

FINANCIAL REPORT
1ST HALF YEAR 2017

Key figures for the AMAG Group

Key figures for the Group in EUR million	Q2/2017	Q2/2016	Change in %	H1/2017	H1/2016	Change in %
Shipments total in tons	107,800	102,600	5.1 %	214,800	206,300	4.1 %
External shipments in tons	101,800	95,400	6.7 %	201,900	189,800	6.4 %
Revenue Group	277.9	233.6	19.0 %	535.4	461.4	16.0 %
EBITDA	49.0	40.7	20.3 %	92.4	73.4	25.8 %
EBITDA margin	17.6 %	17.4 %		17.3 %	15.9 %	
Operating result (EBIT)	30.4	23.8	28.1 %	55.1	39.3	40.4 %
EBIT margin	11.0 %	10.2 %		10.3 %	8.5 %	
Earnings before taxes (EBT)	28.3	21.4	32.1 %	50.4	34.7	45.1 %
Net income after taxes	21.0	18.2	15.7 %	37.6	25.9	45.2 %
Cash flow from operating activities	19.1	34.5	(44.6 %)	26.8	69.6	(61.5 %)
Cash flow from investing activities	(22.8)	(50.2)	54.5 %	(67.4)	(93.8)	28.2 %
Employees ¹⁾	1,864	1,744	6.9 %	1,841	1,725	6.7 %
				June 30, 2017	December 31, 2016	Change in %
Total assets				1,353.0	1,389.7	(2.6 %)
Equity				614.5	630.5	(2.5 %)
Equity ratio				45.4 %	45.4 %	
Working capital employed				303.1	256.4	18.2 %
Net financial debt				312.4	225.8	38.4 %
Gearing				50.8 %	35.8 %	

1) Average number of employees (full-time equivalents), including temporary help workers and excluding apprentices. The figure includes a 20 % pro rata share of the labour force at the Alouette smelter, in line with the equity interest.

The totalling of rounded amounts and percentages can create rounding differences.

Highlights of H1 2017

- + Strategic growth program continued successfully
- + Commissioning to schedule of new cold rolling mill
- + Double-digit revenue and earnings growth:
 - + Revenue: +16.0 % EUR 535.4 million
 - + EBITDA: +25.8 % to EUR 92.4 million
 - + Net income after tax: +45.2 % to EUR 37.6 million
- + 2017 guidance: Significant EBITDA growth year-on-year

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Foreword by the Management Board

Dear shareholders,

June 22, 2017 marked a significant historical date for AMAG: on schedule, we held the commissioning ceremony for our new cold rolling mill – the centrepiece of our "AMAG 2020" expansion project. The second quarter of 2017 also saw the commissioning to schedule of many other plants in this large-scale project, including the casting plant for the production of our own rolling slabs.

With these investments, Ranshofen has developed itself into Europe's most state-of-the-art location for aluminium rolled products. The new plants and the entire site are distinguished by extraordinarily high flexibility, enabling us to produce all alloy families. The broad product portfolio – for customers from the aerospace, automotive and packaging industries through to special products for the sports, consumer electronics and cooling industries – make the location truly unique. And this flexibility will increase even further, as the new plants now allow us to produce larger cold rolled aluminium sheets and strips with a width of up to 2,250 mm.

This opens up new sales potentials for us, and AMAG will further expand its role as a growth partner for its customers – and this is also reflected in our order books and contracts. During the course of the second quarter of 2017, we recorded the highest order book position that we have ever achieved. With our partner of many years' standing, Constantia Flexibles, we also concluded a multi-year large-scale contract entailing higher volumes compared with previous years.

Shipment volumes in the Rolling Division rose by 5.8 % to 109,700 tonnes in total – a further shipment record on our growth path, which envisages a volume increase to more than 300,000 tonnes of rolled products per year as part of a planned ramp-up curve over the coming years.

The total shipments of the AMAG Group amounted to 214,800 tonnes in the first half of 2017, up 4.1 % compared with the previous year's 206,300 tonnes. Due to this volume growth, and supported by the higher aluminium price, the revenue of the AMAG Group increased by 16.0 % to EUR 535.4 million.

The two aforementioned factors also contributed to the double-digit growth in the earnings of the AMAG Group. The EBITDA of the AMAG Group rose by 25.8 % compared with the first half of 2016, from EUR 73.4 million to EUR 92.4 million, and income after taxes was up by 45.2 %, from EUR 25.9 million to EUR 37.6 million.

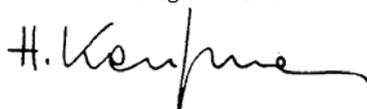
We are confident for the full 2017 financial year and anticipate a considerable year-on-year increase in results. Taking market conditions as of the end of June into account, the Metal Division should benefit from the higher aluminium price. In the Rolling Division, we will report a further significant increase in shipment volumes and earnings due to the organic growth course. Overall, we expect EBITDA in a range between EUR 150 million and EUR 160 million for the AMAG Group (2016: EUR 143 million).

Ranshofen, August 2, 2017

The Management Board



Helmut Wieser
Management Board Chairman
(Chief Executive Officer)



Helmut Kaufmann
Chief Operating Officer



Gerald Mayer
Chief Financial Officer

Interim Group operating and financial review

Economic environment

Economic trends

Following global economic growth of 3.1 % in 2016, the IMF¹ anticipates an increase of 3.5 % for this year, and consequently a higher growth dynamic. Western industrialised nations should make a particular contribution in this context with higher year-on-year growth rates.

For the USA, the IMF expects 2.3 % economic expansion, considerably above the previous year's 1.6 %.

In the Eurozone, the economy in 2017 is anticipated to grow at a similar rate to the previous year, at around 1.7 %. For Germany, a growth rate of 1.6 % is forecast (2016: 1.8 %); in France the growth dynamic is expected to pick up slightly with an expected increase of 1.4 % compared with the previous year (1.2 %). Growth of 0.8 % is expected for Italy (2016: 0.9 %).

As far as Austria is concerned, the Austrian Institute of Economic Research (Wifo) forecasts 2.4 % growth, higher than in the previous year (2016: 1.5 %).²

The IMF also takes a more optimistic view for the economy in the group of emerging and developing countries in 2017, particularly due to the improved economic situation in Russia. The growth forecast for 2017 stands at 4.5 %, compared with 4.1 % in the previous year. In China, economic growth of 6.6 % is anticipated, equivalent to the previous year's level (2016: 6.7 %).

Demand for aluminium products

The Metal and Rolling divisions of AMAG operate worldwide, with global consumption of primary aluminium and rolled products being of central importance as a consequence.

For primary aluminium³, global growth of 5.3 % is calculated for 2017, to reach a total of 62.8 million tonnes.

Global consumption of primary aluminium

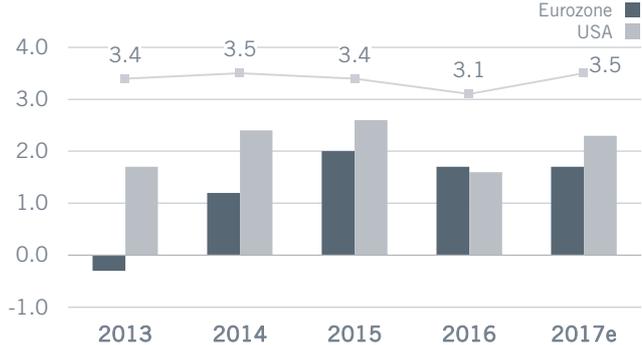
in million tonnes



1) See IMF, World Economic Outlook, April 2017
 2) See Wifo economic forecast June 2017
 3) See CRU Aluminium Market Outlook, April 2017

Real economic growth

in %



Global demand for rolled products⁴ is expected to have increased by 4.2 % to a total of 26.0 million tonnes in 2017, according to the Commodity Research Unit (CRU). On a sector basis, rolled products are primarily in demand from the transport, packaging, construction and mechanical engineering industries. According to the latest CRU figures for global demand, the transport sector is set to report 6.4 % growth in 2017. Demand for aluminium rolled products will grow – especially from the automotive industry – in order to meet CO₂ reduction targets through increasingly lightweight construction methods over coming years. Attractive growth rates of 3 to 6 % are also anticipated in other industrial areas, however.

In the Casting Division of AMAG, the foundry alloys business ranks as a regional business with a focus on Western and Central Europe. In this context, the automotive industry ranks as the most important client sector, to which this division delivered more than 50 % of its shipment volumes, whether directly or indirectly. European automotive industry trends are the main drivers for the Casting Division.

The positive trend in new car registrations⁵ in the European Union that has been underway for years continued further. At 8.2 million units, the figure for the prior-year period was exceeded by 4.7 %.

Global consumption of aluminium rolled products

in million tonnes



4) See CRU Aluminium Rolled Products Outlook, May 2017
 5) See ACEA (European Automobile Manufacturers Association), press release of July 14, 2017

Price trends of aluminium and raw materials

In the primary aluminium area, the AMAG Group is exposed to aluminium price fluctuations in the context of its direct 20 % interest in Canadian smelter Aluminerie Alouette (Metal Division). In order to ensure stable net income flows from the Group's interest in the Alouette smelter, the selling price for a portion of output is hedged on the exchange, in some cases for several years, using forwards and options. For the Casting and Rolling divisions at the Ranshofen site, aluminium price fluctuations are hedged in full. Accordingly, aluminium price changes in these two divisions are reflected only in revenue, and not in the results.

During the first half of 2017, the aluminium price (3-month LME) continued on the uptrend it started at the beginning of 2016. The aluminium price's high for the year to date of 1,972 USD/t on April 5, 2017 represents its highest level for around two and a half years. The low for the year to date stood at 1,689 USD/t on January 4, 2017. In consequence, the fluctuation range during the first half of the year amounted to 283 USD/t.

The average aluminium price during the first half of 2017 stood at 1,885 USD/t, 21.7 % above the level in the previous year's comparable period of 1,549 USD/t. The aluminium price in euros quoted at 1,741 EUR/t on average in the first half of 2017, 25.4 % above the average for the previous year's equivalent period.

The premiums that are added to aluminium prices are determined, in particular, by the location of delivery, and by supply and demand. Compared with the first half of 2016, these premiums also rose.

The purchasing prices for the raw materials of importance for the AMAG Group – alumina and pitch – increased compared with the previous year, whereas the prices for aluminium scrap, petroleum coke and aluminium fluoride in the first half of the year were below the previous year's level.

Aluminium prices

three-month-settlement in USD/t and EUR/t

in USD/t ■
in EUR/t ■



Financials

Half-year comparison for the AMAG Group

Shipments and revenue

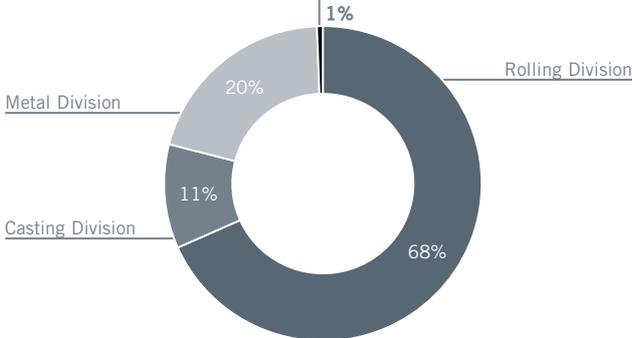
As a result of the organic growth track of AMAG, the external shipment volumes of the AMAG Group were up by 6.4 % to 201,900 tonnes. Total shipment volumes (including intragroup deliveries) of 214,800 tonnes were also above the previous year's level (H1 2016: 206,300 tonnes).

The revenue of the AMAG Group stood at EUR 535.4 million in the first six months of the current financial year, up 16.0 % on the previous year's level (2016 comparable period: EUR 461.4 million). This increase especially reflected the higher shipment volumes and the higher aluminium price.

Group revenue by divisions

in %

Service Division



Results of operations

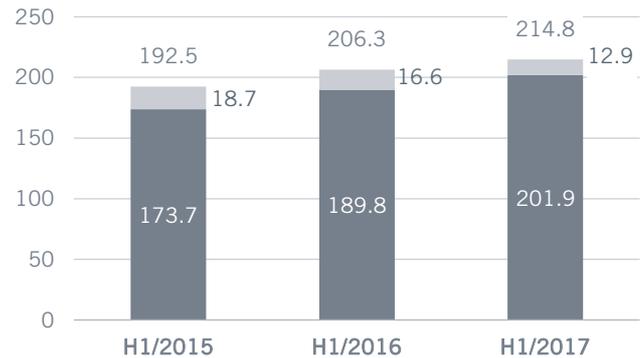
AMAG grew its EBITDA by 25.8 % compared with the first half of 2016, reporting a rise from EUR 73.4 million to EUR 92.4 million. The main influencing factors for this earnings improvement particularly included the higher aluminium price and the higher shipment volume.

The earnings (EBITDA) contribution from the Metal Division was recorded EUR 11.8 million above the previous year's contribution, primarily due to the higher aluminium price. EBITDA in the Casting Division reduced from EUR 4.0 million to EUR 3.0 million particularly as a consequence of the market-related lower margin level. Reporting EUR 62.4 million of EBITDA, the Rolling Division significantly exceeded the previous year's EUR 57.1 million, particularly due to the higher shipment volume. The EBITDA of the Service Division improved from EUR 1.6 million to EUR 4.4 million.

Shipments

in thousand tonnes

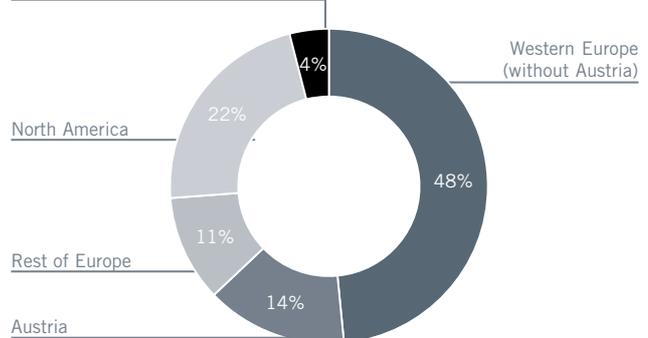
Internal shipments ■
External shipments ■



Group revenue by regions

in %

Asia, Oceania and other



EBITDA by divisions

in EUR million

Metal ■ Rolling ■
Casting ■ Service ■



The cost of sales rose from EUR 381.9 million to EUR 443.9 million due to the additional volume and the higher aluminium price. Selling and distribution expenses grew by 7.3 % to EUR 23.4 million in the first half of the year. Administrative expenses increased from EUR 11.9 million to EUR 12.3 million due to the higher number of personnel. Research and development expenses were unchanged at EUR 6.0 million.

Depreciation and amortisation of EUR 37.3 million during the first half of 2017 were at the previous year's level (EUR 34.2 million).

Consolidated earnings before interest and tax (EBIT) stood at EUR 55.1 million during the first half of 2017, EUR 15.9 million above the EUR 39.3 million result in the previous year's comparable period.

The net financial result worsened from EUR -4.5 million to EUR -4.7 million.

Earnings before tax (EBT) in the first half of 2017 stood at EUR 50.4 million (2016 comparable period: EUR 34.7 million). Income taxes amounted to EUR 12.8 million, compared with EUR 8.9 million in the previous year's equivalent period. Net income after taxes for the first half of the year was posted at EUR 37.6 million, thereby 45.2 % above the 2016 comparable period's result of EUR 25.9 million.

Earnings per share during the first half year of 2017 stood at EUR 1.06 (2016 comparable period: EUR 0.73).

Quarterly performance of the AMAG Group

Shipments and revenue

In the second quarter of 2017, the external shipment volumes of the AMAG Group amounted to 101,800 tonnes, thereby significantly above their level for the comparable period of the previous year of 95,400 tonnes. Total shipment volumes of 107,800 tonnes were also above the previous year's level (previous year: 102,600 tonnes).

The revenue of the AMAG Group amounted to EUR 277.9 million in the second quarter of 2017, 19.0 % above the previous year's level (2016 comparable period: EUR 233.6 million), especially reflecting the higher shipment volumes and the higher aluminium price.

Results of operations

Higher shipments and an increase in the aluminium price led to an improvement in EBITDA from EUR 40.7 million to EUR 49.0 million.

The cost of sales rose by 20.2 %, from EUR 189.5 million to EUR 227.8 million, mainly due to the aforementioned reasons. Selling and distribution expenses of EUR 12.2 million were up 12.5 % year-on-year. Administrative expenses of EUR 6.2 million in the second quarter were above the previous year's EUR 5.8 million especially due to higher IT expenses. Research and development expenses amounted

to EUR 3.2 million in the second quarter of 2017, compared with EUR 3.4 million in the previous year's corresponding quarter.

Consolidated earnings before interest and tax (EBIT) stood at EUR 30.4 million during the second quarter of the current year, EUR 6.7 million above the EUR 23.8 million result in the previous year's comparable period.

Depreciation and amortisation of EUR 18.6 million in the second quarter was EUR 1.6 million above the level in the comparable period of 2016.

Net income after tax stood at EUR 21.0 million, thereby 15.7 % above the result of EUR 18.2 million achieved in the previous year's second quarter. Earnings per share during the second quarter of 2017 stood at EUR 0.60 (2016 comparable period: EUR 0.51).

Financial position and net debt

Strong equity position

The equity of the AMAG Group stood at EUR 614.5 million at the end of June 2017, below the 2016 year-end level of EUR 630.5 million. In contrast to the positive effects from the results and the trend in the hedge reserve, the reasons for the reduction included negative effects from currency translation, actuarial losses and the dividend payment. The equity ratio stood at 45.4 % as of the current balance sheet date, equivalent to its level as at December 31, 2016.

Net financial debt

The liquid assets of the AMAG Group amounted to EUR 94.6 million at the end of June 2017, compared with EUR 149.8 million at the end of the previous year.

Net financial debt rose to EUR 312.4 million as of the end of June 2017, compared with EUR 225.8 million as of the end of 2016, especially due to investments in organic growth at the Ranshofen site. Gearing stood at 50.8 % (December 31, 2016: 35.8 %).

Investments

Investments made by the AMAG Group totalled EUR 63.7 million during the first six months of 2017 (2016 comparable period: EUR 95.8 million).

Employees

The strategic growth objectives of the AMAG Group are reflected in the higher number of individuals that it employs. The AMAG Group employed an average of 1,841 individuals (full-time equivalents) during the first half of 2017, compared with 1,725 individuals in the 2016 comparable period.

Metal Division

Economic environment

During the first half of 2017, the aluminium price (3-month LME) continued the uptrend it started at the beginning of 2016. With its high for the year to date of 1,972 USD/t, the aluminium price on April 5, 2017 reached its highest level for around two and a half years. It marked its low for the year to date on January 4, 2017 at 1,689 USD/t. Consequently, the fluctuation range during the first half year of 2017 amounted to 283 USD/t.

The average aluminium price during the first half year 2017 stood at 1,885 USD/t, 21.7 % above the level in the previous year's comparable period of 1,549 USD/t. The aluminium price in euros quoted at 1,741 EUR/t on average in the first half of 2017, 25.4 % above the average for the previous year's equivalent period.

The premiums that are added to aluminium prices are determined, in particular, by the location of delivery, and by supply and demand. Compared with the first half year of 2016, these premiums also rose.

Stocks of primary aluminium held in LME-approved warehouses decreased further compared with the end of 2016 (2.2 million tonnes), standing at around 1.4 million tonnes at the end of June 2017. This corresponds to 2.2 % of the estimated annual production for 2017.

For 2017, the CRU⁶ market research institute anticipates that global demand for primary aluminium will grow from 59.7 million tonnes in the previous year to 62.8 million tonnes. This represents an increase of 5.3 %. Overall, demand is set to increase in all regions. In China, the largest consumer country of primary aluminium, the CRU anticipates demand growth of 6.7 % to 33.6 million tonnes. Attractive growth rates are also forecast for North America (+3.3 % to 6.7 million tonnes) and Europe (+3.5 % to 9.2 million tonnes).

Worldwide production of primary aluminium is expected to amount to around 63.2 million tonnes this year, according to the latest estimates

from the CRU. This corresponds to 7.7 % year-on-year growth. New capacity expansions are anticipated to be raise production volumes, especially in China, where the CRU forecasts production growth of 12.1 % to 35.6 million tonnes. This implies a market surplus in China of around 2.0 million tonnes. A market deficit is expected in the rest of the world, with demand outstripping production volume.

Earnings trends

Shipment volumes in the Metal Division of 60,500 tonnes for the first half of 2017 were on the previous year's level (2016 comparable period: 60,000 tonnes). Shipments in the second quarter of 2017 stood at 30,400 tonnes compared with 28,800 tonnes in the previous year.

In the first half of 2017, revenue increased by 23.9 % from EUR 305.9 million to EUR 379.1 million, which is chiefly attributable to the higher total aluminium price. Revenue of EUR 190.3 million was achieved during the second quarter of 2017 (Q2 2016: EUR 153.7 million).

The higher selling price also led to an increase in EBITDA to EUR 22.7 million in the first half of the year, compared with EUR 10.8 million in the previous year. In a quarter-on-quarter comparison, EBITDA of EUR 13.0 million was achieved in the second quarter of 2017 (Q2 2016: EUR 8.0 million).

Employees

In the first half of the year, the average number of employees in the Metal Division stood at 192 individuals compared with 197 in the previous year.

Investments

In the Metal Division, investments in property, plant and equipment during the first six months of the year of EUR 3.6 million were above the previous year's comparable amount of EUR 3.1 million due to more pot relining activity. In a quarterly comparison, investments amounted to EUR 2.0 million, compared with EUR 1.4 million in the equivalent prior-year period.

Key figures for the Metal Division in EUR million	Q2/2017	Q2/2016	Change in %	H1/2017	H1/2016	Change in %
Shipments in tons ¹⁾	30,400	28,800	5.6 %	60,500	60,000	0.8 %
of which internal shipments	0	2,300	(100.0 %)	0	5,400	(100.0 %)
Revenue	190.3	153.7	23.8 %	379.1	305.9	23.9 %
of which internal revenue	135.4	112.1	20.8 %	269.9	221.0	22.1 %
EBITDA	13.0	8.0	62.6 %	22.7	10.8	109.2 %
EBIT	5.8	1.3	356.4 %	7.7	(2.9)	370.5 %
Employees FTE (excluding apprentices)	195	200	(2.5 %)	192	197	(2.5 %)

1) Shipment volumes and internal shipment relate exclusively to the AMAG interest in the smelter Alouette

6) See CRU Aluminium Market Outlook, April 2017

Casting Division

Economic environment

The Casting Division's key geographical markets comprise Western and Central Europe. The automotive sector (including the supply industry) is the largest customer for the division, accounting for more than 50 % of shipments. Consequently, the health of the European automotive industry has a strong bearing on divisional performance.

New car registrations in the European union reported a further increase⁷. The corresponding previous year's level of 7.8 million units was exceeded by 4.7 % in the first half of 2017 at 8.2 million units. New registrations in Germany were up by 3.1 % to 1.8 million vehicles. Growth was also reported in France (+3.0 %) and Italy (+8.9 %).

Demand for recycling foundry alloys in Europe remains good accordingly. The supply side has also risen, however, so that margins are currently below the previous year's level.

Earnings trends

Total shipment volumes of 44,600 tonnes in the first half of the year were slightly above the level achieved in the corresponding previous year's period of 42,700 tonnes. Total shipment volumes amounted to 22,100 tonnes in the second quarter of 2017, compared with 21,200 tonnes in the previous year.

In a comparison of the first six months, the Casting Division's revenue increased from EUR 56.7 million in 2016 to EUR 61.8 million, especially due to the higher price level. Revenue of EUR 31.8 million was achieved in the Casting Division during the second quarter of 2017 (Q2 2016: EUR 29.0 million).

Compared with the first half of 2016, EBITDA was down from EUR 4.0 million to EUR 3.0 million, reflecting the market-led lower margin level. In a quarterly comparison, EBITDA stood at EUR 1.7 million, compared with EUR 1.9 million in the previous year.

The operating result (EBIT) amounted to EUR 1.9 million in the first six months of the current year (previous year: EUR 2.8 million). In the second quarter, the company generated EUR 1.2 million of EBIT, as compared with EUR 1.4 million in the previous year.

Employees

During the first half of 2017, the average number of employees of 124 individuals was unchanged year-on-year.

Investments

Capital expenditures on property, plant and equipment amounted to EUR 1.5 million between January and June of the current year (H1 2016: EUR 0.1 million).

Key figures for the Casting Division in EUR million	Q2/2017	Q2/2016	Change in %	H1/2017	H1/2016	Change in %
Shipments in tons	22,100	21,200	4.2 %	44,600	42,700	4.4 %
of which internal shipments	5,900	4,900	20.4 %	12,900	11,200	15.2 %
Revenue	31.8	29.0	9.6 %	61.8	56.7	9.0 %
of which internal revenues	2.1	1.8	14.2 %	4.7	4.2	11.3 %
EBITDA	1.7	1.9	(12.0 %)	3.0	4.0	(25.3 %)
EBIT	1.2	1.4	(17.2 %)	1.9	2.8	(33.9 %)
Employees FTE (excluding apprentices)	125	124	0.8 %	124	124	0.0 %

7) See ACEA (European Automobile Manufacturers Association), press release of July 14, 2017

Rolling Division

Economic environment

Global demand for aluminium rolled products will continue to report attractive growth in 2017, according to the latest estimates from market research institute, the CRU⁸. With an increase of 4.2 %, demand worldwide is anticipated to increase from 24.9 million tonnes to 26.0 million tonnes.

A higher level of demand is expected in all industrial sectors of relevance for rolled products. In the large-volume packaging industry, the CRU expects growth of 3.5 % to reach a total of 13.0 million tonnes. In the construction sector, a demand increase of 3.5 % is forecast in 2017 to a total of 3.7 million tonnes.

The transport industry is expected to report the highest rates of increase in global demand. With a rise from 4.0 million tonnes to 4.3 million tonnes, demand is set to be up 6.4 % compared with 2016. Especially the automotive industry plays a significant role in this high growth dynamic, which is endeavouring and is forced through legislative regulations to reduce the CO₂ emissions of its respective fleets. Weight reduction through lightweight design with aluminium represents an important measure in this context. Weight savings of up to 50 % can be achieved especially in the case of hang-on-parts, such as hoods, doors and fenders.

In terms of region, rising consumption of aluminium rolled products is anticipated almost everywhere. For the most important sales markets of AMAG, the CRU even expects significantly higher growth rates than the previous year. For Western Europe, the CRU forecasts demand growth of 4.0 % to 4.3 million tonnes (2016: +2.1 %). In North America, demand for aluminium rolled products is set to increase by 3.3 % to 5.3 million tonnes (2016: +1.6 %). The CRU also forecasts further growth for Asia's countries. Demand in China is set to rise by 5.7 % to 9.1 million tonnes in 2017, for instance.

Earnings trends

Shipment volumes in the Rolling Division reported considerable growth in the first half of the year of 5.8 % to around 109,700 tonnes. This is based on the capacity expansion and ramp up at the Ranshofen site. Shipment volumes of 55,200 tonnes in the second quarter of 2017 were up 4.7 % year-on-year.

Higher shipment volumes and the higher aluminium price raised revenue by 12.1 % in the first two quarters to amount to EUR 419.0 million, compared with EUR 373.7 million in the equivalent prior-year period. Second-quarter revenue of EUR 217.3 million was above the previous year's level of EUR 188.4 million.

EBITDA for the first half of the year increased from EUR 57.1 million in the previous year to EUR 62.4 million, mainly due to the higher shipment volume. In a quarterly comparison, EBITDA stood at EUR 32.3 million, compared with EUR 30.3 million.

In a comparison of the first six months of the year, the operating result (EBIT) grew by 9.2 %, from EUR 42.8 million to EUR 46.7 million. In a quarter-on-quarter comparison, EBIT of EUR 24.4 million was also above the corresponding previous year's figure of EUR 23.1 million.

Employees

Compared with the first half of 2016, the average number of employees in the Rolling Division was up from 1,274 individuals to 1,387. This rise is predominately due to the plant expansion.

Investments

Investments in property, plant and equipment amounted to EUR 47.3 million during the first half of 2017. These investments lay below the previous year's level of EUR 64.8 million. Investments concerned mainly the "AMAG 2020" expansion project in Ranshofen, which was opened in June 2017. Investments in the second quarter of 2017 amounted to EUR 22.3 million, compared with EUR 29.6 million in the equivalent prior-year period.

Key figures for the Rolling Division in EUR million	Q2/2017	Q2/2016	Change in %	H1/2017	H1/2016	Change in %
Shipments in tons	55,200	52,700	4.7 %	109,700	103,700	5.8 %
Revenue	217.3	188.4	15.3 %	419.0	373.7	12.1 %
of which internal revenues	25.4	25.0	1.7 %	52.9	52.6	0.6 %
EBITDA	32.3	30.3	6.6 %	62.4	57.1	9.4 %
EBIT	24.4	23.1	5.3 %	46.7	42.8	9.2 %
Employees FTE (excluding apprentices)	1,405	1,290	8.9 %	1,387	1,274	8.9 %

8) See CRU Aluminium Rolled Products Market Outlook, May 2017

Service Division

Earnings trends

Revenue between January and June of the current financial year amounted to EUR 40.0 million, compared with EUR 36.0 million a year previously. In the second quarter of 2017, revenue stood at EUR 19.5 million, compared with EUR 17.8 million in the previous year.

EBITDA during the first six months of the year amounted to EUR 4.4 million in 2017, as compared with EUR 1.6 million in the previous year. This increase reflected the fact that the interest in Speditionsservice Ranshofen Ges. m.b.H. was classified as significant and was consequently at equity accounted. EBITDA of EUR 2.0 million was achieved during the second quarter (previous year's quarter: EUR 0.5 million).

The operating result (EBIT) rose in a comparison of the first halves of the year from EUR -3.5 million to EUR -1.2 million. In a quarterly comparison, the Service Division reported EBIT of EUR -0.8 million, following EUR -2.0 million in the prior-year period.

Employees

The average number of employees in the Service Division increased from 130 to 139 individuals in a comparison of half-years.

Investments

Investments during the first half of the year of EUR 11.3 million (prior-year period: EUR 27.8 million) especially related to investments in infrastructure in Ranshofen. In a quarterly comparison, investments were down from EUR 21.0 million to EUR 5.3 million in 2017.

Key figures for the Service Division in EUR million	Q2/2017	Q2/2016	Change in %	H1/2017	H1/2016	Change in %
Revenue	19.5	17.8	9.6 %	40.0	36.0	11.2 %
of which internal revenues	18.0	16.3	10.1 %	37.1	33.2	11.8 %
EBITDA	2.0	0.5	286.8 %	4.4	1.6	177.9 %
EBIT	(0.8)	(2.0)	59.1 %	(1.2)	(3.5)	65.8 %
Employees FTE (excluding apprentices)	138	130	6.2 %	139	130	6.9 %

2017 outlook

Economic outlook

Following global economic growth of 3.1 % in 2016, the IMF⁹ anticipates an increase of 3.5 % for this year, and consequently a higher growth dynamic. Western industrialised nations should make a particular contribution in this context, with higher year-on-year growth rates.

Aluminium market outlook

Recourse was made to CRU forecasts, among others, in gauging overall conditions for the medium-term growth and 2017 outlook of AMAG. According to recent forecasts, demand for primary aluminium¹⁰ and rolled products¹¹ should grow by around 4 % annually up to 2021.

For 2017, the CRU market research institute anticipates that global demand for primary aluminium will grow by 5.3 %, from 59.7 million tonnes in the previous year to 62.8 million tonnes. In China, the largest consumer of primary aluminium, demand is expected to grow by 6.7 % to 33.6 million tonnes. For North America, growth of 3.3 % to 6.7 million tonnes is forecast, and in Europe an increase of 3.5 % to 9.2 million tonnes.

European automotive industry trends are the main drivers for the Casting Division. The latest estimates suggest 3 % car production growth in Europe in 2017.¹²

As far as the Rolling Division is concerned, the CRU anticipates growth in global demand of 4.2 % to 26.0 million tonnes in 2017. The transport industry, in particular, will be an important driver in this context, whose demand for aluminium raw products is anticipated to increase by 6.4 % year-on-year. However, other industries such as the packaging, construction and engineering sectors are also expected to report demand increases of 3 to 6 %.

Business trend outlook for 2017

Rising demand for aluminium and its alloys offers the very promising basis for the growth path the company is pursuing, and for a positive business trend during this year and in coming years.

As of the end of June 2017, the aluminium price (3-month LME) of 1,915 USD/t was significantly above the previous year's average. This should exert a positive effect on the AMAG Group's revenue and earnings. Above all, the earnings of the Metal Division should benefit from this trend, although higher raw materials costs and the weaker US dollar could negatively affect the result.

As far as the Casting Division is concerned, a solid result is anticipated that might be down on the previous year's level given the market-induced margin pressure.

The signs in the Rolling Division point towards growth. Additional capacities for further growth over the coming years have been created with the commissioning of the new cold rolling mill as well as the further finishing plants and the new casting plant for rolling slabs. The Rolling Division will benefit from the growth path that was adopted in 2017, and will report year-on-year growth in terms of both shipments and earnings.

Overall, the Management Board expects a year-on-year improvement in earnings for the AMAG Group.

Taking current conditions into account and the planned maintenance works during the second half of the year, EBITDA is anticipated in a range between EUR 150 million and EUR 160 million (2016: EUR 143.0 million).

9) See IMF, World Economic Outlook, April 2017

10) See CRU, Aluminium Market Outlook, April 2017

11) See CRU Aluminium Rolled Products Market Outlook, May 2017

12) See IHS Automotive, Global Light Vehicle Production Summary, June 2017

Risk and opportunity report

A formalised risk management system designed to identify, assess and manage all the Group's significant risk exposures and opportunities is integral to our business activities. Risks should be identified as early as possible and be countered proactively where possible, in order to limit them to the greatest possible extent. At the same time we seek to capitalise on the business opportunities open to us. A balanced approach to opportunity and risk management is one of the Group's key success factors.

Risk management system

The risk management system of AMAG is aimed at a sustainably positive trend in the financial position and performance of the entire Group. The system relies primarily on:

- + Groupwide standards to regulate operational processes with a view to identifying, analysing, assessing and communicating risks, and actively managing risks and opportunities,
- + active hedging of specific risks (aluminium price and exchange rate volatility),
- + covering certain risks under a comprehensive insurance strategy.

Risks are managed at all levels in the management hierarchy on the basis of these standards. Strategic and operating risks are reviewed

on an annual basis, and any business policy adjustments required are made as part of an institutionalised process. The standards, and the scope and amount of insurance cover, are subject to ongoing review and updated whenever necessary.

In addition, an external auditor conducts evaluations on a case-by-case basis in selected areas of the business to determine the effectiveness of the internal control system.

Internal control system

The AMAG Group's internal control and risk management systems are based on the Internal Control and Enterprise Risk Managing Frameworks – internationally recognised standards established by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission – and on ISO 31000:2010. The objective is for the relevant managers to identify and manage potential risks.

For a detailed description of the Group's risk exposures, and its risk management and internal control systems, please refer to the AMAG Austria Metall AG 2016 annual report and the Investor Relations area of our website (www.amag.at).

RELATED PARTY DISCLOSURES

Please refer to the interim consolidated financial statements for information about business relationships with related companies and individuals.

Interim consolidated financial statements according to IAS 34

Consolidated statement of financial position

Assets in EUR thousand	June 30, 2017	December 31, 2016
Intangible assets	7,219	7,420
Property, plant and equipment	758,003	743,381
Equity-Investments	1,426	0
Other non-current assets and financial assets	75,734	102,728
Deferred tax assets	8,556	23,406
Non-current assets	850,938	876,935
Inventories	210,924	198,989
Trade receivables	138,093	102,641
Current tax assets	4,087	3,164
Other assets	54,385	58,166
Cash and cash equivalents	94,557	149,833
Current assets	502,046	512,793
TOTAL ASSETS	1,352,984	1,389,727
	June 30, 2017	December 31, 2016
Equity and liabilities in EUR thousand		
Share capital	35,264	35,264
Capital reserves	379,337	379,337
Hedging reserve	(12,119)	(18,457)
Fair value reserve	(927)	0
Revaluation reserve	608	0
Revaluation of defined benefit plans	(21,355)	(18,519)
Exchange differences	44,419	59,833
Retained earnings	189,233	193,003
Equity	614,460	630,460
Non-current provisions	84,617	79,167
Interest-bearing non-current financial liabilities	386,516	343,451
Other non-current liabilities and grants	92,205	120,113
Deferred tax liabilities	3,730	13,066
Non-current liabilities	567,067	555,797
Current provisions	13,346	17,434
Interest-bearing current financial liabilities	20,850	32,673
Trade payables	70,990	73,322
Current tax liabilities	2,776	6,732
Other current liabilities and grants	63,495	73,309
Current liabilities	171,456	203,470
TOTAL EQUITY AND LIABILITIES	1,352,984	1,389,727

Consolidated statement of profit or loss

acc. to the COST OF SALES METHOD in EUR thousand	Q2/2017	Q2/2016	H1/2017	H1/2016	2016
Revenue	277,916	233,604	535,405	461,394	906,246
Cost of sales	(227,797)	(189,485)	(443,852)	(381,856)	(755,871)
Gross profit	50,118	44,119	91,553	79,538	150,375
Other income	1,647	1,894	6,574	3,177	7,026
Selling and distribution expenses	(12,212)	(10,852)	(23,412)	(21,823)	(41,992)
Administrative expenses	(6,188)	(5,816)	(12,295)	(11,933)	(24,552)
Research and development expenses	(3,153)	(3,368)	(5,972)	(5,981)	(10,842)
Other expenses	(1,180)	(2,223)	(2,739)	(3,712)	(7,043)
Income (expense) Equity-Investments	1,408	0	1,408	0	0
Earnings before interest and taxes (EBIT)	30,439	23,753	55,117	39,265	72,971
Net interest result	(1,518)	(3,093)	(3,075)	(4,426)	(8,262)
Other financial result	(661)	733	(1,660)	(115)	(1,756)
Net financial income (expenses)	(2,179)	(2,360)	(4,735)	(4,541)	(10,018)
Earnings before taxes (EBT)	28,261	21,393	50,381	34,724	62,953
Current taxes	(2,725)	(405)	(6,808)	(3,780)	(8,078)
Deferred taxes	(4,531)	(2,834)	(6,022)	(5,089)	(8,570)
Income taxes	(7,255)	(3,239)	(12,830)	(8,869)	(16,648)
Net income after taxes	21,005	18,154	37,551	25,855	46,305
Total number of no-par-value shares	35,264,000	35,264,000	35,264,000	35,264,000	35,264,000
Earnings per share	0.60	0.51	1.06	0.73	1.31

Consolidated statement of comprehensive income

in EUR thousand	Q2/2017	Q2/2016	H1/2017	H1/2016	2016
Net income after taxes	21,005	18,154	37,551	25,855	46,305
Items that are or may be reclassified to profit or loss:					
Currency translation differences	(12,246)	5,045	(15,415)	(4,270)	7,200
Changes in the hedging reserve					
Recognized (expenses) and income during the financial year	38,407	(5,985)	(4,236)	4,337	(13,486)
Reclassifications of amounts that have been recognized in the statement of profit or loss	4,828	(1,770)	11,538	(444)	(1,224)
Deferred taxes relating thereto	(11,168)	1,984	(1,524)	(994)	3,727
Currency translation differences	469	155	561	(50)	(4)
Items that will never be reclassified to profit or loss:					
Changes in fair value reserve	593	0	(1,285)	0	0
Changes in revaluation reserve	0	0	0	0	0
Remeasurement of defined benefit plans	(5,060)	(7,582)	(5,060)	(12,100)	(10,049)
Deferred taxes relating thereto	1,228	2,000	1,698	3,165	2,521
Currency translation differences	739	(245)	848	113	(252)
Other comprehensive income for the year net of tax	17,791	(6,398)	(12,875)	(10,243)	(11,567)
Total comprehensive income for the year	38,796	11,756	24,676	15,612	34,738

Consolidated statement of cash flows

in EUR thousand	Q2/2017	Q2/2016	H1/2017	H1/2016	2016
Earnings before taxes (EBT)	28,261	21,393	50,381	34,724	62,953
Interest income (expenses)	1,518	3,093	3,075	4,426	8,262
Income (expense) Equity-Investments	(1,408)	0	(1,408)	0	0
Depreciation, amortisation and impairment losses / reversal of impairment losses on non-current assets	18,586	16,984	37,298	34,170	70,026
Losses/gains from the disposal of non-current assets	119	861	114	823	913
Other non-cash expenses/income	(326)	(74)	(167)	1,150	346
Changes in inventories	16,782	(6,582)	(13,699)	737	(11,099)
Changes in trade receivables	(9,187)	(10,995)	(34,531)	(25,602)	(9,389)
Changes in trade payables	(21,350)	5,781	1,945	9,158	2,470
Changes in provisions	(1,274)	2,694	(2,179)	3,750	(8,004)
Changes in derivatives	(12,896)	3,882	(6,768)	12,780	(91,391)
Changes in other receivables and liabilities	5,433	1,050	6,194	(1,328)	100,640
	24,257	38,088	40,255	74,788	125,727
Tax payments	(3,710)	(575)	(11,521)	(1,614)	(5,735)
Interest received	179	147	441	298	721
Interest paid	(1,588)	(3,122)	(2,389)	(3,864)	(5,836)
Cashflow from operating activities	19,139	34,538	26,787	69,608	114,877
Proceeds from disposals of non-current assets	41	80	151	129	503
Payments for investments in property, plant and equipment and intangible assets	(22,854)	(50,250)	(67,545)	(93,973)	(186,834)
Proceeds from grants for investments	0	0	0	0	941
Cash flow from investing activities	(22,814)	(50,169)	(67,394)	(93,844)	(185,390)
Repayments of borrowings	(18,843)	(6,569)	(19,191)	(6,677)	(13,371)
Proceeds from borrowings	28,149	61,068	51,950	60,168	140,357
Dividends paid	(42,317)	(42,317)	(42,317)	(42,317)	(42,317)
Cash flow from financing activities	(33,011)	12,182	(9,558)	11,174	84,669
Change in cash and cash equivalents	(36,686)	(3,449)	(50,165)	(13,062)	14,156
Cash and cash equivalents at the beginning of the period	135,042	119,855	149,833	132,282	132,282
Effect of exchange rate changes on cash and cash equivalents	(3,799)	1,877	(5,111)	(937)	3,394
Cash and cash equivalents at the end of the period	94,557	118,283	94,557	118,283	149,833

Consolidated statement of changes in equity

in EUR thousand	Share capital	Capital reserves	Hedging reserve	Fair value reserve	Revaluation reserve	Revaluation of defined benefit plans	Exchange differences	Retained earnings	Equity
Balance as of January 1, 2016	35,264	379,337	(7,471)	0	0	(10,739)	52,633	189,014	638,039
Net income after taxes								25,855	25,855
Other comprehensive income for the year net of tax			2,848	0	0	(8,821)	(4,270)		(10,243)
Total comprehensive income for the year			2,848	0	0	(8,821)	(4,270)	25,855	15,612
Transactions with equity holders									
Dividend distributions								(42,317)	(42,317)
Balance as of June 30, 2016	35,264	379,337	(4,623)	0	0	(19,560)	48,363	172,553	611,334
Balance as of December 31, 2017	35,264	379,337	(18,457)	0	0	(18,519)	59,833	193,003	630,460
Balance as of January 1, 2017 Adjustment				37	608			996	1,641
Balance as of January 1, 2017 after adjustment	35,264	379,337	(18,457)	37	608	(18,519)	59,833	193,999	632,101
Net income after taxes								37,551	37,551
Other comprehensive income for the year net of tax			6,339	(964)	0	(2,835)	(15,415)		(12,875)
Total comprehensive income for the year			6,339	(964)	0	(2,835)	(15,415)	37,551	24,676
Transactions with equity holders									
Dividend distributions								(42,317)	(42,317)
Balance as of June 30, 2017	35,264	379,337	(12,119)	(927)	608	(21,355)	44,419	189,233	614,460

Notes to the consolidated interim financial statements

General

AMAG Austria Metall AG, Lamprechtshausener Strasse 61, 5282 Ranshofen, Austria, registered under commercial register number 310593f at the Ried District Court, is an Austrian holding company. Together with its subsidiaries and associates, it engages in the production and distribution of primary aluminium, rolled products (sheet and plate), and recycling foundry alloys.

As an Austrian holding company, AMAG Austria Metall AG is registered in the companies register at Ried im Innkreis District Court, and its headquarters are located in 5282 Ranshofen, Lamprechtshausener Strasse 61, Austria. The company prepares consolidated financial statements as the ultimate parent company of the AMAG Group. The shares of AMAG Austria Metall AG have been listed on the Prime Market of the Vienna Stock Exchange since April 8, 2011. Since July 1, 2013, the companies of the AMAG Group have been included in the consolidated financial statements of B&C Holding Österreich GmbH. B&C Privatstiftung, Vienna, Austria, is the ultimate parent company of B&C Holding Österreich, and consequently of the company.

Basis of preparation

The interim consolidated financial statements from the January 1 to June 30, 2017 accounting period have been prepared in accordance with International Financial Reporting Standards (IFRS), as formulated by the International Accounting Standards Board (IASB) and adopted by the European Union, and as applicable for interim financial statements (IAS 34), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which require application in 2017. The interim statements do not contain all of the information and disclosures provided in the consolidated annual financial statements for the year ended December 31, 2016, and should be read in conjunction with the latter.

Due to the early application of IFRS 9 as of June 30, 2017 (for the period from January 1, 2017), the accounting policies applied in preparing the interim consolidated financial statements differ from those as of December 31, 2016, but otherwise as of June 30, 2017 they are in accordance with those applied in the annual consolidated financial statements as of December 31, 2016.

The consolidated interim financial statements are presented in thousands of euros. The totalling of rounded amounts and percentages may lead to rounding differences due to the application of automated calculations. Unless otherwise stated, the comparative disclosures refer to the first half of the 2016 financial year of AMAG Austria Metall AG (June 30, 2016 reporting date).

The Management Board of AMAG Austria Metall AG is satisfied that the Group interim report in all material respects gives a true and fair view of the Group's financial position and performance.

These consolidated interim financial statements as of June 30, 2017, were neither subjected to a full audit nor were they reviewed by an auditor.

Effects from the first-time application of IFRS 9 "Financial Instruments":

In November 2016, the EU adopted the final version of IFRS 9 "Financial Instruments".

The new version of IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" and all previous versions of IFRS 9. IFRS 9 does not replace rules for a portfolio fair value hedge against interest rate risks pursuant to IAS 39. The part of the IFRS 9 project that originally related to this topic was pursued further as a separate IASB agenda project under the "macro hedges" heading, as it entailed greater time requirements, and it was not anticipated that the project would be completed quickly. A discussion paper was published for this project in April 2014 as part of due process: "Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging". Given this, the possibility exists to continue to opt to apply the rules for a portfolio value hedge against interest rate risks, or to present hedging relationships pursuant to the general rules of IAS 39.

IFRS 9 is applicable for the first time in the first reporting period of a financial year beginning on or after January 1, 2018, although earlier application is permitted. For this reason, the standard was applied early from January 1, 2017.

Primary financial assets and liabilities

Financial assets and liabilities comprise other non-current assets and financial assets, trade receivables and payables, other receivables and payables, cash and cash equivalents, and interest-bearing borrowings.

Financial assets in the meaning of IFRS 9 are classified either as financial assets at amortised cost, or as measured at fair value in other comprehensive income, or as measured at fair value through profit or loss. This classification occurs on the basis of the company's business model for the management of financial assets and the characteristics of the contractual cash flows from the financial asset.

Assets are recognised at amortised cost that are held as part of a business model whose objective is to hold financial assets for the receipt of contractual cash flows exclusively comprising interest and principal payments. The "holding" business model is mainly applied at AMAG.

As part of first-time recognition due to the first-time application of IFRS 9, it was determined in the case of which financial instruments the fair value changes would be recognised in other comprehensive income as part of subsequent measurement.

Financial assets are measured at fair value on initial recognition. Settlement date accounting is normally applied to standard market purchases and sales of financial instruments. Price offers by banks or similar pricing models are used to estimate the fair value of financial instruments at the end of a reporting period. The fair values of financial assets and liabilities generally correspond to their market prices on the balance sheet date. In the absence of quoted prices on active markets, they are calculated applying generally accepted valuation models and current market parameters (especially interest rates, exchange rates and counterparties' credit ratings). To this end, the cash flows generated by the financial instruments are discounted to the balance sheet date.

Other non-current financial assets and financial investments

Other non-current financial assets and financial assets comprise securities measured at fair value and non-consolidated equity interests. For the measurement, the option on initial recognition was exercised of recognising the measurement in other comprehensive income. For information about the non-current active derivatives included, please refer to the information about derivative financial instruments.

Interest on securities is accrued in the appropriate periods and reported under the net interest result. Income from non-consolidated equity interests and miscellaneous other financial assets is shown under the other net financial result.

Receivables

Receivables are classified as loans and receivables in accordance with IFRS 9, less any impairment losses. Foreign currency receivables are measured at the average rate prevailing on the balance sheet date.

Trade receivables are measured applying the concept of lifetime expected credit losses (expected loan losses due to all potential default events during the expected term). For this purpose, the requirement for impairment losses is calculated in an impairment matrix applying a past analysis and an estimate of future trends.

Receivables are only derecognised in the event of insolvency or unsuccessful attempts to enforce claims by taking legal action. Reversals of impairment losses are recognised in profit or loss. Interest-free or low-interest receivables with an expected residual maturity of over one year are discounted.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term investments. They are marked to market on the balance sheet date.

Derecognition of financial assets

Financial assets are derecognised if the contractual rights conferred by the assets expire, or the Group has transferred its contractual rights to receive cash flows from the assets, or assumed a contractual obligation to pay the cash flows to a third party immediately under an agreement that meets the conditions set out in IFRS 9 3.2 (a so-called "pass-through arrangement"), and has either (a) transferred substantially all the risks and rewards entailed in ownership of the financial asset or (b) neither transferred nor retained substantially all the risks and rewards entailed in ownership of the financial asset, but has transferred control of the asset.

If the Group transfers its contractual rights to receive cash flows from an asset, or enters into a pass-through arrangement, and neither transfers nor retains substantially all the risks and rewards entailed in ownership of the financial asset, but retains control of the transferred asset, then the Group continues to recognise the asset to the extent of its continuing involvement in the latter. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expires.

Liabilities

Liabilities are recognised at amortised cost in accordance with IFRS 9, applying the effective interest method. The effective interest method amortises the difference between the cost and the nominal value, applying the effective interest rate. The effective interest rate is the rate that discounts the estimated future cash flows until maturity, or the next market price-oriented interest rate adjustment date, to the current carrying amount of the financial asset or financial liability.

Derivative financial instruments and hedging

Derivative financial instruments

Derivative instruments that do not meet the criteria for hedge accounting as per IFRS 9 are classified as held for trading, and recognised at fair value through profit and loss in accordance with IFRS 9. Where material, measurement takes into account counterparty credit risk as well as the company's own credit risk.

Hedge accounting

The AMAG Group has decided to apply IFRS 9 regulations to its hedge accounting. For more information about the Group's risk management strategy, please refer to the remarks in the consolidated financial statements as of December 31, 2016 (section K Financial instruments). Hedges are accounted for in accordance with the regulations of IFRS 9 6.4. concerning requirements relating to permissible underlying transactions and hedges, as well as hedge effectiveness. If required, hedges are recalibrated pursuant to IFRS 9.

For hedge accounting pursuant to IFRS 9, individual risk components are also hedged for non-financial underlying transactions (mainly commodity price risks due to the production and processing of aluminium).

Cash flow hedges

In the case of a cash flow hedge, the effective portion of the change in fair value is recognised in other comprehensive income, under the hedging reserve item, whereas the ineffective portion is recognised immediately in profit or loss, under the other net financial result. If the hedge subsequently results in the recognition of an asset or liability, the amounts deferred in equity are reclassified to profit or loss in the same period, or periods during which the hedged position affects profit or loss. However, if a hedge of a forecast transaction results in the recognition of a non-financial asset or liability, the amounts are recorded as part of the cost of that asset or liability at the time of recognition.

Interest rate swaps are deployed to hedge against interest rate risk. Fixed interest is paid on the notional value of the swap contract and, in return, the Group receives variable interest payments on the same principal amount. These interest rate swaps offset the impact of future changes in interest rates on the cash flows derived from the underlying variable-rate financial liabilities.

The Group utilises forward contracts and options to hedge part of future sales of its share of production from Aluminerie Alouette Inc. The derivatives used for this purpose are classified as cash flow hedges.

Fair value hedges

In a fair value hedge, both the underlying transaction in relation to the hedged risk and the derivative hedging instrument are measured at fair value, and changes in the latter are recognised in profit or loss. Some of the physical inventories are hedged by forward sales on the LME, and hedge accounting is partly used for these contracts. Subsequent measurement is at market value, as a matter of principle.

Physical stocks are hedged against exchange rate and price movements (portfolio hedging of the aluminium price portion of inventories).

Firm commitment

When an off-balance-sheet firm commitment (customer order) is designated as a hedged item, the subsequent cumulative change in the fair value of the commitment attributable to the hedged risk is recognised as an asset or liability through profit or loss.

Embedded derivatives

Derivatives embedded in other financial instruments or host contracts are treated as separate derivatives if their risks and characteristics are not closely related to those of the host contracts and they are in any case not measured at fair value.

Assumptions and estimation uncertainties

The following notes to the financial statements include information about assumptions and uncertainties relating to estimates which can generate a considerable risk that necessitates a significant adjustment during the following financial year:

If an asset is tested for impairment at the level of a cash-generating unit, assumptions must be made about future cash inflows and cash outflows, in particular. These relate to both the planning period and trends in the subsequent period. To calculate future cash inflows and cash outflows, the management determines planning assumptions that are updated and regularly compared with external information sources. In particular, these planning assumptions take into account expectations about the profitability of the product portfolio, future market share trends, economic trends (such as changes in foreign currency exchange rates, interest rates and commodity prices), and legal conditions, as well as empirical data. In the year under review, no indications existed of impairment to assets.

Based on the presented modifications to accounting policies due to the first-time application of IFRS 9, the following retrospective adjustments arise for the consolidated financial statements of AMAG, which were taken into account as of January 1, 2017 according to the transition regulations.

These adjustments arise from the reversal of valuation allowances applied to trade receivables, which are no longer permitted due to the introduction by IFRS 9 of the concept of lifetime expected credit losses, as well as from the fair value measurement of non-current assets. An adjustment also occurred due to the recognition of the fair value component of options in other comprehensive income and in the fair value reserve.

in EUR thousand	31/12/2016	Adjustment IFRS 9	01/01/2017
Non-current assets	876,935	902	877,837
Current assets	512,793	942	513,734
TOTAL ASSETS	1,389,727	1,844	1,391,571
Equity	630,460	1,641	632,101
Non-current liabilities	555,797	203	556,000
TOTAL EQUITY AND LIABILITIES	1,389,727	1,844	1,391,571

Changes in the scope of consolidation

The scope of consolidation of AMAG Austria Metall AG changed as follows between January 1 and June 30, 2017:

The 25.1 % interest in Speditionsservice Ranshofen Ges.m.b.H. was classified as material as of June 30. As a consequence, this company was equity accounted as of June 30, 2017. The proportional earnings of EUR 1,408 thousand were recognised through profit or loss as income from equity accounted companies.

The newly founded companies AMAG Rolling Eastern Europe s.r.o. and AMAG China Ltd. were included in the consolidation scope as of June 30, 2017.

Please refer to the details in the consolidated financial statements as of December 31, 2016, for information about changes to the scope of consolidation during 2016.

Seasonal and cyclical factors

The progression of business at the AMAG Group is generally not subject to significant seasonal fluctuation. In 2017, too, scheduled annual maintenance measures at the Ranshofen site will continue to be predominantly conducted during the second half of the year (August and December). As a consequence, lower production volumes are assumed for the fourth quarter of 2017 compared with previous quarters.

Business divisions

H1/2017 in EUR thousand	Metal	Casting	Rolling	Service	Consolidation	Group
Revenue						
External	109,178	57,130	366,131	2,966	0	535,405
Internal	269,924	4,712	52,916	37,074	(364,625)	0
	379,102	61,841	419,047	40,040	(364,625)	535,405
EBITDA	22,691	2,954	62,399	4,371	0	92,415
EBIT	7,714	1,872	46,724	(1,194)	0	55,117
Net financial income (expenses)	(1,410)	(53)	(3,114)	(158)	0	(4,735)
Earnings before taxes (EBT)	6,304	1,820	43,610	(1,352)	0	50,381
H1/2016 in EUR thousand	Metal	Casting	Rolling	Service	Consolidation	Group
Revenue						
External	84,910	52,504	321,150	2,831	0	461,394
Internal	221,008	4,235	52,598	33,163	(311,005)	0
	305,918	56,738	373,748	35,994	(311,005)	461,394
EBITDA	10,848	3,955	57,060	1,573	0	73,435
EBIT	(2,852)	2,833	42,779	(3,496)	0	39,265
Net financial income (expenses)	(317)	(42)	(4,518)	336	0	(4,541)
Earnings before taxes (EBT)	(3,169)	2,791	38,262	(3,159)	0	34,724

Notes to the consolidated statement of financial position

Property, plant and equipment grew from EUR 743.4 million at the end of 2016 to EUR 758.0 million at the end of June 2017. This increase is predominately attributable to the expansion project in Ranshofen. Obligations arising from investments in plant amounted to EUR 32.1 million as of June 30, 2017 (2016 year-end: EUR 57.0 million).

Due to the higher aluminium price, the value of inventories rose from EUR 199.0 million at the end of December to EUR 210.9 million as of June 30, 2017.

Due to lower shipments before the end of the year, trade receivables are traditionally lower than on interim reporting dates. They increased from EUR 102.6 million as of the end of 2016 to EUR 138.1 million at the end of June 2017.

Cash and cash equivalents reduced from EUR 149.8 million at the end of December 2016 to EUR 94.6 million at the end of June 2017.

The equity of the AMAG Group amounted to EUR 614.5 million at the end of June 2017, thereby EUR 16.0 million below its level as of the 2016 annual financial statements (EUR 630.5 million). The change mainly reflects the result after income taxes for the first six months of 2017 of EUR 37.6 million, the change in the hedging reserve (IAS 39) of EUR +6.3 million, and the revaluation of defined benefit pension plans of EUR -2.8 million, and a reduction of currency translation differences of EUR -15.4 million, as well as the EUR -42.3 million dividend payment.

Since the reporting date, the interest rates of relevance for measuring defined benefit pension plans and the anniversary bonus provision rose significantly, and as of the end of June amounted (as derived from the IFRS measurement interest rates published by MERCER Deutschland)

to 1.90 % for the appropriate remaining term (December 31, 2016: 1.60 %) for the severance and anniversary bonus provision, as well as to 1.50 % (December 31, 2016: 1.30 %) for the pension provision in Austria. In Canada, by contrast, the relevant interest rates have dropped considerably and for the pension provision and the provision for medical care benefits amount to 3.50 % according to the "Fiera Capitals CIA Method Accounting Discount Rate Curve" (December 31, 2016: 4.00 %). This results in net actuarial losses of EUR -5.1 million, which were carried directly to equity, and with earnings being increased by EUR +0.2 million.

Non-current interest-bearing financial liabilities increased from EUR 343.5 million in last year's consolidated financial statements to EUR 386.5 million as of June 30, 2017.

Notes to the consolidated statement of profit or loss

Between January and June 2017, the revenue of the AMAG Group amounted to EUR 535.4 million, representing a 16.0 % increase compared with the EUR 461.4 million generated in the prior-year comparable period.

Consolidated earnings before interest, tax, depreciation and amortisation (EBITDA) rose by EUR 19.0 million to EUR 92.4 million in the first half of 2017 (H1 2016: EUR 73.4 million).

Consolidated earnings before interest and tax (EBIT) amounted to EUR 55.1 million in the first six months of 2017, compared with EUR 39.3 million in the previous-year equivalent period.

Earnings after tax amounted to EUR 37.6 million in the first half of 2017 (prior-year comparable figure: EUR 25.9 million).

Notes to the consolidated statement of cash flows

Cash flow from operating activities amounted to EUR 26.8 million during the first six months of the financial year under review, thereby EUR -42.8 million below the level for corresponding previous-year period (EUR 69.6 million), which is especially attributable to higher working capital requirements. Along with an evaluation of turnover, the higher receivables position is also attributable to the positive trend in the LME price. Cash flow from investing activities stood at EUR -67.4 million during the first half of the year. The considerably higher figure of EUR -93.8 million in the equivalent period of 2016 arises from the more extensive expansion investments realised last year at the Ranshofen site. Cash flow from financing activities was negative to the tune of EUR -9.6 million during the first half of 2017 (H1 2016: EUR + 11.2 million). The EUR -42.3 million dividend payment was offset by EUR + 32.8 million of drawings of borrowings.

Notes on financial instruments

Additional disclosures about financial instruments pursuant to IFRS 7

2017				
Amounts in EUR thousand	Fair-Value- Hedge	Cashflow-Hedge	Held for Trading	Held to Maturity
Assets				
Other non-current assets and financial assets	0	71,479	671	0
Trade receivables	0	0	0	0
Current tax assets	0	0	0	0
Other assets	1,749	16,560	12,698	0
Cash and cash equivalents	0	0	0	0
Liabilities				
Interest-bearing non-current financial liabilities	0	0	0	0
Other non-current liabilities and grants	0	2,633	1,719	0
Interest-bearing current financial liabilities	0	0	0	0
Trade payables	0	0	0	0
Current tax liabilities	0	0	0	0
Other current liabilities and grants	7	6,322	9,407	0

2016				
Amounts in EUR thousand	Fair-Value- Hedge	Cashflow-Hedge	Held for Trading	Held to Maturity
Assets				
Other non-current assets and financial assets	42	99,443	456	27
Trade receivables	0	0	0	0
Current tax assets	0	0	0	0
Other assets	1,251	17,545	11,216	0
Cash and cash equivalents	0	0	0	0
Liabilities				
Interest-bearing non-current financial liabilities	0	0	0	0
Other non-current liabilities and grants	0	18,138	250	0
Interest-bearing current financial liabilities	0	0	0	0
Trade payables	0	0	0	0
Current tax liabilities	0	0	0	0
Other current liabilities and grants	24	11,480	22,412	0

	Fair value through other comprehensive income	At amortised cost	Cash and cash equivalents	Not a financial instrument	Book value as of June 30, 2017	Fair value as of June 30, 2017
	1,264	2,319	0	0	75,734	75,734
	0	138,093	0	0	138,093	138,093
	0	0	0	4,087	4,087	4,087
	0	9,566	384	13,428	54,385	54,385
	0	0	94,557	0	94,557	94,557
	0	386,516	0	0	386,516	381,069
	0	84,057	0	3,795	92,205	92,205
	0	20,850	0	0	20,850	20,850
	0	70,990	0	0	70,990	70,990
	0	0	0	2,776	2,776	2,776
	0	18,912	0	28,848	63,495	63,495

	Fair value through other comprehensive income	At amortised cost	Cash and cash equivalents	Not a financial instrument	Book value as of December 31, 2016	Fair value as of December 31, 2016
	354	2,406	0	0	102,728	102,728
	0	102,641	0	0	102,641	102,641
	0	0	0	3,164	3,164	3,164
	0	9,209	470	18,475	58,166	58,166
	0	0	149,833	0	149,833	149,833
	0	343,451	0	0	343,451	339,902
	0	98,869	0	2,856	120,113	120,113
	0	32,673	0	0	32,673	33,969
	0	73,322	0	0	73,322	73,322
	0	0	0	6,732	6,732	6,732
	0	18,461	0	20,932	73,309	73,309

Cash and cash equivalents, financial instruments, and trade and other receivables generally have short terms. As a result, the carrying amounts for these items are approximately the same as the respective fair value. Financial instruments not categorised in accordance with IFRS 7 include financial assets and liabilities measured at fair value as well as those recognised at amortised cost.

In general, trade payables and other current liabilities have terms of less than one year, and the recognised values are approximations of their respective fair value.

The fair values of bank borrowings and other financial liabilities are calculated as the present values of the related payments on the basis of the respective yield curve, taking account of the Group's credit risk exposure.

The measurement categories are as follows:

in EUR thousand	Level 1	Level 2	Level 3	June 30, 2017 Total	Level 1	Level 2	Level 3	December 31, 2016 Total
ASSETS								
Other non-current assets and financial assets	0	3,676	68,474	72,150	0	1,156	98,785	99,942
Other assets	0	19,276	11,731	31,007	0	13,561	16,451	30,012
Cash and cash equivalents	0	0	0	0	0	0	0	0
LIABILITIES								
Interest-bearing non-current financial liabilities	0	381,069	0	381,069	0	339,194	0	339,194
Other non-current liabilities and grants	0	4,352	0	4,352	0	18,388	0	18,388
Interest-bearing current financial liabilities	0	20,850	0	20,850	0	32,530	0	32,530
Other current liabilities and grants	0	15,735	0	15,735	0	33,916	0	33,916

The Group applies the following hierarchy to determine and report the fair value of financial instruments for each valuation:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: methods in which all inputs that have a material effect on the reported fair value are directly or indirectly observable. The transactions outlined below are recognised at this level:

Forward currency transactions:

In forward currency transactions, a specified amount of a certain currency is exchanged for an amount in another currency at an agreed exchange rate on a particular date. Both of the cash flows arising at the maturity date are discounted over their term to present value on the basis of the yield curve for each transaction currency. The present value of the forward currency transaction comprises the difference between the two cash flows discounted to their present value and translated into the reporting currency applying the exchange rates. The exchange rates and the yield curve are applied as inputs.

Interest rate swap:

Interest rate swaps involve the exchange of a floating interest rate for a fixed rate. Measurement entails calculating the present value of the variable interest payments and the present value of the fixed interest payments. The present value of the interest-rate swap is the difference between the two cash flows discounted to present value over the transaction term. The inputs comprise 3-month Euribor and the yield curve.

Commodity futures:

The value of these futures is the difference between the contract price and the aluminium price quoted on the London Metal Exchange (LME) at the maturity date of the transaction. The LME quoted aluminium price including the term structure, and the euro/US dollar futures curve comprise the inputs.

Level 3: methods based on input parameters that have a material effect on fair value and are not based on observable market data.

Assets measured at a fair value determined in accordance with level 3 in the course of a subsequent measurement relate to the derivative embedded in Alouette's electricity supply agreement.

Power supply contract concluded by Aluminerie Alouette Inc.:

Alouette has a power contract with a state-owned utility that directly ties the rate to be paid by Alouette to the market price of aluminium under a contractual pricing formula.

The electricity purchasing contract existing as of June 30, 2016 expired as of December 31, 2016. As of October 11, 2016, a new electricity purchasing contract was concluded that regulates electricity supplies from January 1, 2017.

The new contract contains an embedded derivative due to the linkage between electricity and aluminium prices. This derivative is designated as a cash flow hedge. The fair value of the derivative is measured on the basis of a model. Given the monopolistic electricity market in Canada, no liquid electricity market exists in the conventional sense (in other words, a mark-to-market price is not directly observable). A discounted cash flow analysis is consequently employed to value the derivative, applying an electricity reference price, related yield curves, and forward aluminium prices and foreign currency exchange rates.

In order to obtain a market-based valuation of the contract, the present value of future electricity payments is subsequently calculated applying aluminium forward prices, and compared with the present value of future electricity payments based on Alouette's reference electricity price taking into account USD/CAD forward structures. This approach provides a model-based valuation of the embedded derivative.

The derivative's positive fair value on initial measurement was classified as a public subsidy (from the Government of Québec), and reported under other non-current and current liabilities accordingly. The subsidy is released through profit or loss in line with the expenses expected for the conditions regulated in the contract.

The change in the value of the embedded derivative is shown below:

	Other non-current assets and financial assets	Other assets
As at January 1, 2016	0	9,331
Currency translation differences	0	(181)
Changes Fair Value	0	(2,364)
Recycling	0	(4,217)
Reclassification	0	0
As at June 30, 2016	0	2,569
As at January 1, 2017	98,785	16,451
Currency translation differences	(7,540)	(1,256)
Changes Fair Value	(15,125)	(3,678)
Recycling	0	(7,433)
Reclassification	(7,647)	7,647
As at June 30, 2017	68,474	11,731

The impact of a change in the LME price on measurement as of June 30, 2017 is outlined below:

Sensitivity in EUR thousand	June 30, 2017		June 30, 2016	
	+10%	-10%	+1%	-1%
Other non-current assets and financial assets	(20,636)	20,636	106	(106)
Other assets	(3,236)	3,236	231	(231)

The sensitivity calculation as of June 30, 2016 relates to the change in the electricity contract that expired as of December 31, 2016 and shows the effect of a change of the reference electricity price.

No reclassifications between measurement classes occurred during the first six months of the year.

Related party disclosures

Outstanding balances and transactions between AMAG Austria Metall AG and its subsidiaries are eliminated in the preparation of the consolidated financial statements, and are not commented on here.

The Group's operations give rise to related-party business relationships in the form of purchases or sales of goods and services, and rendering or receiving of services, to and from associates. These transactions are all performed on an arm's length basis.

The Group has business relations with Raiffeisen Landesbank Oberösterreich AG associated with financing, investment and foreign exchange transactions.

The composition of the Management Board has remained unchanged compared with the previous year.

No loans have been extended to members of the Management or Supervisory boards, and no guarantees have been given on their behalf. No other transactions – and in particular no purchase contracts involving assets of significant value – have been entered into with related parties.

Compared with the previous year's financial statements, no significant changes occurred to business relationships with related parties during the first half of 2017.

Significant events after the balance sheet date

No significant events occurred after the June 30, 2017 balance sheet date.

Declaration by the Management Board

We hereby declare that to the best of our knowledge the interim consolidated financial statements, prepared in accordance with the rules for interim financial reporting established by the International Financial Reporting Standards (IFRS), to the maximum possible extent give a true and fair view of the financial position and performance of AMAG Austria Metall AG.

We also confirm that to the best of our knowledge this Group interim report to the maximum possible extent gives a true and fair view of the financial position and performance of AMAG Austria Metall AG in respect of the significant events that occurred during the first six months of the financial year and their impact on the interim financial statements, and of the principal risks and uncertainties to which the Company will be exposed during the remaining six months of the financial year, as well as the mandatory related party disclosures.

Ranshofen, August 2, 2017

The Management Board



Helmut Wieser
Management Board Chairman
(Chief Executive Officer)



Helmut Kaufmann
(Chief Operating Officer)



Gerald Mayer
(Chief Financial Officer)

The AMAG share

AMAG share price performance

Equity markets worldwide have performed very well since the start of 2017, with some new historic highs being achieved. The AMAG share has also appreciated significantly since the start of the year, and reached an all-time high of EUR 47.50 on June 30. This is equivalent to a share price gain of 42.8 % since the beginning of the year. The share has thereby significantly outperformed the ATX index (+18.2 %). The market capitalisation of AMAG stood at EUR 1,675 million as of the end of June 2017.

Share price performance YTD

January 2, 2017 – June 30, 2017 (in %)



Share price performance since IPO

April 8, 2011 – June 30, 2017 (in %)



Trading volumes

Average daily trading volumes (double counting) in the share amounted to 9,586 shares in the period between January 2, 2017 and June 30, 2017, thereby 18.3 % below the level for the prior-year comparable period (H1/2016: 11,731 shares).

Investor relations

The AMAG share is currently covered by 5 analysts at the following firms: Baader Bank (hold), Erste Group (hold), Kepler Cheuvreux (reduce), Landesbank Baden-Württemberg (sell) and Raiffeisen Centrobank (hold).

AMAG has presented itself at the following events during 2017 to date:

- German Corporate Conference in Frankfurt
- Züri Investor Conference
- Roadshow in Germany (Baden-Württemberg)

Annual General Meeting

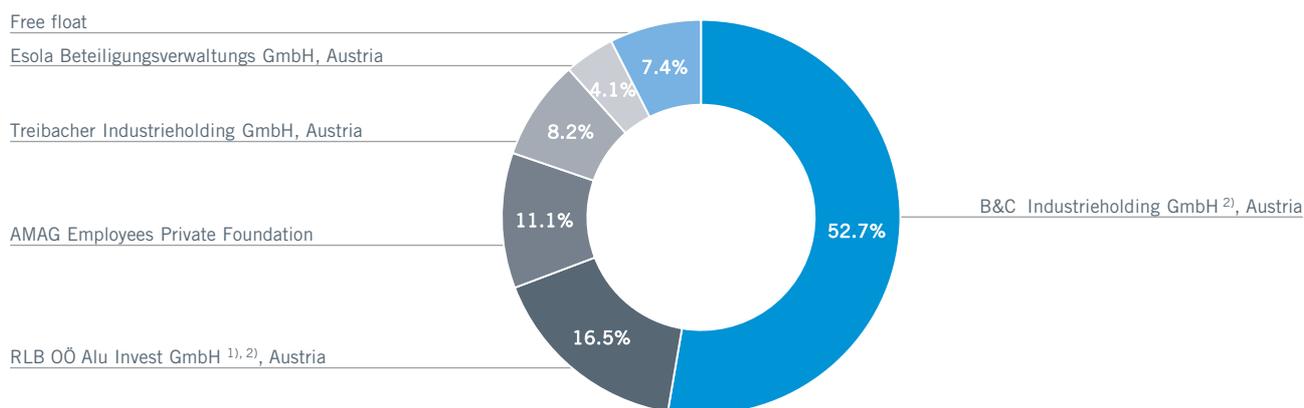
AMAG Austria Metall AG held its sixth Ordinary Annual General Meeting as a public stock corporation at the Schlossmuseum in Linz on April 19, 2017. All agenda items were addressed, and resolutions passed with large majorities, including approving the distribution of a dividend of EUR 1.20 per share. Further details of the agenda and the resolutions can be found in the Investor Relations section of our website at www.amag.at.

Ownership structure

AMAG Austria Metall AG continues to enjoy a stable ownership structure with B&C Industrieholding GmbH comprising a core shareholder with its 52.7 % interest.

Ownership structure

as at June 30, 2017



1) RLB OÖ Alu Invest GmbH is an indirect wholly-owned subsidiary of Raiffeisenlandesbank Oberösterreich AG

2) B&C Industrieholding GmbH and Raiffeisenlandesbank Oberösterreich concluded a participation agreement on April 1, 2015

Key share performance indicators (EUR)	Q2/2017	Q2/2016	Change in %	H1/2017	H1/2016	Change in %	2016
Earnings per share	0.60	0.51	15.7 %	1.06	0.73	45.2 %	1.31
Operating cash flow per share	0.54	0.98	(44.6 %)	0.76	1.97	(61.5 %)	3.26
Market capitalisation (EUR million)	1,675.04	1,049.10	59.7 %	1,675.04	1,049.10	59.7 %	1,128.45
Share price high	47.50	33.50	41.8 %	47.50	33.50	41.8 %	36.00
Share price low	40.72	27.10	50.3 %	33.47	25.06	33.6 %	26.93
Closing price	47.50	29.75	59.7 %	47.50	29.75	59.7 %	32.00
Average price (volume weighted)	43.98	31.36	40.2 %	41.02	28.88	42.0 %	31.58
Shares in issue	35,264,000	35,264,000		35,264,000	35,264,000		35,264,000

Information on the AMAG stock

ISIN	AT00000AMAG3
Class of shares	Ordinary shares made out to bearer
Ticker symbol on the Vienna Stock Exchange	AMAG
Indexes	ATX-Prime, ATX BI, ATX GP, Voenix, WBI
Reuters	AMAG.VI
Bloomberg	AMAG AV
Trading segment	Official Market
Market segment	Prime Market
First day of trading	8 April 2011
Offer price per share in EUR	19.00
Number of shares outstanding	35,264,000

Financial calendar 2017

February 28, 2017	Full year results 2016
April 9, 2017	Record date (Annual General Meeting)
April 19, 2017	Annual General Meeting, venue: Linz
April 26, 2017	Ex-dividend date
April 27, 2017	Record date (Dividends)
April 28, 2017	Payment date (Dividends)
May 3, 2017	Report on the 1st quarter 2017
August 2, 2017	Report on the 1st half-year 2017
October 31, 2017	Report on the 3rd quarter 2017

Note

AMAG compiled the forecasts, budgets and forward-looking assessments and statements contained in this report on the basis of information available to the Group at the time the report was prepared. In the event that the assumptions underlying these forecasts prove to be incorrect, targets are missed, or risks materialise, actual results may depart from those currently anticipated. We are not obliged to revise these forecasts in light of new information or future events.

This report was prepared and the data contained in it verified with the greatest possible care. Nevertheless, misprints and rounding and transmission errors cannot be entirely ruled out. This report is also available in German. In cases of doubt, the German-language version is authoritative.

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