/14	95,920	1,692	0	140,003	237,615
Carrying amount					
As of 1/1/14	47,945	6,442	2,853	14,099	71,340
As of 12/31/14	22,384	6,442	3,264	33,809	65,899

13 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT

— 4.25

€ THOUSAND	Land and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Advance payments and construction in progress	Total
Cost of acquisition or production					
Balance at January 1, 2015	768,110	2,598,576	421,433	471,149	4,259,267
Additions	38,580	74,499	22,313	305,800	441,192
Changes in the scope of consolidation	0	2,350	0	0	2,350
Reclassifications	11,748	101,507	10,253	– 123,509	0
Disposals	– 12,351	– 70,958	– 14,589	– 315	– 98,213
Foreign currency exchange differences	19,903	24,987	1,237	39,181	85,309
Balance at December 31, 2015	825,991	2,730,961	440,646	692,307	4,689,905
Depreciation and amortization					
Balance at January 1, 2015	370,624	1,736,762	302,171	0	2,409,557
Current amortization	21,022	155,956	31,377	0	208,355
Impairment	0	252	0	0	252
Reclassifications	8	56	– 64	0	0
Disposals	– 9,935	– 66,380	– 12,316	0	– 88,632
Foreign currency exchange differences	10,058	23,256	741	0	34,055
Balance at December 31, 2015	391,777	1,849,901	321,909	0	2,563,588
Carrying amount					
Balance at January 1, 2015	397,486	861,814	119,261	471,149	1,849,710
Balance at December 31, 2015	434,476	881,555	118,743	692,307	2,127,082
thereof from finance lease	14,310	4,001	1,653	0	19,963

PROPERTY, PLANT AND EQUIPMENT

— 4.26

€ THOUSAND	Land and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Advance payments and construction in progress	Total
Cost of acquisition or production					
As of 1/1/14	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
As of 12/31/14	768,110	2,598,576	421,433	471,149	4,259,267
Depreciation and amortization					
As of 1/1/14	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	0
Disposals	- 17,483	- 133,778	- 35,685	0	- 186,947
Foreign currency exchange differences	6,134	31,953	3,042	0	41,128
As of 12/31/14	370,624	1,736,762	302,171	0	2,409,557
Carrying amount					
As of 1/1/14	356,163	796,749	122,767	246,539	1,522,218
As of 12/31/14	397,486	861,814	119,261	471,149	1,849,710
thereof from finance lease	8,614	4,712	1,867	0	15,194

In the fiscal year 2015, borrowing costs of €16,047 thousand (after deduction of investment income) were capitalized (prior year: €10,166 thousand). Interest rates between 3.5% and 4.7% (prior year: between 3.5% and 4.4%) were applied for this purpose.

In the fiscal year 2015, the BENTELER-Group received investment grants in the amount of €15,558 thousand (prior year: €22,247 thousand), which amount was deducted from the acquisition cost of the property, plant and equipment.

In reference to investment grant conditions still to be met in connection with the construction of the hot rolling mill in the US, see Note 8 "Other operating income".

Property, plant and equipment include items with restricted ownership rights at a carrying amount of €6,530 thousand (prior year: €6,968 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 €75,714 thousand (prior year: €203,012 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		— 4.27
€ THOUSAND	12/31/2015	12/31/2014
Future minimum lease payments		
due within one year	30,612	34,644
due in 1 to 5 years	69,772	73,113
due after 5 years	28,536	30,574
Total	128,920	138,331

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 — 4.28		
€ THOUSAND	12/31/2015	12/31/2014
Future minimum lease payments		
due within one year	2,514	2,933
due within one to five years	8,020	6,242
due after five years	19,763	3,292
Nominal value	30,298	12,467
Interest component	14,663	1,006
Present value of minimum lease payments	15,635	11,462

Payments of €33,716 thousand under rental and lease agreements were recognized as expenses for 2015 (prior year: €29,920 thousand).

14 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 — 4.29		
€ THOUSAND	12/31/2015 or 2015	12/31/2014 or 2014
Carrying amount of investments in associates	12,065	12,274
Pro rata result from continuing Divisions	146	816

15 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 — 4.30

€ THOUSAND	12/31/2015		12/31/2014	
	Assets	Equity and liabilities	Assets	Equity and liabilities
Intangible assets	3,103	-6,742	4,973	-15,051
Property, plant and equipment	19,637	-57,437	5,156	-58,362
Current and non-current assets	3,428	-19,091	6,459	-3,838
Inventories	20,050	-10,427	7,302	-7,460
Current and non-current receivables and other assets	5,787	-15,505	4,983	-7,009
Provisions for pensions	52,860	-8,681	44,670	-2,530
Other provisions	24,422	-6,836	27,888	-3,155
Liabilities	42,523	-4,730	42,793	-5,219
Unused tax loss carryforwards	56,898	0	60,835	0
Tax credits	2,693	0	3,482	0
Gross value	231,401	-129,449	208,542	-102,625
Netting	107,366	-107,366	68,504	-68,504
Recognized in statement of financial position	124,035	-22,083	140,038	-34,121

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, 2015, there were unused tax loss carryforwards of €413,301 thousand (prior year €399,307 thousand). The Company assumes that unused tax loss carryforwards of €195.986 thousand (prior year: €208,312 thousand) can probably be utilized. No deferred tax was recognized for unused tax loss carryforwards of €217,405 thousand (prior year: €190,995 thousand).

The unused tax losses can be carried forward as follows:

UNUSED TAX LOSS CARRY-FORWARDS — 4.31

€ THOUSAND	12/31/2015	12/31/2014
Expiring in the next ten years	30,176	46,938
Expiring in more than ten years	3,986	1,846
Unused tax losses not subject to expiration	183,243	142,211
Total	217,405	190,995

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).

16 OTHER NON-CURRENT RECEIVABLES AND ASSETS

OTHER NON-CURRENT RECEIVABLES AND ASSETS

— 4.32

€ THOUSAND	12/31/2015	12/31/2014
Investments in unconsolidated, associated entities	2,367	179
Securities	1,253	1,217
Financial receivables	6,782	8,174
Other tax assets	1,373	3,259
Prepaid expenses	10,321	10,227
Other assets	3,451	3,618
Total	25,546	26,673

17 INVENTORIES

INVENTORIES

— 4.33

€ THOUSAND	12/31/2015	12/31/2014
Raw material and manufacturing supplies	283,616	277,991
Work in progress	177,807	139,431
Finished products and goods	273,741	334,929
Prepayments	13,065	18,145
Total	748,228	770,497

18 RECEIVABLES

18.1 Trade receivables

TRADE RECEIVABLES

— 4.34

€ THOUSAND	12/31/2015	12/31/2014
Trade receivables, gross	651,003	650,026
Doubtful debt allowances on trade receivables	– 8,297	– 10,161
Carrying amount	642,706	639,865

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 €375,478 thousand (prior year: €361,524 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			— 4.35
€ THOUSAND	12/31/2015	12/31/2014	
Balance at January 1	10,161	11,306	
Additions	3,896	7,240	
Reversals	– 430	– 3,221	
Utilization	– 5,313	– 5,233	
Effects of foreign exchange rates and other changes	– 18	68	
Balance as at December 31	8,297	10,161	

In the event of indications of irrecoverability, the carrying amounts of trade receivables are impaired individually as well as for general credit risks on the basis of a portfolio approach. Allowances for general credit risks were distributed on a percentage basis over the maturity structure of the receivables, based on experience from previous years.

The maturity structure of unadjusted receivables is as follows:

MATURITY STRUCTURE OF UNADJUSTED RECEIVABLES			— 4.36
€ THOUSAND	12/31/2015	12/31/2014	
Receivables that are neither past due nor impaired	572,978	579,633	
Receivables that are past due but not impaired	64,672	56,581	
less than 30 days past due	54,033	34,647	
30 to 60 days past due	5,454	11,980	
61 to 90 days past due	1,744	5,295	
more than 90 days past due	3,441	4,660	
Receivables with specific doubtful debt allowances	5,057	3,651	
Carrying amount as at December 31	642,706	639,865	

At the end of the period on December 31, 2015, as in previous years, no trade receivables had been pledged.

18.2 Receivables from construction contracts

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

RECEIVABLES FROM CONSTRUCTION CONTRACTS			— 4.37
€ THOUSAND	12/31/2015	12/31/2014	
Incurred contract costs	20,187	18,087	
Recognized gains less recognized losses	2,939	2,203	
Production orders with outstanding balances receivable from customers	23,126	20,290	
Prepayments and partial invoices	– 16,358	– 13,566	
Receivables from construction contracts	6,768	6,724	

18.3 Other current receivables and assets

OTHER CURRENT RECEIVABLES AND ASSETS			— 4.38
€ THOUSAND	12/31/2015	12/31/2014	
Prepaid expenses	7,776	10,079	
Other financial assets	84,336	82,085	
Other non-financial assets	121,188	87,999	
Total	213,300	180,163	

Other non-financial assets primarily include other tax receivables (particularly for value added tax and energy tax) and accounts receivable facility agreement.

19 CASH AND CASH EQUIVALENTS

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

20 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, 2015. 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, 2015, 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 non-controlling interests (both for the profit and the equity) are primarily related to two Chinese companies. The proportion of revenue and total assets are each under 1.5% of the Group's consolidated value and are therefore not considered essential.

The other components of equity changed as follows (includes the amount related to non-controlling interests):

**DEVELOPMENT OF OTHER COMPONENTS OF EQUITY
IN THE CURRENT REPORTING PERIOD**

— 4.39

€ THOUSAND	Fiscal year 2015		
	Before tax	Tax effect	After tax
Foreign currency translation effects	30,546	0	30,546
Effects of cash flow hedging	15,719	– 4,000	11,719
Actuarial gains and losses	– 4,499	1,787	– 2,712
Total	41,766	– 2,213	39,552

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

— 4.40

€ 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
Total	– 44,310	26,304	– 18,005

21 PROVISIONS

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

PROVISIONS

— 4.41

€ THOUSAND	Note	12/31/2015	12/31/2014
Pension provisions – non-current	24)	370,729	359,025
Other provisions for employee benefits	23.2)	27,121	23,823
Provisions for onerous contracts	23.1)	9,504	11,597
Provisions for guarantees and warranties	23.1)	12,507	12,161
Other provisions	23.1)	3,206	2,765
Other non-current provisions		52,337	50,346
Other provisions for employee benefits	23.2)	16,362	13,883
Provisions for onerous contracts	23.1)	12,377	12,800
Provisions for guarantees and warranties	23.1)	49,839	61,223
Other provisions	23.1)	63,256	59,525
Other current provisions		141,834	147,431

Statement of changes in provisions

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

STATEMENT OF CHANGES IN PROVISIONS — 4.42					
€ THOUSAND	Guarantees and warranties	Employee	Onerous contracts	Other provisions	Total
Balance at January 1, 2015	73,384	37,705	24,397	62,290	197,776
Changes in the scope of consolidation	0	0	0	0	0
Additions	11,740	17,239	111	30,421	59,511
Utilization	–14,194	–9,197	–2,149	–18,701	–44,241
Reversals	–9,602	–2,342	–17	–8,535	–20,495
Reclassifications	0	0	0	0	0
Accrued interest	73	351	35	96	554
Discounting	–4	0	–7	–7	–19
Foreign currency exchange differences	949	–273	–489	897	1,085
Balance at December 31, 2015	62,345	43,483	21,881	66,462	194,172
thereof current	49,839	16,362	12,377	63,256	141,834
thereof non-current	12,507	27,121	9,504	3,206	52,337

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 employee benefits primarily comprise jubilees as well as obligations under partial retirement agreements and severance. 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.

The other provisions relate primarily to sales deductions, and partly to litigation risks and other taxes.

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

22 PROVISION FOR PENSIONS AND SIMILAR OBLIGATIONS

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

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

PARAMETERS FOR ACTUARIAL CALCULATIONS

— 4.43

PERCENTAGES AS A WEIGHTED AVERAGE	2015	2014
Interest rate	2.0	2.3
Rate of increase in pensionable salaries	2.1	2.5
Inflation	1.6	2.0

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

— 4.44

€ THOUSAND	12/31/2015	12/31/2014
Present value of the liability	497,334	485,664
Fair value of plan assets	- 127,607	- 128,115
Net balance	369,727	357,549
Assets not included as per IAS 19.57(b)	1,001	1,476
Provision for pensions and other similar commitments as at December 31	370,729	359,025

EXPENSES FROM RETROACTIVE PLAN AMENDMENTS		— 4.45
€ THOUSAND	2015	2014
Present value of defined benefit obligation as at January 1	485,664	415,622
Current service cost	14,310	11,625
Interest expense	11,288	13,117
Actuarial gains (losses) on defined-benefit plans (net)	7,243	66,461
thereof due to the change in demographic assumptions	– 163	264
thereof due to the change in financial assumptions	12,376	68,907
thereof due to experience-based assumptions	– 4,970	– 2,710
Past service cost	0	30
Settlements	– 7,679	– 117
Gains/losses arising from changes in foreign exchange rates	6,499	– 522
Employee contributions	1,852	1,642
Payments made	– 21,825	– 10,150
Net change from company acquisitions and disposals	– 19	– 12,044
Present value of defined benefit obligation as at December 31	497,334	485,664

CHANGES IN PLAN ASSETS		— 4.46
€ THOUSAND	2015	2014
Fair value of plan assets as at January 1	128,115	129,149
Interest income	2,671	3,560
Revaluation of plan assets	– 548	– 822
Settlements	– 5,758	– 62
Gains/losses arising from changes in foreign exchange rates	5,169	143
Contributions to the pension plan	18,446	16,210
thereof employers	16,593	14,569
thereof employees	1,853	1,642
Paid out of plan assets	– 21,840	– 10,166
Net change from company acquisitions and disposals	0	– 9,897
Other changes	1,352	0
Fair value of plan assets as at December 31	127,607	128,115

CHANGES IN ASSET CEILING			— 4.47
€ THOUSAND	2015	2014	
Unrecognized asset as at January 1	1,476	3,715	
Interest on unrecognized asset recognized in profit or loss	57	165	
Other changes in unrecognized asset	– 531	– 2,404	
Unrecognized asset as at December 31	1,001	1,476	

The average duration of the obligation as at December 31, 2015, is 17 years (prior year: 18 years).

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

COMPONENTS OF PLAN ASSETS			— 4.48
€ THOUSAND	12/31/2015	12/31/2014	
Equity instruments (active market)	29,434	31,912	
Debt instruments (active market)	13,829	15,813	
Insurance contracts	70,236	68,385	
Property	8,510	7,736	
Other assets	5,597	4,269	
Total	127,607	128,115	

The expected contributions to the plan as from 2016 amount to €15,819 thousand (prior year: €15,401 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 — 4.49

€ THOUSAND	Change in assumptions	Fiscal year 2015	
		Decrease of the parameter / change of the defined benefit obligations	Increase of the parameter / change of the defined benefit obligations
Interest rate	0.5 %	44,883	– 38,808
Rate of pension increase	0.5 %	– 23,014	28,327
Rate of salary increase	0.5 %	– 4,480	4,676

IMPACT OF CHANGES IN ACTUARIAL PARAMETERS ON THE DEFINED BENEFIT OBLIGATION — 4.50

€ THOUSAND	Change in assumptions	Fiscal year 2014	
		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 pension increase	0.5 %	– 22,302	29,730
Rate of salary increase	0.5 %	– 3,162	3,542

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

23 FINANCIAL DEBTS

FINANCIAL DEBTS

— 4.51

€ THOUSAND	12/31/2015		12/31/2014	
	current	non-current	current	non-current
Profit participation capital	0	0	98,150	0
Borrower's note loans	84,934	385,826	40,669	440,000
Amounts owed to credit institutions	132,603	795,673	106,219	572,926
Lease liabilities	2,514	13,121	2,688	8,774
Miscellaneous	8,732	7,959	6,541	67
Total	228,783	1,202,579	254,267	1,021,767

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

Profit participation capital

On the due date, the profit participation capital was €0 thousand (prior year: €98,150 thousand). 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. BENTELER Deutschland GmbH repaid the participation certificates on May 30, 2015, in line with the conditions for the participation certificates.

24 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.

25 OTHER SHORT-TERM LIABILITIES

OTHER SHORT-TERM LIABILITIES

— 4.52

€ THOUSAND	12/31/2015	12/31/2014
Other tax liabilities	47,380	52,855
Pending invoices payable	43,664	62,192
Liabilities to employees	87,141	97,554
Advance payments received	42,284	47,476
Social security liabilities	23,171	23,166
Miscellaneous other financial liabilities	26,976	26,918
Miscellaneous other non-financial liabilities	91,152	98,520
Total	361,768	408,682

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

26 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.

26.1 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

— 4.53

€ THOUSAND	2015		2014	
	Decrease by 10%	Increase by 10%	Decrease by 10%	Increase by 10%
Effect on:				
Earnings after tax	– 151	– 115	– 657	562
Cash flow hedge reserve	6,172	– 6,509	– 2,772	5,077
Total equity	6,021	– 6,394	– 3,429	5,639

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

SENSITIVITY ANALYSIS FOR USD FOREIGN EXCHANGE RISK

— 4.54

€ THOUSAND	2015		2014	
	Decrease by 10%	Increase by 10%	Decrease by 10%	Increase by 10%
Effect on:				
Earnings after tax	0	0	0	0
Cash flow hedge reserve	5,830	– 5,392	4,817	– 3,003
Total equity	5,830	– 5,392	4,817	– 3,003

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

26.2 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

— 4.55

€ THOUSAND	2015		2014	
	Increase by 100 bps = 1%	Decrease by 100 bps = 1%	Increase by 100 bps = 1%	Decrease by 100 bps = 1%
Effect on:				
Earnings after tax	1,699	– 1,699	1,492	– 1,492
Cash flow hedge reserve	9,042	– 8,410	7,323	– 7,708
Total equity	10,741	– 10,109	8,815	– 9,200

26.3 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.

26.3.1 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.

26.3.2 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.

26.3.3 Other commodity price risks

The propane gas used for casting processes is subject to price risk, which is hedged over the medium term via fixed price swaps.

The fair value of aluminum and propane gas commodity forwards are based on official market quotations (stock quotes on the LME – London Metal Exchange and Platts price indices for energy and commodity markets).

An increase or decrease in the aluminum and propane gas commodity prices by 10% would have the following impact on earnings after tax and equity:

SENSITIVITY ANALYSIS FOR ALUMINUM PRICE RISK

— 4.56

€ THOUSAND	2015		2014	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Effect on:				
Earnings after tax	0	0	0	0
Cash flow hedge reserve	596	– 596	244	– 244
Total equity	596	– 596	244	– 244

26.4 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.

26.5 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, 2015, a strategic liquidity reserve of unutilized written confirmed short- and long-term credit lines of a total €387,705 thousand (prior year: €382,935 thousand) was available.

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

MATURITIES OF FINANCIAL LIABILITIES

— 4.57

€ THOUSAND	Carrying amount 12/31/2015	Maturity of financial debts					
		in 1 year		in 2 to 5 years		after 5 years	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
Financial debt (non-current and current)	1,431,363	34,948	228,783	64,243	883,444	8,553	319,136
Borrower's note loans	470,760	12,264	84,934	14,168	375,826	140	10,000
Liabilities to banks	928,276	22,479	132,603	49,450	502,432	7,907	293,241
Liabilities from finance lease	15,635	205	2,514	625	4,801	506	8,320
Other financial liabilities	16,692	0	8,732	0	384	0	7,575
Trade payables	883,289	0	883,289	0	0		0
Other liabilities (non-current and current)	120,100	6,640	70,095	11,226	36,459	126	0
Negative market values of derivatives without on-balance sheet hedging relationship	45,558	0	13,080	0	32,478	0	0
Negative market values of derivatives with on-balance sheet hedging relationship (hedge accounting)	30,868	6,640	13,340	11,226	3,981	126	0
Other financial liabilities	43,674	0	43,674	0	0	0	0
Total	2,434,753	41,588	1,182,167	75,469	919,903	8,678	319,136

MATURITIES OF FINANCIAL LIABILITIES

— 4.58

€ THOUSAND	Carrying amount 12/31/2014	Maturity of financial debts					
		in 1 year		in 2 to 5 years		after 5 years	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
Financial debt (non-current and current)	1,276,034	42,541	254,267	67,363	896,558	8,942	125,208
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
Trade payables	797,793	0	797,793	0	0	0	0
Other liabilities (non-current and current)	130,449	5,805	88,897	13,031	25,021	166	0
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
Total	2,204,276	48,346	1,140,957	80,394	921,579	9,108	125,208

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.

26.6 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 of December 31, 2014, it was 23.0% (prior year: 23.0%).

27 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 24 months, but not more than 36 months. The employed commodity derivatives hedge variable cash flows until 2016 and primarily relate to aluminum and propane gas price hedges.

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

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

TYPES, AMOUNTS AND FAIR VALUES OF FOREIGN CURRENCY HEDGES AND INTEREST RATE HEDGES HELD IN THE CURRENT REPORTING PERIOD — 4.59

€ THOUSAND	31.12.2015		
	Nominal volume	Positive market values	Negative market values
Derivatives without on-balance sheet hedging relationship	660,544	9,609	45,558
Foreign currency hedges	660,544	9,609	45,558
Derivatives with on-balance sheet hedging relationship (hedge accounting)	996,042	9,697	30,868
Interest rate and interest / currency hedges	507,719	5,192	13,547
Foreign currency hedges	448,523	3,555	15,277
Commodity hedges	39,800	950	2,045

TYPES, AMOUNTS AND FAIR VALUES OF FOREIGN CURRENCY HEDGES AND INTEREST RATE HEDGES HELD IN THE PRIOR REPORTING PERIOD — 4.60

€ THOUSAND	31.12.2014		
	Nominal volume	Positive market values	Negative market values
Derivatives without on-balance sheet hedging relationship	531,354	4,507	23,611
Interest rate and interest / currency hedges	0	0	0
Foreign currency hedges	531,354	4,507	23,611
Derivatives with on-balance sheet hedging relationship (hedge accounting)	892,581	8,277	44,646
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

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

28 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, 2015, and the prior year:

CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

— 4.61

€ THOUSAND	Measurement category pursuant to IFRS 13	Carrying amount 12/31/2015	Measurement pursuant to IAS 39			Valuation pursuant to IAS 17	Non-financial items
			(Amortized) acquisition cost	Fair value outside profit or loss	Fair value through profit or loss		
Trade receivables	1)	642,706	642,706				
Receivables from contract production	1)	6,768	6,768				
Other receivables and assets (non-current and current)		238,846	74,177	10,951	9,609	0	144,110
Securities	2)	1,254		1,254			
Investments in unconsolidated, associated entities	2)	2,367	2,367				
Financial receivables	1)	71,809	71,809				
Positive market values of derivatives without on-balance-sheet hedging relationship	3)	9,609			9,609		
Positive market values of derivatives with on-balance sheet hedging relationship (hedge accounting)	n/a	9,697		9,697			
Other financial receivables	2)	0	0				
Other non-financial receivables	n/a	144,110					144,110
Cash and cash equivalents	1)	319,557	319,557				144,110
Total		1,207,877	1,043,208	10,951	9,609	0	144,110
thereof by measurement category under IAS 39:							
1) Loans and receivables		1,040,841	1,040,841	0	0		
2) Financial assets available for sale		3,621	2,367	1,254	0		
3) Financial assets held for trading		9,609	0	0	9,609		

CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

— 4.62

€ THOUSAND	Measurement category pursuant to IFRS 13	Carrying amount 12/31/2015	Measurement pursuant to IAS 39			Valuation pursuant to IAS 17	Non-financial items
			(Amortized) acquisition cost	Fair value outside profit or loss	Fair value through profit or loss		
Financial debt (non-current and current)		1,431,363	1,415,728	0	0	15,635	0
Borrower's note loans	1)	470,760	470,760				
Liabilities to banks	1)	928,276	928,276				
Liabilities from finance lease	n/a	15,635				15,635	
Other financial liabilities	1)	16,692	16,692				
Trade payables	1)	883,289	883,289				
Other liabilities (non-current and current)		412,612	43,674	30,868	45,558	0	292,512
Negative market values of derivatives without on-balance-sheet hedging relationship	2)	45,558			45,558		
Negative market values of derivatives with on-balance sheet hedging relationship (hedge accounting)	n/a	30,868		30,868			
Other financial liabilities	1)	43,674	43,674				
Other non-financial liabilities	n/a	292,512					292,512
Total		2,727,264	2,342,691	30,868	45,558	15,635	292,512
thereof by measurement category under IAS 39:							
1) Financial liabilities measured at amortized cost		2,342,691	2,342,691	0	0		
2) Financial liabilities held for trading		45,558	0	0	45,558		

CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

— 4.63

€ THOUSAND	Measurement category pursuant to IFRS 13	Carrying amount 12/31/2014	Measurement pursuant to IAS 39			Valuation pursuant to IAS 17	Non-financial items
			(Amortized) acquisition cost	Fair value outside profit or loss	Fair value through profit or loss		
Trade receivables	1)	639,865	639,865				
Receivables from contract production	1)	6,724	6,724				
Other receivables and assets (non-current and current)		206,836	77,651	9,494	4,507	0	115,184
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 sheet 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
Cash and cash equivalents	1)	334,091	334,091				
Total		1,187,516	1,058,331	9,494	4,507	0	115,184
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

— 4.64

€ THOUSAND	Measurement category pursuant to IFRS 13	Carrying amount 12/31/2014	Measurement pursuant to IAS 39			Valuation pursuant to IAS 17	Non-financial items
			(Amortized) acquisition cost	Fair value outside profit or loss	Fair value through profit or loss		
Financial debt (non-current and current)		1,276,034	1,264,572	0	0	11,462	0
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				
Trade payables	1)	797,793	797,793				
Other liabilities (non-current and current)		455,136	62,192	44,646	23,611	0	324,687
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
Total		2,528,963	2,124,557	44,646	23,611	11,462	324,687
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		

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, 2015, 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 and propane gas 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 calcula-

tion 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 their fair values, classified by fair value hierarchy:

FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY FAIR VALUE HIERARCHY — 4.65

€ THOUSAND	12/31/2015				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Other receivables and assets (non-current and current)	20,559	20,559	0	20,559	0
Securities	1,254	1,254		1,254	
Positive market values of derivatives without on-balance sheet hedging relationship (financial assets held for trading)	9,609	9,609	0	9,609	0
Positive market values of derivatives with on-balance sheet hedging relationship (hedge accounting)	9,697	9,697	0	9,697	0
Other liabilities (non-current and current)	76,426	76,426	0	76,426	0
Negative market values of derivatives without on-balance sheet hedging relationship (financial assets held for trading)	45,558	45,558	0	45,558	0
Negative market values of derivatives with on-balance sheet hedging relationship (hedge accounting)	30,868	30,868	0	30,868	0

FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY FAIR VALUE HIERARCHY — 4.66

€ THOUSAND	12/31/2014				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Other receivables and assets (non-current and current)	14,001	14,001	0	14,001	0
Securities	1,217	1,217	0	1,217	0
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
Other liabilities (non-current and current)	68,257	68,257	0	68,257	0
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

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 — 4.67

€ THOUSAND	12/31/2015				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial liabilities (non-current and current)	1,414,671	1,412,919	0	0	1,412,919
Borrower's note loans	470,760	477,658	0	0	477,658
Liabilities to banks	928,276	920,312	0	0	920,312
Liabilities from finance lease	15,635	14,950	0	0	14,950

FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL LIABILITIES BY FAIR VALUE HIERARCHY

— 4.68

€ THOUSAND	12/31/2014				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial liabilities (non-current and current)	1,269,425	1,287,751	0	0	1,287,751
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

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.

OTHER FINANCIAL ASSETS – DERIVATIVES WITH POSITIVE MARKET VALUE — 4.69

€ THOUSAND	Values as at December 31, 2015				
	Financial assets (gross)	Recognized amounts (gross)	Recognized financial assets (net)	Effect of enforceable netting agreements	Net amount
Foreign currency hedges	13,164	0	13,164	– 9,452	3,712
Commodity hedges	950	0	950	– 950	0
Interest rate swaps	5,192	0	5,192	0	5,192
Total	19,306	0	19,306	– 10,402	8,904

Values as at December 31, 2014					
Foreign currency hedges	4,876	0	4,876	– 4,876	0
Commodity hedges	3,556	0	3,556	– 3,556	0
Interest rate swaps	4,352	0	4,352	0	4,352
Total	12,784	0	12,784	– 8,432	4,352

OTHER FINANCIAL LIABILITIES – DERIVATIVES WITH NEGATIVE MARKET VALUE — 4.70

€ THOUSAND	Values as at December 31, 2015				
	Financial liabilities (gross)	Recognized amounts (gross)	Recognized financial liabilities (net)	Effect of enforceable netting agreements	Net amount
Foreign currency hedges	60,835	0	60,835	– 9,452	51,383
Commodity hedges	2,045	0	2,045	– 950	1,095
Interest rate swaps	13,547	0	13,547	0	13,547
Total	76,426	0	76,426	– 10,402	66,024

Values as at December 31, 2014					
Foreign currency hedges	47,485	0	47,485	– 4,876	42,609
Commodity hedges	4,240	0	4,240	– 3,556	684
Interest rate swaps	16,532	0	16,532	0	16,532
Total	68,257	0	68,257	– 8,432	59,825

Net result

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

DETERMINATION OF THE NET AMOUNT OF OTHER FINANCIAL LIABILITIES RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION			— 4.71
€ THOUSAND	2015	2014	
Loans and receivables	3,202	3,849	
Financial assets available for sale	0	0	
Derivatives without on-balance-sheet hedging relationship (financial assets and liabilities held for trading)	-16,086	-19,330	
Financial liabilities measured at amortized cost	-63,862	-62,523	
Total net gains or losses	-76,746	-78,004	
thereof: net interest expense for financial assets and liabilities not measured at fair value through profit or loss	-57,194	-54,655	
thereof: impairment expense for trade receivables	-3,467	-4,019	
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.

29 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 €6,146 thousand of total investments in property, plant and equipment is related to finance leases and therefore was not cash-effective (prior year: €0 thousand).

30 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 23 – Financial liabilities.

For the contingent liabilities listed below, the principal debtor is not a consolidated company. As at the end of the period on December 31, 2015, the Group had granted guarantees to third parties for a total of €357 thousand (prior year: €5,676 thousand). At the reporting date there were €374 thousand liabilities to third parties under warranty agreements (through contract performance bonds or supply bonds) (prior year: €734 thousand).

Other off-balance-sheet obligations – in particular toward employees, tax authorities and customs authorities – amount to €427 thousand as at December 31, 2015 (prior year: €208 thousand).

31 NUMBER OF EMPLOYEES

The BENTELER-Group employed an average number of 27,764 full-time equivalents worldwide (prior year: 27,559). Personnel expenses amount to €1,419,289 thousand (prior year: €1,352,657 thousand). These costs include personnel expenses due to restructuring in the amount of €22,179 thousand (prior year: €26,455 thousand).

32 GOVERNING BODIES

Members of the Executive Board

- Hubertus Benteler, Salzburg, Austria, (Chairman of the Executive Board, Departments: Corporate Human Resources, Corporate Compliance & Committees, Corporate Communications, Distribution Division, Engineering Services and Glass Processing Equipment areas)
- Boris Gleißner, Salzburg, Austria, (Departments: Corporate Finances & Controlling, Corporate Legal & Insurance, Corporate Tax, Internal Audit)
- Dr Peter Laier, Munich, Germany, until December 3, 2015 (Departments: Corporate Strategy & Corporate Development, Central IT, Global Procurement, Automotive and Steel/Tube Divisions)

Members of the Supervisory Board

- Robert J. Koehler, Wiesbaden, Germany, Chairman (died May 17, 2015)
- Dr Ralf Bethke, Deidesheim, Germany, Vice Chairman, Chairman from September 18, 2015 (Chairman of the Supervisory Board of K+S AG, Kassel, Germany)
- Rolf Eckrodt, Berlin, Germany, until March 27, 2015 (Chairman of the Advisory Board, Huawei Technologies Germany GmbH, Berlin, Germany)
- Dr Markus Flik, Stuttgart, Germany, until August 31, 2015 (Chairman of the Executive Board of CHIRON-WERKE GmbH & Co. KG, 78532 Tuttlingen, 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, Düsseldorf, Germany)
- Boudewijn Beerkens, Amsterdam, Netherlands, from September 1, 2015 (CFO of SHV Holdings N.V., Utrecht, Netherlands)
- Christian A. Caspar, Zürich, Switzerland, from March 28, 2015 (Director Emeritus at McKinsey & Company, Inc., Zürich, Switzerland)
- Dr Ulrich Dohle, Stuttgart, Germany, from September 1, 2015 (Chairman of the Executive Board of Rolls-Royce Power Systems AG, Friedrichshafen, Germany)

33 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 32 – 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 2015, BENTELER International Aktiengesellschaft paid total compensation to members of management in key positions (16 persons; prior year 17 – 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			— 4.72
€ THOUSAND	2015	2014	
Short-term payments – fixed	6,649	5,568	
Short-term payments – variable	3,599	6,756	
Post-employment benefits	2,313	1,654	
Severance benefits	1,526	1,221	
Total	14,088	15,199	

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 2015 (prior year: €375 thousand).

34 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, 2015, or that would require disclosure.

35 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		4.73
€ THOUSAND	2015	2014
Audit of separate and consolidated financial statements	259	229
Audit-related services	0	11
Other services	11	5
Total fees	270	245

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

36 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, 2015.

The Executive Board will propose to the Shareholders' Meeting that a dividend of €15,000,000.00 be distributed from the profit of €132,283,875.09 and to carry forward the remaining amount of €117,283,875.09. The dividend shall be distributed on Monday, March 21, 2016.

Salzburg, February 20, 2015

The Executive Board

Hubertus Benteler

Boris Gleißner

Isabel Diaz Rohr

Appendix to the Notes: List of Shareholdings as at December 31, 2015

— 4.74

		Investment	
		2015	2014
1.	BENTELER International Aktiengesellschaft, Salzburg, Austria	—	—
Subsidiaries			
Automotive Division			
2.	BENTELER Aluminium Systems Denmark AS, Tondern, Denmark	100.0	100.0
3.	BENTELER Aluminium Systems France SNC, Louvières, France	100.0	100.0
4.	BENTELER Aluminium Systems Korea Ltd., Seoul, South Korea	100.0	100.0
5.	BENTELER Aluminium Systems Norway AS, Raufoss, Norway	100.0	100.0
6.	BENTELER Aluminium Systems Sweden AB, Skultuna, Sweden (previously: BENTELER Aluminium Systems Michigan)	100.0	100.0
7.	BENTELER Automobiltechnik Eisenach GmbH, Eisenach, Germany ²	100.0	100.0
8.	BENTELER Automobiltechnik GmbH, Paderborn, Germany ²	100.0	100.0
9.	BENTELER Automotive (Changshu) Company Limited, Changshu, China	100.0	100.0
10.	BENTELER Automotive (China) Investment Co. Ltd., Shanghai, China	100.0	100.0
11.	BENTELER Automotive (Chongqing) Co. Ltd., Chongqing, China	100.0	100.0
12.	BENTELER Automotive (Fuzhou) Co., Ltd., Fuzhou, China	100.0	100.0
13.	BENTELER Automotive (Shanghai) Co., Ltd., Shanghai, China	100.0	100.0
14.	BENTELER Automotive (Shenyang) Co., Ltd., Shenyang, China	100.0	100.0

15.	BENTELER Automotive (Thailand) Ltd., Bangkok, Thailand	100.0	100.0
16.	BENTELER Automotive Alabama, Inc., Opelika, USA	100.0	100.0
17.	BENTELER Automotive Belgium N.V., Gent, Belgium	100.0	100.0
18.	BENTELER Automotive Canada Corporation, Windsor (Ontario), Canada	100.0	100.0
19.	BENTELER Automotive Component (Shanghai) Ltd., Shanghai, China	100.0	100.0
20.	BENTELER Automotive Corporation, Auburn Hills, USA	100.0	100.0
21.	BENTELER Automotive Farsund AS, Farsund, Norway (previously: Farsund Aluminium Casting AS)	100.0	100.0
22.	BENTELER Automotive Holland Inc., Holland (Michigan), USA	100.0	100.0
23.	BENTELER Automotive India Private Limited, Pune, India	100.0	100.0
24.	BENTELER Automotive International GmbH, Paderborn, Germany ²	100.0	100.0
25.	BENTELER Automotive K.K., Tokyo, Japan	100.0	100.0
26.	BENTELER Automotive Netherlands B.V., Helmond, Netherlands	100.0	100.0
27.	BENTELER Automotive Poland spolka z o.o., Warschau, Poland	100.0	—
28.	BENTELER Automotive Rumburk s.r.o., Rumburk, Czech Republic	100.0	100.0
29.	BENTELER Automotive SAS, Migennes, France	100.0	100.0
30.	BENTELER Automotive SK s.r.o., Malacky (Bratislava), Slovakia	100.0	100.0
31.	BENTELER Automotive UK Ltd., Corby, United Kingdom	100.0	100.0
32.	BENTELER Automotive USA GmbH, Paderborn, Germany ²	100.0	100.0
33.	BENTELER Automotive Vigo SL, Valladares – Vigo, Spain	100.0	100.0
34.	BENTELER Autótechnika Kft, Mór, Hungary	100.0	100.0

35.	BENTELER Bohemia s.r.o., Liberec, Czech Republic	100.0	100.0
36.	BENTELER Canada, Inc., Auburn Hills, USA	100.0	100.0
37.	BENTELER CAPP Automotive System (Changchun) Co., Ltd., Changchun, China	60.0	60.0
38.	BENTELER Carbon Composites Beteiligungs GmbH, Paderborn, Germany ²	100.0	100.0
39.	BENTELER Componentes Automotivos Ltda., Campinas (São Paulo), Brazil	100.0	100.0
40.	BENTELER CR Holding GmbH, Paderborn, Germany ²	100.0	100.0
41.	BENTELER CR s.r.o., Chrastava, Czech Republic	100.0	100.0
42.	BENTELER de México S.A. de C.V., Puebla, Mexico	100.0	100.0
43.	BENTELER Defense GmbH & Co. KG, Bielefeld, Germany ¹	100.0	100.0
44.	BENTELER Defense GmbH, Paderborn, Germany ²	100.0	100.0
45.	BENTELER Defense Verwaltungs GmbH, Paderborn, Germany ²	100.0	100.0
46.	BENTELER Engineering Chennai Private Limited, Chennai, India	100.0	100.0
47.	BENTELER España S.A., Burgos, Spain	100.0	100.0
48.	BENTELER Gebze Tasit Sanayi ve Ticaret Limited Sirketi, Cayirova / Kocaeli, Turkey	100.0	100.0
49.	BENTELER Goshen, Inc., Goshen, USA	100.0	100.0
50.	BENTELER Ibérica Holding SL, Barcelona, Spain	100.0	100.0
51.	BENTELER JIT Douai SAS, Migennes, France	100.0	100.0
52.	BENTELER JIT Düsseldorf GmbH, Düsseldorf, Germany ² (previously: BENTELER JIT Düsseldorf GmbH & Co. KG)	100.0	100.0
53.	BENTELER JIT Düsseldorf Verwaltungs-GmbH, Paderborn, Germany ²	100.0	100.0
54.	BENTELER JIT Martorell S.A., Abrera (Barcelona), Spain	100.0	100.0

55.	BENTELER JIT Pamplona, S.L., Orcoyen Navarra, Spain	100.0	100.0
56.	BENTELER JIT Valencia S.A., Almussafes, (Valencia), Spain	100.0	100.0
57.	BENTELER JIT Vitoria SL, Zaragoza, Spain	100.0	100.0
58.	BENTELER Laser Application GmbH, München, Germany ²	100.0	100.0
59.	BENTELER Management Consulting (Shanghai) Co., Ltd., Shanghai, China	100.0	100.0
60.	BENTELER Maschinenbau CZ s.r.o., Liberec, Czech Republic	100.0	100.0
61.	BENTELER Maschinenbau GmbH, Bielefeld, Germany ²	100.0	100.0
62.	BENTELER Palencia S.L., Palencia, Spain	100.0	100.0
63.	BENTELER Participation SA, Migennes, France	100.0	100.0
64.	BENTELER SGL Composite Technology GmbH, Ried im Innkreis, Austria	50.0	50.0
65.	BENTELER SGL GmbH & Co. KG, Paderborn, Germany	50.0	50.0
66.	BENTELER SGL Verwaltungs GmbH, Paderborn, Germany	50.0	50.0
67.	BENTELER Sistemas Automotivos Ltda., São José dos Pinhais, Parana, Brazil	100.0	100.0
68.	BENTELER South Africa (Pty.) Ltd., Alberton (Johannesburg), South Africa	100.0	100.0
69.	BENTELER Spanien International GmbH, Paderborn, Germany ²	100.0	100.0
70.	BENTELER-Indústria de Componentes para Automóveis Lda., Palmela, Portugal	100.0	100.0
71.	EUPAL Beteiligungs GmbH & Co. Vermietungs-KG, Pullach i. Isartal, Germany ¹	100.0	100.0
72.	000 BENTELER Automotive, Kaluga, Russia	100.0	100.0
73.	000 BENTELER Autotechnika Nowgorod, Welikij Nowgorod, Russia	100.0	100.0

74.	RABET GmbH & Co. KG, Pullach i. Isartal, Germany ¹	100.0	100.0
75.	Shanghai BENTELER Huizhong Automotive Co., Ltd., Shanghai, China	60.0	60.0
76.	Swissauto Technology AG, Etagnières, Switzerland (previously: Swissauto Engineering S.A.)	100.0	100.0
77.	Wuhu BENTELER-POSCO Automotive Co. Ltd., Anhui, China	95.0	95.0
Steel/Tube Division			
78.	BENTELER (U.K.) Ltd., Wolverhampton, United Kingdom	100.0	100.0
79.	BENTELER Benelux B.V., Breda, Netherlands	100.0	100.0
80.	BENTELER France SAS, Asnières sur Seine, France	100.0	100.0
81.	BENTELER North America Corporation, Wilmington (Delaware), USA	100.0	100.0
82.	BENTELER Rothrist AG, Rothrist, Switzerland	100.0	100.0
83.	BENTELER Steel & Tube Corporation, Houston (Texas), USA	100.0	100.0
84.	BENTELER Steel Tube GmbH, Paderborn, Germany ²	100.0	100.0
85.	BENTELER Steel/Tube (Nantong) Co. Ltd., Nantong, China	100.0	100.0
86.	BENTELER Steel/Tube Manufacturing Corporation, Wilmington (Delaware), USA	100.0	100.0
87.	BENTELER Tubos y Maquinaria S.A., Barcelona, Spain	100.0	100.0
88.	Noord-Nederlandse Schrootverwerking B.V., Franeker, Netherlands (previously: Noordned Holding B.V.)	62.5	62.5
89.	Rohstoff-Handelsgesellschaft Günther Voth GmbH, Paderborn, Germany	62.5	62.5
90.	TF-Tec GmbH, Paderborn, Germany ² (previously: Blitz 11-487 GmbH)	100.0	100.0

Distribution Division			
91.	A/S Thos. Sonne Junr., Middelfart, Denmark	75.0	75.0
92.	BENTELER Comercial Ltda., Cotia (Sao Paulo), Brazil	100.0	100.0
93.	BENTELER Distribución Ibérica, S.L., Barcelona, Spain	100.0	100.0
94.	BENTELER Distribution (Thailand) Co., Ltd., Bangkok, Thailand	100.0	100.0
95.	BENTELER Distribution Austria GmbH, Biedermannsdorf, Austria	100.0	100.0
96.	BENTELER Distribution Boru Sanayi ve Ticaret Limited, Cayirova/Kocaeli, Turkey	100.0	100.0
97.	BENTELER Distribution Czech Republic spol. s.r.o., Dobříš (Prag), Czech Republic	100.0	100.0
98.	BENTELER Distribution Deutschland Beteiligungs GmbH, Duisburg, Germany	100.0	72.0
99.	BENTELER Distribution Deutschland GmbH & Co. KG, Duisburg, Germany ¹	100.0	72.0
100.	BENTELER Distribution EOOD, Stara Zagora, Bulgaria	100.0	100.0
101.	BENTELER Distribution Estonia OÜ, Saue, Estonia	75.0	75.0
102.	BENTELER Distribution France S.à.r.l., La Madeleine de Nonancourt, France	100.0	100.0
103.	BENTELER Distribution Hungary Kft., Budapest, Hungary	100.0	100.0
104.	BENTELER Distribution India Private Limited, Pune, India	100.0	100.0
105.	BENTELER Distribution International GmbH, Düsseldorf, Germany ²	100.0	100.0
106.	BENTELER Distribution Limited, Bolton (Lancashire), United Kingdom	100.0	100.0
107.	BENTELER Distribution Poland Sp. z o.o., Dabrowa Gornicza, Poland	100.0	100.0

108.	BENTELER Distribution Singapore Pte Ltd, Singapore, Singapore	100.0	100.0
109.	BENTELER Distribution Slovakia, s.r.o., Pusté Úlany, Slovakia	100.0	100.0
110.	BENTELER Distribution Ukraine LLC, Lviv, Ukraine	100.0	100.0
111.	BENTELER Distribuzione Italia S.p.A., Trezzano sul Naviglio, Italy	100.0	100.0
112.	BENTELER Holdings Limited, Bolton (Lancashire), United Kingdom	100.0	100.0
113.	BENTELER Trading (Shanghai) Co., Ltd., Shanghai, China	100.0	100.0
114.	BENTELER Trading International GmbH, Düsseldorf, Germany ²	100.0	100.0
115.	BENTELER Trgovina d.o.o., Sentjanz, Slovenia	100.0	100.0
116.	BMB Ocel s.r.o., Ostrava-Marianske Hory, Czechia	100.0	100.0
117.	Deutsches Zentrallager (DZL) Beteiligungsgesellschaft mbH, Duisburg, Germany	100.0	72.0
118.	Deutsches Zentrallager (DZL) Objektgesellschaft GmbH & Co. KG, Duisburg, Germany ¹	100.0	72.0
119.	Heléns Rör A/B, Halmstad, Sweden	75.0	75.0
120.	Heléns Rör A/S, Lilleström, Norway	75.0	75.0
121.	Heléns Rör A/S, Middelfart, Denmark	75.0	75.0
122.	Kindlimann AG, Will, Switzerland	100.0	100.0
123.	PT BENTELER Distribution Indonesia, Jarkata, Indonesia	100.0	100.0
124.	SC BENTELER Distribution Romania S.R.L., Slatina City, Olt County, Romania	100.0	100.0
125.	UAB BENTELER Distribution Lithuania, Vilnius, Lithuania	75.0	75.0

Other			
126.	BENTELER Deutschland GmbH, Paderborn, Germany ²	100.0	100.0
127.	BENTELER Capital Corporation, Auburn Hills, USA	100.0	100.0
128.	BENTELER Engineering Services AB, Västra Frölunda, Sweden	100.0	100.0
129.	BENTELER Engineering Services B.V., Helmond, Sweden	100.0	100.0
130.	BENTELER Engineering Services GmbH, Paderborn, Germany ²	100.0	100.0
131.	BENTELER Engineering Services Shanghai Company Limited, Shanghai, China	100.0	100.0
132.	BENTELER International Beteiligungs GmbH, Salzburg, Austria	100.0	100.0
133.	BENTELER Netherlands Holding B.V., Helmond, Netherlands	100.0	100.0
134.	BENTELER Reinsurance Company Ltd., Dublin, Ireland	100.0	100.0
135.	BENTELER RV GmbH, Paderborn, Germany	100.0	100.0
136.	BENTELER Services LLC, Auburn Hills, USA	100.0	100.0
137.	BENTELER Testing Services B.V., Helmond, Netherlands ³	100.0	100.0
138.	BENTELER VV GmbH, Paderborn, Germany	100.0	100.0
139.	BLV Versicherungsmanagement GmbH, Dortmund, Germany	55.0	55.0
140.	NAPOL GmbH & Co. KG, Objekt Schloss Neuhaus KG, Pullach i. Isartal, Germany ¹	100.0	100.0

Associated Companies			
141.	Polarputki Oy, Helsinki, Finland	37.5	37.5
142.	Profilanlegg ANS, Raufoss, Norway	26.0	26.0
Companies not included in the consolidated financial statements			
143.	BENTELER Automotive Funding NAO, LLC, Auburn Hills, USA	100.0	100.0
144.	BENTELER JianAn Automotive (Chongqing) Co., Ltd., Chongqing, China	50.0	50.0
145.	BENTELER Trgovina d.o.o., Zlatar Bistrica, Croatia	100.0	100.0

¹ For these companies section 264b of the German Commercial Code is used.

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

³ For this company BENTELER International AG has declared a financial guarantee according to section 403 paragraph 1f book 2 of the Dutch Civil Code.

Auditor's 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 1 January 2015 to 31 December 2015. These consolidated financial statements comprise the Consolidated Statement of Financial Position as of 31 December 2015, the Consolidated Income Statement, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the fiscal year 2015 and the Notes.

Management's Responsibility for the Consolidated Financial Statements

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Austrian Generally Accepted Accounting Principles and International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to § 245a UGB (Austrian Commercial Code) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing – ISA. In accordance with International Standards on Auditing, we are required to comply with ethical requirements and 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 our 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, we consider 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, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the other legal requirements.

Report on the Management Report for the Group

Pursuant to statutory provisions, 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 not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements.

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

Salzburg, February 12, 2016

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag Gerold Stelzmüller
Auditor

Report of the Supervisory Board

of BENTELER International AG on the fiscal year 2015

Meetings and committees

The Supervisory Board has monitored and supported the development of BENTELER International AG actively in the framework of its responsibility. The Supervisory Board in four regular meetings during the fiscal year 2015 has fulfilled under the law and the statutes the incumbent duties and powers. The Executive Board has reported in writing and orally regularly, promptly and comprehensively on the course of business, the position of the company and the risk situation and risk management of the company and its group companies. In addition, the Chairman of the Executive Board held the Chairman of the Supervisory Board in regular contact and kept him informed about the strategy, business development and position of the company including its group companies.

In all regular meetings the Supervisory Board was informed in detail about the current statuses of the "Rohrwerk USA" project of the Steel/Tube Division.

Also, the Supervisory Board was informed about the figures of the Consolidated Financial Statements, approved it and adopted further corporate planning. The Supervisory Board was also reported on the risk management, ICS and compliance system of the Group.

The Personnel Committee has tagged totally twice in the fiscal year 2015 and mainly deals with the bonus system and employment contracts.

In its December meeting, the Supervisory Board established an Audit Committee from the year 2016 on the basis of new legal requirements.

During the year 2015, Boudewijn Beerkens, Christian Caspar and Dr. Ulrich Dohle were newly appointed to the Supervisory Board for the former members of the Supervisory Board Robert Koehler (†), Rolf Eckrodt and Dr. Markus Flik. Dr. Ralf Bethke was elected as the new Chairman of the Supervisory Board.

Annual and consolidated financial statements

The annual financial statements and the management report as well as the consolidated financial statements of BENTELER International AG for the fiscal year 2015 were examined by the auditor selected by the AGM and appointed by the Supervisory Board, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Kudlichstraße 41-43, 4020 Linz. The audit according to its closing statement results gave no cause for objections. The auditor confirmed that the accounting, the financial statements and the management report and the consolidated financial statements and the management report of the Company comply with the legal requirements and give a true and fair view of the assets, financial position and results of the Company in compliance with the proper accounting as well as the management report and the group management report in accordance with the annual financial statements and consolidated financial statements. The financial statements and the management report as well as the consolidated financial statements and the management report of the Company have therefore been provided with an absolute acceptance of the Auditor's report. In a management letter it was reported separately to the chairman of the Supervisory Board.

The auditor has sufficiently explained to the Supervisory Board the annual and consolidated financial statements.

According to the final result of the examination intended by the Audit Committee of the management report of the Executive Board, of the financial statements as well as the consolidated financial statements and Group management report and the management audit undertaken by the Supervisory Board there are no reasons for objections. The Supervisory Board approved the financial statements and the consolidated financial statements. Thus the financial statements are determined according to the section 96 paragraph 4 of the Stock Corporation Act. The Supervisory Board joins to the Executive Board's proposal for appropriation of profits.

The Supervisory Board proposes to appoint KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Kudlichstraße 41 – 43, 4020 Linz as auditors and Group's independent auditors for the fiscal year 2016.

Salzburg, March 18, 2016

Chairman of the Supervisory Board

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Imprint

Published by

BENTELER International AG, Salzburg / Austria

Concept, Design and Typesetting

MPM Corporate Communication Solutions, Mainz / Germany

www.mpm.de

Photography by

Markus Feger, Düsseldorf / Germany

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