AMAG
AUSTRIA METALL

Report of the Management Board of AMAG Austria Metall AG pursuant to Section 170 para. 1 in connection with Section 153 para. 4 of the Austrian Stock Corporation Act (*Aktiengesetz, AktG*) (2015 Approved Capital)

Concerning item 10 on the agenda of the 4th Annual General Meeting of AMAG Austria Metall AG ("**AMAG**") with registered office in Ranshofen, in the political district of Braunau am Inn, and business address at Lamprechtshausener Straße 61, 5282 Braunau am Inn, Ranshofen, the following resolution is proposed to be adopted:

Resolution on

a) *the revocation of the approved capital granted according to Article 4 para. 5 of the Articles of Association as amended, currently existing in the amount of EUR 9,736,000 (nine million seven hundred and thirty-six thousand euros) under a capital increase which may be completed through the issue of a maximum of 9,736,000 (nine million seven hundred and thirty-six thousand) voting ordinary no-par bearer shares on the conditions stipulated in the authorization provided according to Article 4 para. 5 of the Articles of Association; and at the same time on*

b) *the authorization of the Management Board to increase, with the consent of the Supervisory Board, the share capital of the company by up to EUR 17,500,000 (seventeen million five hundred thousand euros) within a period of five years following the entry of the corresponding amendment to the Articles of Association in the commercial register, through the issue of up to 17,500,000 (seventeen million five hundred thousand) ordinary no-par bearer shares in exchange for cash or payments in kind, also to the full or partial exclusion of the existing shareholders' subscription rights, (the 2015 Approved Capital) and to determine in agreement with the Supervisory Board the issue amount, which may not be less than the prior pro rata amount of the no-par shares in share capital, and other issue conditions; and at the same time on*

c) *the authorization of the Supervisory Board to agree upon amendments to the Articles of Association which result from the issue of shares from the 2015 Approved Capital; and at the same time on*

d) *the corresponding amendments to Article 4 (Share capital) of the Articles of Association.*

With regard to the possible exclusion, connected with the 2015 Approved Capital, of the existing shareholders' subscription rights, the Management Board pursuant to

Section 170 para. 1 in connection with Section 153 para. 4 of the Austrian Stock Corporation Act has to submit to the Annual General Meeting a written report concerning the reason for the exclusion of the existing shareholders' subscription rights.

The possible exclusion of subscription rights in the context of the 2015 Approved Capital is necessary, appropriate and objectively justified in the interests of the company in particular for the following reasons:

1. One of the major strategic goals pursued by AMAG is to safeguard and enhance AMAG's earning power by achieving sustainable growth. The financing of stages of organic growth and of potential company acquisitions calls for utmost flexibility. The exclusion of subscription rights is necessary, among other things, in order to implement financing measures without loss of time.

2. Moreover, using shares issued from approved capital as consideration often permits achieving a better purchase price than if payment is purely in cash. Regardless of the fact that with regard to its existing capital structure AMAG currently has sufficient leeway for borrowing, it is therefore expedient in the opinion of the Management Board to make it possible to fund potential further expansion moves also by employing shares issued from approved capital.

3. Being able to provide equity financing for expansion moves has the added advantage that due to there being no cash purchase price there is no outflow of liquidity from the company and thus no burden on the company's equity base.

4. The possibility of issuing shares from approved capital to the exclusion of the shareholders' subscription right therefore makes possible in particular the funding of expansion moves (for instance by acquiring equity interests against contributions in kind), the quick and flexible use of the market opportunities and possibilities opening up in new markets as well as short-term coverage of the resulting capital requirements.

5. The Management Board furthermore considers that by excluding the existing shareholders' subscription rights the company's equity base can also be improved through the possible entry of investors and new investors can thus be won as shareholders.

6. But the approved capital may also prove useful to the company in case of capital increases against cash contribution. Especially against the backdrop of a competitive market environment and/or the proposed growth course, the company should continue to be able to source additional capital in a quick and targeted manner. In this context, a capital increase from approved capital to the exclusion of the shareholders' subscription rights offers maximum flexibility in equity financing.

7. Generally, if the existing shareholders' subscription rights can be excluded also in case of capital increases against cash contribution, shares can be sold even without drawing up a capital market prospectus and without being bound by subscription periods or trading hours, thus providing the flexibility needed in order to take the best possible advantage of possible time windows for favorable financing opportunities in a volatile market environment. This allows in particular reducing the price risk and the transaction costs, minimizing the risk of speculation against the company's shares, broadening the shareholder base and achieving an issue amount as close to the then current stock exchange price as possible. Existing shareholders are moreover able to purchase company shares on the stock market, thus that, generally, the risk of a dilution of shareholder rights can also be minimized in this respect while the company gains additional room to manoeuver, allowing quick and attractive internal financing of the company.

8. Optimal achievement of the goals being pursued, i.e. expansion of business activities and the opening up of new markets as well as quick and attractive corporate financing, is in the interest of all shareholders, and the exclusion of subscription rights which is necessary to accomplish these goals is thus objectively justified.

9. In closing, it must be pointed out that the utilization of the approved capital by the Management Board as well as the exclusion of the shareholders' subscription rights in this context can be carried out only with the consent of the Supervisory Board of the company. The Management Board will therefore only make use of its authorization, and the Supervisory Board will only consent to the exclusion of subscription rights, if the exclusion of shareholders' subscription rights can be objectively justified, i.e. is of predominant interest, proportionate and necessary

10. The proposed resolution is thus only an authorization resolution, and not a direct exclusion of subscription rights. This report can therefore not go into any specific transactions as yet; however, if new shares should in fact be issued to the exclusion of shareholders' subscription rights, the Management Board, pursuant to Section 171 para. 1 of the Austrian Stock Corporation Act, will have to publish a further report on the exclusion of the existing shareholders' subscription rights not later than two weeks before the corresponding resolution is adopted by the Supervisory Board.

Summing up it can be said, weighing all of the circumstances set out above, that the authorization to exclude the existing shareholders' subscription rights within the limits described is necessary, appropriate and objectively justified and indicated in the interest of the company.

Ranshofen, March 23, 2015

Helmut Wieser
Chief Executive Officer

Gerald Mayer
Chief Finance Officer

Dr. Helmut Kaufmann
Chief Operating Officer