

Report of the Supervisory Board

Dear ladies and gentlemen,

In the 2018 financial year, the Supervisory Board performed with great care the tasks incumbent upon it according to the law and the company's articles of incorporation, and in compliance with the Austrian Corporate Governance Code. The Management Board reported regularly to the Supervisory Board both verbally and in written form, promptly and comprehensively on all material developments within the company, its business policy, on the financial position and performance, investments, and other fundamental issues relating to corporate management and planning.

Between meetings, the Management Board constantly informed the Supervisory Board about important matters, with resolutions concerning matters of urgency being passed by way of written circular. Current specific topics and projects were discussed in regular conversations between the Management Board and the Supervisory Board Chairman.



Main topics of the meetings

The Supervisory Board of AMAG Austria Metall AG met on February 26, April 17, June 13, September 19 and November 28, 2018, in accordance with the obligations imposed by law and the articles of incorporation. These meetings included discussions with the Management Board on the course of business, and the Group's current performance and strategic development. In particular, regular reports were made on the ramp-up of the large-scale "AMAG 2020" investment, which was commissioned in 2017. Investments for the continuous development of the site were also approved. Future business policy, and future financial position and performance trends, were agreed as part of the planning for 2019, as well as the medium-term planning through to 2024. A new managing director was appointed for AMAG metal GmbH as of October 1, 2018. At the June 13, 2018 meeting, the Management Board contract with Dipl.-Ing. Helmut Wieser was extended by one year and the search for a successor was initiated. At the November 28, 2018 meeting, the contracts of Management Board members Priv.-Doz. Dr. Helmut Kaufmann and Mag. Gerald Mayer were extended until December 31, 2022, and Mag. Gerald Mayer was appointed as Management Board Chairman (CEO) from March 1, 2019. He assumes the position of Management Board Chairman from Mr. Helmut Wieser, who will step down from the Management Board of AMAG Austria Metall AG at the end of February 2019 after approximately five years of successful work, and by way of amicable agreement. Dipl.-Ing. Helmut Wieser will continue to be available in a consultative role to AMAG Austria Metall AG until the end of 2019. The Supervisory Board also concerned itself with the issuer compliance officer's annual activity report, and with anti-corruption measures and the Supervisory Board's self-assessment.

Moreover, the Supervisory Board of AMAG Austria Metall AG reconstituted itself at its April 17, 2018 meeting. Some members of the Nomination and Strategy committees, as well as the Committee for Urgent Matters, were newly elected. The members of the Audit and Remuneration committees were re-elected on an unchanged basis.

Supervisory Board and committees

The corporate governance report provides further information about the composition and working methodology of the Supervisory Board, and its remuneration.

The Audit Committee of the Supervisory Board of AMAG Austria Metall AG convened three times during the 2018 reporting year. Representatives of the auditor also attended these meetings to report on their activities. In addition, specific accounting topics were discussed in the auditor's presence. Along with examining and preparing the approval of the separate and consolidated annual financial statements, the Audit Committee also concerned itself with additional tasks pursuant to Section 92 (4a) of the Austrian Stock Corporation Act (AktG); in particular, the functioning and efficacy of the internal controlling, auditing and risk management system were critically scrutinised and monitored. The Audit Committee was also concerned with the structuring of the non-financial statement. The results were subsequently discussed with the plenary Supervisory Board.

The Nomination Committee of AMAG Austria Metall AG met on four occasions during the year under review. It concerned itself with the election of Supervisory Board members and submitted corresponding proposed resolutions to the AGM. The Nomination Committee was also engaged with the appointment of managing directors. It also discussed in detail the election of members of the Management Board and submitted corresponding proposals to the Supervisory Board.

The Remuneration Committee of AMAG Austria Metall AG met three times during the reporting year. Target agreements with the Management Board were dealt with in depth. The Remuneration Committee was also concerned with the structuring of Management Board contracts as well as with the consulting agreement with Dipl.-Ing. Helmut Wieser.

The Strategy Committee met twice during the year under review, and concerned itself particularly with an update to strategy implementation in the "AMAG 2020" project, market-related topics and the further strategic development of AMAG Austria Metall AG. The results were subsequently discussed with the plenary Supervisory Board.

Corporate governance

The Supervisory Board of AMAG is committed to complying with the Austrian Corporate Governance Code, and consequently to responsible corporate governance and control systems designed to deliver sustainable value creation. A summary of activities in this area is presented in the corporate governance section in this annual report and on the website of AMAG.

Audit and approval of the 2018 annual financial statements

The Management Board prepared the separate annual financial statements, the separate management report, the consolidated financial statements according to International Financial Reporting Standards (IFRS), the Group management report as of December 31, 2018, including the non-financial statement, and the disclosures required pursuant to Section 245a of the Austrian Commercial Code (UGB), which Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (appointed pursuant to Section 270 UGB) audited and awarded an unqualified audit opinion. The Supervisory Board, in the auditor's presence, examined in the meaning of Section 96 of the Austrian Stock Corporation Act (AktG) the separate and consolidated annual financial state-

ments, the management report and Group management report, including the non-financial statement, as well as the corporate governance report and the proposal for the distribution of profit with the audit findings, and approved them on February 27, 2019. The Supervisory Board concurs with the Management Board's proposal for the application of profits, whereby a dividend of EUR 1.20 per dividend-entitled share is to be distributed, with the remaining amount to be carried forward to a new account. The separate annual financial statements have thereby been adopted pursuant to Section 96 (4) of the Austrian Stock Corporation Act (AktG).

Thanks

The Supervisory Board would like to express its thanks and recognition for the hard work of the Management Board as well as all employees at AMAG. Thanks to their personal commitment, AMAG has been able to continue on its growth path.

We also appreciate the trust and close connections that we enjoy with our shareholders, customers, suppliers and lenders, and look forward to our further successful cooperation.

Ranshofen, February 27, 2019



Dr. Josef Krenner
Chairman of the Supervisory Board