

**Report of the Management Board of AMAG Austria Metall AG  
in accordance with Section 65 para. 1b in conjunction with Section  
170 para. 2 and Section 153 para. 4 of the Austrian Stock  
Corporation Act  
(acquisition and disposal of treasury stock)**

With regard to item 8 of the agenda of the 7<sup>th</sup> Ordinary Annual General Meeting of AMAG Austria Metall AG (“AMAG”) headquartered in Ranshofen, in the municipality of Braunau am Inn, and with the business address of Lamprechtshausener Straße 61, 5282 Braunau am Inn, Ranshofen, the Management Board and Supervisory Board of AMAG propose that the General Meeting adopts the following resolution:

- 1. The Management Board shall be authorised, in accordance with Section 65 para. 1 Z 8 and para. 1a and 1b of the Austrian Stock Corporation Act, to acquire non-par bearer shares in the company, with the approval of the Supervisory Board, amounting to up to 10% of the company’s share capital during a period of validity of 30 months from April 17, 2018 whereby the lowest counter-value cannot be more than 20% below and the highest counter-value no more than 10% above the average closing price of the last three trading days prior to the acquisition of the shares. Trading in treasury stock is excluded as the purpose of acquisition. The authorisation can be exercised fully or partially or also in several instalments and in the pursuit of one or more purposes by the company, by a subsidiary (Section 189a Austrian Commercial Code) or on account of the company by third parties. The acquisition may be executed in compliance with the legal regulations via the stock exchange, through a public offer or in another lawful, expedient way, in particular also off-market, or from individual shareholders willing to sell and under exclusion of the pro-rata right of disposal which can be involved in such acquisition (reversed exclusion of subscription rights). The Management Board shall also be authorised to determine the repurchase conditions. .*
- 2. The Management Board’s existing authorisation according to the Annual General Meeting’s resolution of April 16, 2015, in accordance with Section 65 para. 1b of the Austrian Stock Corporation Act, to decide on the disposal of the company’s treasury stock without further resolution of the General Meeting, also in another lawful way other than via the stock exchange or through a public offering, including with exclusion of subscription rights of shareholders and to determine the conditions of disposal, shall be hereby revoked.*
- 3. The Management Board shall also be authorised to redeem treasury stock acquired based on the resolution as per point 1 of this agenda item without further resolution of the Annual General Meeting. The authorisation can be exercised fully or in several instalments and in the pursuit of one or several objectives by the company, by a subsidiary or on account of the company by third parties.*

4. *The Management Board shall also be authorised to decide, for a period of five years from the April 17, 2018, with the approval of the Supervisory Board, in accordance with Section 65 para. 1b of the Austrian Stock Corporation Act, on the disposal of treasury stock via a different lawful method of disposal than the stock exchange or through a public offering, also including under the exclusion of subscription rights for shareholders (exclusion of subscription rights) and to determine the conditions of disposal. The authorisation can be exercised fully or partially or also in several instalments and in the pursuit of one or more purposes by the company, by a subsidiary (Section 189a Austrian Commercial Code) or on account of the company by third parties.*
5. *The Supervisory Board shall be authorised to adopt changes to the articles of incorporation resulting from the redemption of shares.*

In accordance with the resolution proposed by the Management Board and the Supervisory Board, in the event of the acquisition of treasury stock, the lowest counter-value may not therefore be more than 20% below and the highest counter-value not more than 10% above the average closing price of the last three days of trading prior to the acquisition of the shares. Trading in treasury stock is excluded as a purpose of acquisition.

With regard to the scope for off-market acquisition of treasury stock in accordance with Section 65 para. 1 Z 8 of the Austrian Stock Corporation Act and the disposal of acquired treasury stock in accordance with Section 65 para. 1b of the Austrian Stock Corporation Act in a different way to via the stock exchange or through public offering and the associated resolution comparable with exclusion of subscription rights, the Management Board shall present a written report to the General Meeting on the reasons for the exclusion of subscription rights involved in accordance with Section 65 para. 1b in conjunction with Section 170 para. 2 in conjunction with Section 153 para. 4 of the Austrian Stock Corporation Act.

The associated exclusion of subscription rights shall be deemed necessary, appropriate and objectively justified in the interests of the company for the following reasons:

1. In line with its strategic alignment, the company constantly has opportunities to acquire new participations as part of its expansion and acquisition policy. The acquisition of existing companies is often advantageous (compared to the foundation of the company's own subsidiary or branch) because it enables rapid market entry, the acquisition of existing customer stock and the takeover of employees familiar with the local market.
2. Owners of attractive acquisition targets increasingly require payment in the form of participation (shares) in the company. A more favourable purchase price can often be achieved by providing treasury stock than through purely cash transactions. It is essential that the Management Board can respond in a flexible and rapid way in such situations, particularly if the acquisition target is offered as part of a bidding procedure involving several interested parties to make optimal use of all offers on the market and to carry out acquisitions that are attractive to the company. The company may need to provide the owners of attractive

acquisition targets with treasury stock in a rapid and flexible way so that treasury stock can be used as a “transaction currency” in such acquisitions.

3. The use of treasury stock as a “transaction currency” can also reduce the company’s liquidity requirements for acquisitions which is in turn beneficial for the company and its shareholders.
4. The disposal of treasury stock can also speed up the execution of transactions because existing shares can be used and new shares do not have to be created as part of a relatively expensive non-cash or cash capital increase. The granting of repurchase rights requires a time-intensive and expensive procedure which means the company may miss out on market opportunities that arise.
5. The authorisation to dispose of treasury stock in a different way to the stock exchange or through a public offering under exclusion of subscription rights for existing shareholders will enable the Management Board, for example, to offer treasury stock to the owners of suitable acquisition targets willing to sell as a direct payment. This scenario is above all of practical significance in acquisitions where the seller is to be given a smaller participation in the company for strategic or other corporate policy reasons. It should be noted that due to the restriction on the acquisition of treasury stock – namely a total of 10% of the company’s share capital – a party selling a company cannot acquire a significant participation in the company through this procedure.
6. In order to enable a flexible acquisition, it is necessary inter alia to execute the disposal of treasury stock quickly and without implementation of a relatively expensive disposal programme and with the exclusion of subscription rights for company shareholders and to make treasury stock available in certain situations exclusively to the owners of acquisition targets willing to sell or strategic partners. The right of shareholders to acquire treasury stock should therefore be excluded in such cases.
7. The Management Board shall therefore be permitted to use the authorisation to dispose of treasury stock, including for the implementation of its corporate, growth and acquisition policy, where the exclusion of the general repurchase rights of shareholders is necessary in such cases in order to achieve the corporate policy objective.
8. With regard to the intended authorisation of disposal for the Management Board with exclusion of general subscription rights, the company’s interests outweigh those of shareholders overall for the reasons set out above and it therefore seems objectively justified. The intended authorisation of appropriation or disposal for the Management Board are also in line with the statutory principle of the company not holding treasury stock but instead putting it back on the market.
9. In this regard, it should be noted that the acquisition of treasury stock does not result in the typical dilution of shareholders, as is the case with non-cash capital increases with exclusion of subscription rights:

Firstly, the proportion of shareholders not offering their shares to the company and the voting power from these shares only increases as a result as the company buys back treasury stock and the rights from these shares remain in abeyance as long as they are held by the company as treasury stock.

A reduction in the holding of a shareholder comparable with a dilution effect only occurs if the company resells the acquired treasury stock under exclusion of subscription rights for shareholders. However, it should be noted that this dilution effect goes hand in hand with the prior increase of the shareholder's participation. In the event of such a disposal, shareholders continue to have the status that they held prior to the acquisition of treasury stock by the company.

Due to the restriction to a total of 10% of the company's share capital when acquiring treasury stock, the possibility of a third party acquiring a "controlling" holding in the company is excluded.

10. It should also be noted that the share repurchase must be carried out in accordance with Section 65 para. 1b. Provided the repurchase takes place via the stock exchange or through a public offering, all shareholders not only obtain an "exit right" but also additional liquidity when exercising this right. Price-stabilising effects that a share repurchase can have also represent valid reasons for a possible share repurchase in the interests of the company and shareholders. A selective acquisition of shares is only permitted within the restrictions of Section 65 para. 1b in conjunction with Section 47a of the Austrian Stock Corporation Act.
11. The Management Board shall only use the authorisation to dispose of treasury stock in a different way to via the stock exchange or through a public offering under exclusion of shareholder subscription rights and to determine the conditions of disposal provided all legal requirements are met. The counter-value for the treasury stock disposed of shall be determined by the Management Board taking full account of the interests of the company and its shareholders. The Management Board shall also comply with the publication and disclosure obligations under stock corporation and stock exchange law which must be adhered to during acquisition and/or disposal (with or without exclusion of shareholder subscription rights).
12. The Management Board shall publish a report in accordance with the legal provisions on the nature of the disposal of treasury stock after adoption of the resolution.

The following points should be noted regarding the opportunity to redeem shares:

1. The Management Board shall be authorized to redeem acquired treasury stock without any further General Meeting resolution. This is permitted in accordance with Section 65 para. 1 Z 8 of the Austrian Stock Corporation Act because the law on the subsequent fate of lawfully acquired treasury stock does not contain any mandatory provisions. The redemption of treasury stock can have balance-

sheet benefits for the company and its shareholders because reserves also have to be established for treasury stock.

2. If the treasury stock lawfully acquired previously is no longer required and if there is no better means of its appropriation than redemption, the Management Board shall be authorized to use suitable means to redeem treasury stock to avoid the time and cost-intensive holding of another General Meeting to adopt a resolution on this measure.
3. Furthermore, a redemption would result in a reduction in the shares issued and therefore also a higher unit value of the remaining shares.
4. The Management Board shall only use the authorisation to redeem equity stock lawfully acquired previously provided the legal requirements are met. The Management Board shall also comply with the publication and disclosure obligations under stock corporation and stock exchange law which must be adhered to when redeeming treasury stock.
5. The Management Board shall publish a report in accordance with the legal provisions after adopting a resolution on the redemption of treasury stock.

#### Summary

In summary, the Management Board has determined, after consideration of all the circumstances set out, that the granting of authorisation to the company's Management Board to acquire treasury stock via the stock exchange, through public offering or in another lawful and expedient way, in particular off-market, or, in accordance with Section 65 para. 1 Z 8 and para. 1a and para. 1b of the Austrian Stock Corporation Act, to dispose of treasury stock with the approval of the Supervisory Board, if necessary, in a different way to via the stock exchange or through public offering, including under exclusion of general subscription rights, within the limits described is necessary, appropriate and objectively justified in the interests of the company.

Ranshofen, March 7, 2018

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Dipl.-Ing. Helmut Wieser  
Chief Executive Officer

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Mag. Gerald Mayer  
Chief Financial Officer

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Priv.-Doz. DI Dr. Helmut Kaufmann  
Chief Technology Officer