

**MINUTES**  
**of the Annual General Meeting of Shareholders**  
**of AMG Advanced Metallurgical Group NV (the 'Company')**  
**held on Wednesday, May 2, 2018**  
**World Trade Centre (WTC), Amsterdam, The Netherlands**

**1. Opening**

**The Chairman:** Ladies and gentlemen, I hereby open the Annual General Meeting of Shareholders of Advanced Metallurgical Group N.V. (AMG). My name is Norbert Quinkert and I am the Chairman of the Supervisory Board. I would like to extend a warm welcome to all of you present at this Annual General Meeting of Shareholders.

I am very pleased to introduce to you Dr. Heinz Schimmelbusch, our Chairman of the Management Board and CEO, Mr. Jackson Dunckel, our Chief Financial Officer, Mr. Eric Jackson, our Chief Operating Officer.

Furthermore, I am pleased to introduce to you my fellow members of the Supervisory Board, Mr. Jack L. Messman, to my right, Vice-chairman of the Supervisory Board and Chair of the Remuneration Committee, Professor Steve Hanke, to my right. He is Chair of the Audit & Risk Management Committee, Mr. Guy de Selliers, to my left, member of the Audit & Risk Management Committee, Mr. Herb Depp, member of the Remuneration Committee, Mrs. Donatella Ceccarelli, member of the Selection and Appointment Committee, to my right, Mr. Rob Meuter, member of the Audit & Risk Management Committee, Mr. Willem van Hassel, member of the Selection & Appointment Committee and Mrs. Suzanne Folsom, member of the Remuneration Committee.

Also present is Mr. Ludo Mees, AMG's General Counsel and Corporate Secretary, who will act as secretary of the meeting.

I welcome to the meeting our Dutch legal advisors, Professor Martin van Olfen and Mr. Johan van der Hoek of the law firm De Brauw Blackstone Westbroek, as well as our external auditor, Mr. Tom van der Heijden of the accounting firm KPMG. Mr. Van der Heijden may be questioned on his auditor's report and his audit activities regarding the Company's 2017 Financial Statements. I would also like to welcome Ms. Debbie Burnard of Computershare and Mr. René Clumpkens from Zuidbroek Notarissen to the meeting. Ms. Burnard will take care of the technicalities in relation to the voting procedure and, as you have already noticed, the registration procedure for today's meeting. Mr. Clumpkens will vote on behalf of shareholders who have indicated that they wanted to be represented at this meeting and have not appointed their own representative.

Please be informed that the proceedings of this meeting will be recorded, but only for internal purposes and use and to facilitate the preparation of the minutes. The official language of this meeting is English. I will inform you on the number of shares represented at this meeting once Ms. Burnard has compiled that information.

In connection with the orderly conduct of this meeting, I hereby inform you that as for each specific agenda item, only questions related to such agenda item may be asked. Please use the microphone which we will provide when asking a question and clearly state your name, as well as the name of the shareholder you represent.

Before each vote, the text of the proposal that is put to a vote will be shown on the screen behind the Board members. After each voting item, Ms. Burnard will provide me with information as to how many votes have been cast in favour of the proposal, how many votes have been cast against the proposal and how many votes have abstained from voting. After that I will inform you whether a specific voting item has been adopted or not. For the first resolution, Ms. Burnard will give you further instructions.

Are there any questions with respect to the voting procedure at this meeting? If there are no further questions, we will proceed with agenda item 2.a, 2.b and 2.c. The next item on the agenda is the Report of the Management Board for the financial year 2017, including the discussion of the Annual Report 2017. I would like to invite Dr. Schimmelbusch to give a presentation on AMG's strategy and activities in 2017 and the current state of affairs of the company. Thereafter Mr. Jackson Dunckel will provide a summary of the company's financial affairs.

**2.a. Report of the Management Board for the 2017 financial year including discussion Annual Report 2017**

**Dr. Heinz Schimmelbusch:** Thank you Mr. Chairman. Before I start I wanted to tell you what happened to me outside. There was a very friendly shareholder, he is sitting over there, Mr. Verhagen. And he said to me: "Last year you said to me: 'Wait and see.' I waited and I saw, thank you very much." I think that is a good relationship between shareholder and management. This is duly noted.

I am pleased, dear fellow shareholders, to welcome you to this Annual Meeting of Shareholders. This morning you were informed of our Q1 2018 results. Supplementing the written information, it is good to meet here in person to present to you what is happening, what we expect to happen, to listen to you, to vote on agenda items and to discuss. This complements the investor relations activities conducted during the year by our Corporate Development & Investor Relations Department, headed by Mr. Steve Daniels who is present here today. Steve works on increasing the transparency of what we do, given the limits placed upon us by the fact that there are always competitors with a desire to listen. As you well know, AMG's 2017 operating results exceeded expectations in many ways: EBITDA, net income, earnings per share and cash from operating activities, to name a few. On a full year basis, EBITDA increased 25% to \$226 million. Net income attributed to shareholders increased 40% to \$57 million. EPS, the earnings per share on a fully diluted basis, increased by 36%, from \$1.32 per share in 2016 to \$1.80. Cash from operating activities increased 40% to \$79 million. It was a tremendous year for the company. It is with great pleasure that I report that the first quarter in 2018 has delivered results that one can only describe as excellent. The Q1 EBITDA has reached \$44 million, 35% higher than Q1 in the prior year. We managed to keep our net debt at a very low level despite large capital expenditures, primarily devoted to the completion of the first phase of the Lithium Concentrate Project at the Mibra mine in Brazil. In addition, the continuing strong demand for our industry leading vacuum furnace solutions resulted in over \$100 million of orders in the first three months of the year, the highest quarterly intake in ten years. That gives me a chance to say a few words on the current dynamics within the aerospace market. As I have noted many times before, the aircraft engine can be viewed as our biggest customer. As such, the financial tailwinds associated with the robust and growing aerospace market provide significant benefits across a number of our businesses. As you can see, the order backlogs of the two largest aerospace manufacturers, Boeing and Airbus, have expanded significantly over the past five years. Additionally, forecasted aerospace build rates are expected to accelerate in the near term. With AMG's focus on engine applications, these build rates understate the growth potential for our company since each single aircraft equates to roughly 2.1 to 2.2 new engines when considering maintenance and retrofitting effects. As such, the aerospace engine backlog and the growth projections are even healthier than at first glance.

Back to the financial numbers. Please take a look at the increased cash from operating activities and the return on capital employed (ROCE) in Q1 2018, two key parameters. We have focused on tightly managing working capital and have high hurdles in place for the approval of capital expenditures. We work continuously to be the low-cost producer in various industrial segments of our business units. Our COO, Eric Jackson, has remained steadfast in his efforts to hold everyone accountable to reaching the operative targets and to manage price risks in a volatile world. I would like to note that Eric Jackson, Jackson Duncel and myself are now together the second largest AMG shareholder with over 4%. We sit in this room so to speak on both sides of the aisle. A very successful 2017 brought us the distinguished award which is presented annually by the Euronext Amsterdam Exchange to the 'All Round Best Performer of 2017'. We are extremely proud that AMG received this honour. Our market capitalisation, according to the calculations of the Exchange, increased by 201% in 2017, catapulting us into the number 1 spot. We have been listed for more than ten years now in Amsterdam and we want to get more awards. When I responded, receiving the award, I closed my remarks by saying: "See you next year." On a more leisurely note, I have also streamlined my performance with regards to hitting the gong when invited to open the Exchange in the morning. I figured it all out. Essentially it requires an energetic backhand swing to the centre of the gong, as you can see here. We all remember the lengthy period when all the relevant critical material prices were assembled in the lowest quartile of the ten-year matrix. As you can see, there is now positive momentum across the board, especially for chrome metal, vanadium, graphite, silicon metal, tantalum and niobium, which all left the lowest quarter. For the first time we include lithium prices in this chart. Lithium is solidly positioned in the top quartile. Ferrovandium jumped from the lowest quartile to the top, with silicon and tantalum right behind. That brings me to an important day in the life of AMG. On May 15 we will celebrate the start up of lithium concentrate production in Brazil. The Management Board has a great deal of confidence in our Brazilian management team under the leadership of Fabiano Costa, as COO of AMG Mineração. This confidence was once again substantiated by the speed with which this team managed to rebuild one of the two tantalum concentration plants - the one that was destroyed by a fire in January 2017. Our monthly tantalum production now exceeds the level prior to the fire with a production record in March 2018 of more than 30,000 pounds of tantalum concentrate, 20% higher than the previous nominal production capacity. These summary remarks about where we are would not be complete without mentioning that our total liquidity on March 31, 2018 amounts to \$520 million, compared to \$344 million one year ago. In other words, we are well financed considering the various projects under development. Another way to understand the quality of our balance sheet is to consider the amount of goodwill as a percentage of equity. We are extremely strong positioned with a goodwill percentage of just 8% of total equity of \$305 million. After securing a favourable rating from Moody's and Standard & Poor's on February 1, 2018, AMG closed on \$650 million of new long-term credit facilities consisting of a \$200 million 5-year revolving credit facility, a 7-year \$350 million term-loan B and a \$100

million 5-year letter of credit facility for AMG Engineering. These facilities replaced a \$400 million 5-year combined term-loan and revolving credit facility with rather restrictive governance, due in 2021. Philosophically, access to long-term financing must precede decisions to spend the money on longer-term investments, at least that is our opinion. 'Long before short,' as they say. Our CFO, Jackson Dunckel, who joined us in 2016, switching to an industrial future after a long banking career, a very wise decision, was instrumental in arranging this value, creating a new financing structure with significantly improved terms. AMG's gross debt into this facility at the end of March is \$377 million; considering that we have cash of \$367 million, we have net debt of just \$9 million. Before I go into more detail on our lithium tantalum buildout schedule, I want to show you a short movie.

*[movie on the construction of the tantalum concentrate plant in Brazil - <https://vimeo.com/267432103>]*

Our strong balance sheet, illustrated by the unused credit facilities, allows us to more aggressively implement growth initiatives. On April 18, we commenced the commissioning phase of the lithium concentrate plant at the Mibra mine, which you just saw in the video. And as mentioned, on May 15 we will celebrate the official start-up. The first 90,000-ton per year lithium concentrate plant is on a path to be delivered on time and on budget for about \$50 million under an EPC contract. As one can see from the low level of consolidated net debt as at the end of March 2018, the project was to a high degree financed by cash from operating activities. We referred to this first lithium concentrate plant as 'SP1', 'SP' for 'spodumene'. The development of SP2 is well underway with detailed engineering and the ordering of long lead equipment. SP2 is designed to bring the total lithium concentrate capacity to 180,000 tons of spodumene per year with a start-up targeted for year-end 2019. The investment in SP2 is estimated to be \$110 million, based on the FEL 2 visibility and currency. The higher capital expenditures for SP2 relative to SP1 are explained by the necessary mine reconfiguration and by the doubling of the tantalum concentrate capacity from 300,000 to 600,000 pounds per year. That will strengthen our position of being the world's largest producer of conflict-free tantalum. While this is ongoing, we are preparing the investment decision for the first lithium chemical plant, which is designed for an annual spodumene feed of 90,000 tons. That is equivalent to an LCE, or lithium carbonate, production of about 12,500 tons. We will announce details in Q3, pretty soon. It is important to note that the basic logic of our lithium and tantalum investment is tied to the low-cost nature of the Mibra resource. Furthermore, one should be reminded that there are substantial quantities of lithium already mined and pre-processed, crushed and grinded and stored in piles around the mine. Given the sometimes-controversial discussion about the future of lithium prices, considering mostly exuberant demand forecasts, let me make a rough and hypothetical calculation of the profitability of our lithium and tantalum operation. I will use a production level of 180,000 tons per annum of lithium concentrate without the profitability of any downstream conversion into lithium chemicals. The full output from our first lithium concentrate plant has already been sold under a long-term multiyear contract for an indexed price around \$800 per ton as previously announced. At these prices, based on our disclosed and of course presently only estimated cost of production and after allowing for transport costs from the mine in Brazil to China, we expect our fully ramped-up lithium concentrate business to generate in the region of \$100 million in incremental EBITDA on a full year basis. I want to add that today the index price for spodumene is higher than \$800 and in March it was higher than in February. It is presently on an all-time high level. The capital expenditure of SP1 and SP2 have been estimated at \$160 million. At \$100 million incremental EBITDA, the multiple linking capital expenditures with incremental EBITDA is considerably less than two. In a downsize scenario for example, a lithium concentrate price of \$700 per ton the incremental EBITDA falls from \$100 million to \$80 million. At this level of profitability, using the same CAPEX assumptions as above, the multiple rises to exactly two. This, therefore, is clearly highly accretive for AMG, which again illustrates our strong preference for organic growth projects. You cannot buy a company for two times EBITDA. All of this excludes our plan to add the downstream lithium carbonate production. In this regard, our management team, assisted by the relevant engineering companies, is currently engaged in parallel visibility work on alternative flow sheet concepts that utilise different process technologies. As previously stated, the investment decision for lithium carbonate is expected for the third quarter. In Brazil we have a world class geological resource. The NI 43-101-compliant geological reserves stretch out at a presently planned extraction rate for twenty years or more. We also have the human resources to match the development challenges, namely a management team with a long mining history which has been continuously strengthened by our COO. Fabiano Costa is a mining executive with global experience as a mining engineer in leading companies across various continents before returning home to Belo Horizonte, Minas Gerais, to be COO of AMG Mineração. Mr. Costa is not here because he is busy at the mine site. To respond to the challenges resulting from the transformational project development in Brazil we have put in place a tailor-made management model which is being documented right now and is already in operation. Below AMG Metallurgical Group N.V. there is a new 100%-owned AMG Mineração BV Amsterdam. The Supervisory Board of the AMG BV consists of the members of the AMG Management Board plus the AMG Chief Compliance Officer, Dr. Michael Witzel. The Management Board of AMG BV is headed by Fabiano Costa, COO and by

Mike Connor, CFO, who is head of the company controlling department. Across the border with Brazil, there is the Brazilian management company AMG Mineração SA with the same Supervisory Board as AMG BV but a different Management Board with only Brazilian citizens, as required by law. The rules of engagement of AMG BV and AMG SA are constructed in such a way that all aspects of risk management, operational control and compliance are organised in a tight communication system between AMG BV and AMG SA. That compliance system is understood and lived.

A word about the new company, AMG Lithium Technology GmbH. This company is populated by highly experienced experts in lithium and is in fact a knowhow base for our downstream ambitions. Wherever there is a massive shift in the price of a commodity, a discussion evolves regarding this is a short burning flame or whether this indicates a fundamental shift based on a new supply-demand structure that is set to last or at least to redesign the patterns of the past. That discussion is in full swing regarding lithium. Let me just mention the Morgan Stanley analyst report which recently caused all lithium related stocks to drop, AMG included. My advice in this discussion as a market participant in continuous context with present and future buyers and sellers is to mark longer-term price predictions as eminently speculative and consider nearby price levels as the best indicator available. As repeatedly stated, the spot price indices in the market in China at the date of signing of our long-term lithium concentrate sales contract was around \$830 CIF China. Today the spot market is higher, having climbed to \$900 - \$970 per ton in April, from a slightly lower level in March. Carbonate prices are at an all time high at over \$22,000 per ton. Following growing demand of our spent catalyst recycling services, we are in the regulatory permitting process for a substantial recycling capacity expansion of our Cambridge Ohio facility which extracts vanadium, molybdenum and nickel from spent oil refinery catalysts. The AMG recycling facility in Ohio is the world's largest and uses a proprietary process technology which is based on a thermal methodological flow sheet avoiding the wastewater emission plaguing the competition. One of the rules in the book of rules for industrial recycling is: "Do not replace one environmental health hazard with another one." The investment for the expansion in Ohio is estimated at \$35 million and will expand the recycling capacity with about 30%. It is important to note that AMG is now the only producer of vanadium in the US which is otherwise an import market. I mentioned the book of rules. Another rule is that one should try to produce in a country which is a net importer of the respective product. The recently announced partnership in negotiations with Shell Criterion is a response to the global trend to find cradle-to-grave solutions for spent catalysts which is hazardous waste. We are proud to have been chosen by the world market leader in refinery catalyst, Criterion, a fully owned subsidiary of Royal Dutch Shell, as their exclusive recycling partner. What can be better in environmental terms than the world class catalyst company joining with the world class recycler to close the industrial loop? The vanadium metal price has outperformed lithium and cobalt in 2017 and 2018 year to date, as it is residing at the crossroads of several big trends: the societal preference for recycling in general, the trend of using higher quality steel in construction as evidenced by the new rebar guidelines in China, requiring a higher vanadium content, the geological trend in oil resources, leading to processing of heavier and more complex oil, which in turn requires more fresh catalyst, the increasing demand for vanadium as a titanium alloy metal for the aerospace applications and the initial demand for vanadium electrolytes in vanadium batteries for stationary electricity storage, given the need to stabilise electrical grids challenged by the inherent volatility of electricity generation through renewables.

On February 6 of this year, China announced a revised steel rebar standard for all domestic construction applications. The revised standard will take effect November 1, 2018. The new standard requires that low strength rebar be replaced by high strength rebar. I should mention that higher strength rebar requires higher vanadium content. The revised standard also requires that all rebar products undergo certain quality certifications. According to the China Iron and Steel Research Institutes' own estimates, the new standard will drive growth of vanadium demand for rebar applications with 10,000 tons per year or more. Given the structural changes both on the supply side with the shutdown of vanadium production centres in the US, South Africa and elsewhere, and the transition of Chinese steel production from blast furnaces to mini-mills and on the demand side, the tightness in the vanadium market is projected to continue for the foreseeable future. These structural changes will most likely keep inventory slow, even in the face of higher vanadium prices.

The significant progress we have made in our efforts over the last few years to reduce lost-time incidents is documented in our Annual Report. Notwithstanding that progress, we foresee the risk of the unforeseeable and we will not surrender our goal to achieve a zero-incident environment and a consistent mode of that behaviour. The month of February 2018 AMG in fact had zero lost-time incidents with AMG Engineering having a perfect month: zero lost-time, zero injuries. In that same month, the Critical Material segment had only one recordable injury. February 2018 was the second-best month on record. Only once in the history of AMG did we have a better month, which was in June 2014 when we were accident-free. The first quarter 2018 was the best quarter in AMG's history in terms of safety performance with only five total injuries, five too many. Of those five injuries,

only one was a lost-time injury. At the 31 production sites from which AMG collects safety data, 26 are considered industrial. Of these 26 industrial sites, 7 have been operating for at least two years with zero lost-time incidents. 17 of these 26 industrial sites are currently looking back on at least twelve months without a lost-time incident. Zero is therefore achievable, it is an achievable target. As our Safety Officer says, he is very good in the English language: “Aspirational target of zero’ characterises our safety behaviour.”

As explained previously, in building our financial models for strategic scenario planning, we start with a rather stationary base referred to as 'Capital A' which includes only maintenance, capital expenditure and incremental or routine additions within our existing portfolio of our critical materials and our technology offerings. We then add Capital B projects which require non-routine investments of growth projects in our existing portfolio, of which the vanadium recycling capacity expansion in Ohio is a typical case. Then on the solid and proven base of cash flow generation through the existing portfolio we add the C-projects, which are transformational. At present, we are focused on introducing the lithium concentrate production, as described. As discussed, we are updating our financial models continuously to get a better understanding of the sensitivities, risks and uncertainties. Based on this work, the Management Board in internal dialogue with the Supervisory Board is continuously working to come up with appropriate statements about the future regarding long-term guidance. In the press release regarding our 2017 year-end results I stated in regards to guidance: “In our annual meeting in May 2017 we introduced a new strategic framework and our long-term goal to increase EBITDA to \$200 million or more in five years or less.” This statement of long term strategy has to be amended now, in light of what we achieved and learned in 2017 and to date in 2018. We now believe we can achieve our goal earlier than previously expected and can commit to turning the present EBITDA-level into \$200 million or more by the fiscal year ending December 31, 2020, or earlier. In my chairman's letter in the 2017 Annual Report I repeated this statement, adding that we are of course aware that this is ambitious and that statements about the future are subject to all sorts of uncertainties. However, we are confident in being able to master the challenges in front of us. The excellent first quarter results this year obviously give us a great deal of confidence in this guidance. I hope you understand from my report that a lot is going on in AMG. Most of these things are not EBITDA-relevant for 2018. I hope you join the management in our thinking about the long-term future for our company. We have tried to lay out guidance for several years to come. With regards to 2018, we have a conservative yearly guidance history and do not want to over-promise. 2017 was a good year and it is clear that 2018 will be an even better year. I do not like to provide forward-looking statements like this, but our investor relations man, who is sitting over there, says: “We must.” Given all that, we expect a full year 2018 EBITDA to improve considerably compared to 2017. We remain well on the way to our long-term guidance. Mr. Chairman, those are my short remarks.

**The Chairman:** Thank you very much, Heinz. Jackson?

**Mr. Dunckel:** Thank you Mr. Chairman. In my remarks today, I would like to cover a review of our results in 2017, a brief update of our first quarter 2018 results, which we announced today, and conclude by noting the key operational initiatives we undertook in 2017 and year-to-date 2018.

This page is a summary of our 2017 financial highlights, split by our two divisions: Critical Materials and Engineering. On the top left you can see that our revenue increased by 9% in 2017 versus 2016, but that this result was comprised of two different results: an increase in revenue of 16%, or over \$112 million by Critical Materials, offset by a slight decrease in revenue in Engineering. The revenue increase in Critical Materials was driven by higher prices in six of our eight business units and higher sales volumes in our silicon, chrome, antimony and titanium products. On the top right, gross margin in 2017 increased from 19.2% in 2016 to 20.3%, representing an increase in yearly gross profit of 14% to \$214 million for the two divisions combined. As you can see from the graph, this increase in gross margin was due entirely to Engineering, which benefited from a stronger mix of higher margin aerospace market-facing products. In the lower left corner, you can see our EBITDA. It increased by 25% in 2017 versus 2016. This increase in EBITDA in 2017 to \$125 million was driven by a very strong performance from our Critical Materials business where we saw a strong performance across all of our units, but especially in titanium alloys and vanadium. In the lower right-hand corner, we summarise our capital expenditures for the year. We increased spending in 2017 to \$81 million from \$44 million in 2016. This increase was mainly driven by our lithium expansion project in Brazil, but also by the expansion of our titanium aluminides business.

#### **Financial data**

On this slide and the next, we would like to show you our five-year development across some of the key financial matrices. As you can see, EBITDA in 2017 is at a five-year high for us and represents the result of years of work on cutting costs, improving our product mix, developing new products and driving each of our

divisions to be the best performer in each of their individual markets. However, despite our focus on new product development, we have been very disciplined on capital deployment. We spent the four years prior to 2016 in a period of austerity in which we limited our capital spending and reduced working capital. The result of this period of austerity can be seen in the chart on the bottom left of the page. Our return on capital employed (ROCE) in 2017 at 21.2% was the highest we have seen in the last five years. On the next slide, we continue that story of austerity and the intense focus on cash flow AMG has had for the past five years. On the top left, we show the decline in net debt we have experienced due to the focus on working capital reduction. This has left us with effectively zero net debt. In addition, we renegotiated our credit facility, as Dr. Schimmelbusch mentioned, at the beginning of this year, increasing our maturity from five years to seven years and giving ourselves \$520 million of liquidity at the end Q1. On the bottom left, the key driver of this increase of liquidity has been our operating cash flow. In 2017, we again produced \$78 million of operating cash flow, or roughly the same level as in the last three years. In fact, if you add up the last three years, we generated \$234 million of operating cash flow, which represents 78% of our EBITDA over the same three years. This extremely strong performance was driven by a relentless focus on reducing working capital and it has placed us in an excellent position to pursue our organic growth strategy in lithium and other products.

### **Q1 financial highlights**

This morning we announced the results of our first quarter performance and I am pleased to say we had a very good quarter. The revenues were up 20%, driven by our Critical Materials businesses, where we experienced strong volumes and pricing across the majority of our eight business units. EBITDA increased by 35%, driven by the very strong performance of our Critical Materials division, and our fully diluted earnings per share increased to 58 cents per share, or an increase 16% percent over the first quarter of 2017. We have some more details on the next slide in terms of our two divisions. And here again you can see that the strong quarter was really due to our Critical Materials division, which had a 43% increase in gross profit and a 44% increase in EBITDA. In terms of our net debt and cash positions, we finished the quarter again with \$350 million in cash, \$520 million in total liquidity and effectively zero net debt.

### **Operational update**

As we detailed in our Annual Report and in some of the news flow this year, I want to enumerate some of the key operational achievements. At AMG Lithium we received Board approval to construct a second lithium concentrate plant, which, when completed, will double our capacity from 90,000 tons to 180,000 tons per year. We also signed a multiyear sales contract for the first 90,000 tons of lithium, which at the time of announcement carried a price of over \$800 per ton. As we discussed this morning on our call, this price has increased since we signed the agreement. In AMG Vanadium we announced that we entered into exclusive negotiations with Royal Dutch Shell subsidiary, Criterion Catalysts, to form a partnership that expands AMG's spent catalysts processing capacity. In AMG Engineering we continued to enjoy a very strong order intake and a high order backlog. In Q4 last year we had \$90 million of order intake and in Q1 this year we had \$105 million. This resulted in a current order backlog of \$254 million, versus \$207 million at the end of 2017. And in AMG Engineering we continue to innovate products. So in 2017, AMG Engineering developed an innovative casting process, which we call 'fast cast' that allows high speed, single-mold casting for the auto and aerospace industry. Another new product we introduced at AMG Engineering in 2017 was a furnace that uses chemical vapour deposition technology to produce ceramic matrix composite fiber. All in all, it was a very good 2017 and a very strong start to 2018.

**The Chairman:** I would like to thank Dr. Schimmelbusch and Mr. Dunckel for their presentations. At this time, I would like to give the shareholders the opportunity to ask questions regarding the Annual Report and the presentations of the two gentlemen. May I kindly ask you when raising questions regarding the Annual Report to refer to the page of the report. Are there any questions?

**[Name not stated]:** Dank u wel, meneer de voorzitter. Wij doen het in het Nederlands. Vorig jaar is ons toegezegd dat er een vertaling zou zijn dit jaar, maar dat is er schijnbaar bij ingeschoten. Om te beginnen, willen we u feliciteren met de goede resultaten. De resultaten van het eerste kwartaal van 2018 hebben onze verwachtingen overtroffen. Onze vraag gaat eigenlijk over 2017. Dan zien we dat Engineering toch achterblijft bij Critical Materials. We zouden graag van u horen hoe u de resultaten van Engineering in de toekomst meer in lijn wilt brengen met die van Critical Materials.

**[Translator]:** First of all, congratulations with the results. We noticed that the results 2017 of AMG Engineering are sort of lagging the results of AMG Critical Materials. Could you say anything about that and do you expect AMG Engineering will catch up with that?

**Dr. Schimmelbusch:** Well, we are very happy about the Engineering results. Engineering is inherently a little volatile because the contract execution has this as a consequence. We have, as I said, an excellent order inflow and we expect this very high level of earnings to continue. We have a slight increase in average order size. Our order size increased lately or recently from a little bit less than \$2 million to a little bit more than \$3 million on average. So that is a considerable increase. This increase reflects a higher technology content. As a general statement, smaller orders are more routine orders, larger order are more specially designed orders with more technology content and also a higher pre-payment schedule. So over time the profitability of Engineering should increase.

**[Name not stated]:** Dank u wel, meneer de voorzitter. Dan Criterion, daar bent u wat dieper ingestapt. Is het de bedoeling dat het een keer helemaal wordt overgenomen? Wat zijn uw plannen voor de toekomst? Wat zijn uw plannen voor acquisities? Want u heeft gezegd dat u toch ook acquisities wilt gaan doen. Wat zijn de voorwaarden voor acquisities?

**[Translator]:** Criterion, you have stepped into Criterion, as a target, could you say something about your ambitions for acquisitions? Because in the past you talked about the possibility of acquisitions, how is that developing?

**Dr. Schimmelbusch:** Please, don't confuse acquisitions in the context of our negotiations with Criterion. That would be a little bit large company to acquire. Royal Dutch Shell might acquire us, that would be a possibility, if you talk about acquisitions. We are not living in acquisitions. We do acquisitions only if a certain market should be consolidated, to reduce competitors. We are of course tempted to follow such opportunities. However, we are focused on organic growth, which of course as demonstrated by my lengthy elaborations on that subject, have a very low multiple compared to acquisitions. When you acquire a company in today's world, you have to pay multiples of 9, 10, 11 or higher. Our multiples in our organic projects are 3 or lower. Mostly lower, so then you are creating activity. However, you have to have the innovativeness to find such opportunities. But I do not spend my day thinking about acquisitions.

**[Name not stated]:** Dan de Braziliaanse Mibra-mijn. Die gaat medio 2018 produceren. Wat is op dit moment de stand van zaken?

**[Translator]:** The Mibra mine in Brazil will start producing halfway through 2018. What is the current state of affairs?

**Dr. Schimmelbusch:** The mine in Brazil, the Mibra mine, has started production of tantalum forty years ago. We are presently at the level of 300,000 pounds per year of tantalum concentrate. On May 15, we celebrate the opening of a second product to be mined and processed at the Mibra mine and that is lithium. And from then onwards we will be a tantalum lithium mine, producing both streams and we believe that this mine is the lowest-cost mine of these kinds of minerals in the world. And we are very excited about it. As I have explained, the production of lithium will start with 90,000 tons concentrate. We have plans to go to 180,000 tons, upping the capacity and then we are targeting producing lithium chemicals based on first 90,000 tons of spodumene, namely concentrates, turning it into 12,500 tons, roughly, of lithium chemicals. So that is the sequence of events in the expansion of this project.

**Mr. Ritskes (VEB):** First, for the second year in a row I want to congratulate you with the total results. They were very good, and the stock price also went very high. I would like to return to slide 29, is that possible? If you see, on the left side: "Published updated resource statement showing an increase of approximately 38%." Is that what Dr. Schimmelbusch mentioned in his letter? The 38% is included in the update? He said: "If we start producing, we have 20 years."

**Mr. Dunckel:** Yes, so the 38% increase, that's the 20-year expected life of the mine.

**Mr. Ritskes (VEB):** That's a pity, though still very good. In the film I saw the building of the plant, with the roof. You do not use solar panels on the roofs? If so, why not?

**Dr. Schimmelbusch:** No, we do not use solar panels, but it is a good idea.

**Mr. Ritskes (VEB):** Looking at the target of \$200 million EBITDA in maybe 2020 and seeing the strength of both divisions, I would define it as \$170 million for Critical Materials and \$30 million for AMG Engineering. Do you see this as a problem? I remember that four years ago the discussion completely focused on the EBITDA

of Engineering as the EBITDA of Critical Materials was zero or near zero. Now it is the opposite. Do you see the problem that at some point you cannot grow there?

**Dr. Schimmelbusch:** No, I do not see a problem, no.

**Mr. Ritskes (VEB):** Last year you presented a film on plasma and you were very positive on plasma furnaces. Now the performance is a bit more negative, it seems to stay behind in the results.

**Dr. Schimmelbusch:** I do not understand the question.

**Mr. Ritskes (VEB):** Last year you were very positive about this side, but now I saw in your report that the results of plasma furnaces stayed behind.

**Dr. Schimmelbusch:** We do not publish segmental information on plasma. Which material do you mean?

**Mr. Ritskes (VEB):** I will look up the page, I come back to you.

**[Name not stated]:** First you started your spodumene plant number 1, then eventually you started number 2. Now in Q3 you will most likely give more information about your plans for a lithium carbonate plant, but in the graph, you also mentioned lithium carbonate 1. Does this suggest that in the back of your mind you are already thinking about a number 2?

**Dr. Schimmelbusch:** Yes.

**Mr. Ritskes (VEB):** It was page 54 of the Annual Report. There you said: "Lower revenue from plasma remelting furnaces."

**Dr. Schimmelbusch:** The plasma remelting furnaces are used for titanium scrap and the titanium scrap expansion follows the expansion of the use of titanium in aerospace. And that growth goes in steps and when necessary capacity is needed we build the next plasma furnaces. But this is not a continuous process, it has its own cycle.

**Mr. Ritskes (VEB):** And then on page 75 you give a geographical division. And I saw Japan, as the only one of the big countries, is going down. Is there a certain reason for that?

**Mr. Schimmelbusch:** No. It is not a continuous process. There is no specific reason.

**The Chairman:** Any further questions?

**[Name not stated]:** I would like to know about the carbon mines in Mozambique. I saw there was a high price for carbon, what does that mean for the company?

**Dr. Schimmelbusch:** Essentially, we have a business volume of roughly 30,000 tons of high performance graphite. The graphite market is a very large market, it amounts to approximately 1 million tons per year worldwide. We are focused on a very small sector of that graphite market, which is a high-performance and high-quality sector. In which case we maybe have about one third market share. So, 30,000 tons are maybe one third of that high-performance segment of the overall market. Of these 30,000 tons we, as a general statement, want to have at least one third in our own mines. And we were mining in Zimbabwe, in the form of a joint venture and we stopped that. And in order to replace that, we are building and ramping up the mine in Mozambique. The mine in Sri Lanka is about 3,000 tons, the mine in Mozambique, the next step is 9,000 tons. Interesting is that the 3,000 tons in Sri Lanka is the only so-called 'main graphite' mine, with a natural graphite content of 97 to 98%, which is extremely interesting for the new material development in which we are heavily investing, which is graphene. The graphene technology development lines, worldwide a very big movement, are dependent in a way on this high-performance graphite because if you want to produce graphene and you start from a graphite material which is maybe, just for illustration purpose, 20% graphite, then you have to concentrate. And when you concentrate you have to use chemicals and when you use chemicals you destroy atomic structures, which then have to be rebuilt. That is technological complexity which is considerable. That's why we are very happy to have that mine with its starting material for these uses.

**[No name stated]:** What is the reason that the carbon price is so high at the moment?

**Dr. Schimmelbusch:** The demand is higher than the supply.

**[No name stated]:** Ten aanzien van de concurrentie. Vorig jaar zijn we een paar keer opgeschrikt, de concurrentie kon ineens grote hoeveelheden produceren. Hoe ziet het speelveld er nu uit, wat ziet u van de concurrentie?

**[Translator]:** Can you say something in general about the competition for AMG? What can you expect from competitors?

**Dr. Schimmelbusch:** Philosophically, in the university, when I was studying Economics, the teacher told us that competition is good.. In general, our product lines have two or three competitors. In our various product lines, we have two or three competitors and we, in general, are the number one in the market. So that is okay. When we built the concept of AMG around critical materials, that was also a factor. We did not necessarily want to be in a market where we have an unorderly big competitive and dynamic environment. So, we deliberately looked for markets, within the universe of critical materials, where we have only a limited number of competitors. So, for example, as we have announced, in ferrovandium in the US we are currently the sole producer of vanadium in North America. We had one competitor, but the competitor faded away, chapter 7, *finito la musica*.

**[Name not stated, private investor]:** You told us the EBITDA of lithium is about \$100 million a year. Can you say something about the EBITDA of vanadium in 2017 and 2018?

**Dr. Schimmelbusch:** I didn't say the EBITDA of lithium is \$100 million. I made a hypothetical calculation in which, under various assumptions, the incremental EBITDA associated with the lithium concentrate projects is about \$100 million. That assumes a margin of more than \$500 per ton and a production of 180,000 tons per year, roughly. We will start up production in May, we will ramp up as fast as we can, to 90,000Mt per year. We hope that the designed capacity can be realised fast. And then we will have, if my margin calculation is correct, half of the \$100 million as incremental EBITDA. That was the explanation because many of our investors want to know what kind of thoughts are behind our investment decisions. In general, we do not reveal segmental information below the level of the segment and we only have two segments, one is Critical Materials and the other one is Engineering. In vanadium we are the lowest-cost producer in the world and we have a very satisfactory profitability. That's it.

**[Name not stated]:** Can you tell us something about your cooperation with Shell. Will that expand your vanadium with 100% or 50%?

**Dr. Schimmelbusch:** Internally, I can reveal to you, though I shouldn't probably, but internally we are calling this project 'Ohio 2'. We are presently analysing potential sites in the Middle East and Asia, and also in North America. Because we are aware, and Criterion shares that awareness with us, that the recycling capacity in the world of catalysts has to expand massively in order to take care of the waste situation. This waste is presently not handled in an ecologically correct way. Much of this waste ends up in landfills and many of these landfills shouldn't have those kinds of materials, with wastewater and groundwater problems. Recently there was a big scandal in Germany over a refinery associated with 30,000 tons of vanadium-containing waste. If the press reports are correct, they deposited hazardous waste in landfills. So, there is a big waste problem in spent catalysts and as very sustainable and responsible operators, we of course want to provide to that problem a solution. And our philosophy is identical to the philosophy of Criterion, one of the largest producers of catalysts. So, they want to close the industrial loop of fresh catalysts, spent catalysts and we provide the technological ability to build those plants. We are the world's largest recycler in vanadium.

**[Name not stated]:** Could you give an idea of the expanded capacity when you enter the cooperation with Shell?

**Dr. Schimmelbusch:** Well Ohio has a capacity of 30,000 tons, we go to 40,000 tons, maybe over 40,000 tons and Ohio 2 would be the same magnitude. And Ohio 3 maybe.

**[Name not stated]:** But then you have to share with Shell, being a joint venture.

**Dr. Schimmelbusch:** Yes, in a normal joint venture, if we would do that, you split. It is a win-win situation. First, we make the money and then we divide it. That is how it works.

**The Chairman:** I think we have one more question.

**Mr. Veenstra:** Is there already a start of a solution for the spent catalysts? Is the idea already there? On how you want to clean the spent material.

**Dr. Schimmelbusch:** Yes, we operate the world's largest recycling plant, for fifteen years. The refinery puts the waste in a closed car, railcar, the railcar then comes to our plant, it is being emptied in an automatic and very safe way. Then the material goes into a so-called 'roaster,' taking out the sulphur that requires a waste gas separation plant, so then the air emissions are reduced, totally tight and then the roasted material goes to electrical arc furnaces. There are two electrical arc furnaces. As the melting temperature of the various metals are different, you produce then the different metals in different electrical arc furnaces. There is an interesting statement associated to your question which is that 99.6% of the material coming into our plant by weight leaves the plant as a saleable product. And only 0.4% is waste. So, we are practically waste-free because that waste is a completely harmless waste. So, it is a phenomenal success, technologically and environmentally, and Royal Dutch Shell for fifteen years has been our largest customer. So, we are their chosen partner for a very long time. Our cooperation is so high-quality that we want to take it to the next step, by offering this to refineries worldwide.

**The Chairman:** I conclude this item right now and the next item on the agenda is the Report of the Management Board about the Corporate Governance at AMG in view of the new Corporate Governance Code 2016. I would like to give the floor now to the Chairman of the Management Board, Dr. Schimmelbusch, to give a brief presentation. Thereafter you will have the opportunity to ask questions.

## **2.b. Report of the Management Board about Corporate Governance at AMG in view of the new Corporate Governance Code 2016**

**Dr. Schimmelbusch:** Thank you, Mr. Chairman. As I have stated in my letter to shareholders in our Annual Report, we continue to embrace the principles of the Dutch Corporate Governance Code which have been renewed in 2016. The new Code guides management to pay attention to the interests of its stakeholders when designing its long-term strategy with a focus on long-term value creation. In my opening address I shared with you the strategic objectives of AMG, which all carry a long-term perspective and I elaborated on AMG's stakeholders highlighting the environment as probably AMG's most important stakeholder next to our employees and shareholders. In 2017 we adjusted our policies and procedures to the extent necessary in order to reflect the new Code's best practice provisions. Our Annual Report contains a section on Corporate Governance which you can also find on AMG's website where we explain how AMG deals with the provisions of the new Code and at which instances it has departed from the Code's best practice provisions and why. Mr. Chairman, I suggest that you open now the floor for questions about this topic of the agenda.

**The Chairman:** Please, any questions to the Corporate Governance issue?

**Mr. Ritskes (VEB):** Is it possible to ask a question on the Supervisory Board with this agenda item? Last year Mr. Quinkert was appointed as Chairman of the Supervisory Board and now he leaves. Last year we asked you: 'How long will you stay?' and you responded: 'Oh, I will stay for a long time.' And now Mr. Messman is becoming - maybe for one year - the chairman and then Mr. van Hassel will take it over. I think that is not an easy way to run a business.

**Mr. Quinkert:** As you certainly will know, the Corporate Governance Code of the Netherlands says that you can stay a maximum of twelve years, or eight plus two times two years, that means twelve years. So, as I am now eleven years in the Supervisory Board of the Company it would not make sense to nominate myself for one year. It is very unheard of in the Netherlands and therefore we didn't do that.

**Mr. Ritskes (VEB):** But last year you were ten years in the Supervisory Board, so you did know that already.

**Mr. Quinkert:** Yes, but there is a new code and we adhere to the code. What else can you expect? That we do differently? No, I think we just adhere to the Governance Code, that's it.

**The Chairman:** Any other question to this topic, Corporate Governance? This is not the case and I conclude this agenda item. The next item on the agenda is the Report of Remuneration Committee of the Supervisory Board for the 2017 financial year.

## 2.c Report of the Remuneration Committee of the Supervisory Board for the 2017 financial year

**The Chairman:** In accordance with Dutch governance rules and practice, AMG believes it is important to be transparent on its remuneration policy and the implementation of such policy. Mr. Messman, Chair of our Remuneration Committee, will therefore now give a presentation on AMG's remuneration policy. I now pass the floor to Mr. Messman. After his presentation, Mr. Messman is happy to answer any questions you may have in relation to the remuneration of the Management Board of AMG.

**Mr. Messman:** Thank you Mr. Chairman, you understand I like doing this. This is the most fun of any of the committees in the corporation because we get to talk about the rewards for management and the rewards for the shareholders and how they balance. So that is what I am going to talk about. This is the agenda. We are going to talk about the compensation system, the bonus results, the long-term incentives and some observations on compensation.

We have three components of our Management Board Remuneration in 2017, similar to last year. We have base salary, annual bonus and long-term incentives which include stock options and performance share units (PSU) and all components of our compensation are determined by market data derived from comparison with a group of companies, known as a peer group, which are listed in the Annual Report. Our entire compensation structure is focused on market data. For determining the compensation, we use the world's largest executive compensation consulting firm, Willis Towers Watson, as our advisor. Let me spend a few moments on each of these three components of compensation.

The peer group was reviewed and changed in 2016 upon advice of Willis Towers Watson, our independent consultant and this peer group is unchanged in 2017 and we don't anticipate any changes in 2018 at this point. There are seventeen companies, we compete against them, we hire from them and they do business in our markets. There are eleven US companies, four UK companies and two European companies and these companies reflect the geographical areas where AMG does business. They compete in the metals, speciality chemicals and technologies markets and these are the same market segments AMG competes in. All the public data is analysed by Willis Towers Watson. There is a lot of it, with all these competitors. These seventeen companies are the ones we compete with for sales and executive talent. Our compensation target on salary is that we end up at the 50<sup>th</sup> to the 60<sup>th</sup> percentile of the peer group. Because we are smaller than many of the companies that we compete with, we sometimes need to pay more to attract executives. We may have to pay higher based on the experience of the executive as well. We follow a US-centric approach in determining executive compensation. All of our top executives live in the US. AMG's business is approximately 38% European, 31% US and 31% for the rest of the world, with apologies to the UK people, I put them into the European piece. Our base salaries have been held flat since 2008.

Short term incentives are based on an annual budget that is approved by the Supervisory Board. Our committee doesn't set any of the rules or do any of the judgements that these are based on. The budget that is approved by the Supervisory Board drives all the compensation. We have three matrices. We have Return on Capital Employed (ROCE), which is a measure of capital efficiency, which gets a 40% weighting, Operating Cash Flow, which ties the operating performance to the balance sheet, which includes working capital and cash generation and 20% on personal targets, individual objectives, which are approved by the Supervisory Board. So, the Supervisory Board sets the targets that need to be met through the annual budget process. The annual bonuses shown at the bottom, that is a percentage of the salary, show that the market percentage is taken at the 50<sup>th</sup> percentile and as you can see with the CEO as an example, the market will show him as a 100% possibility. Our target bonuses are set below the 50<sup>th</sup> percentile, as you can see on the left side of the chart. But if management exceeds the targets for the matrix, bonuses can increase. So, the bonus results for 2017, using the matrices that are shown here, result for Return on Capital Employed in a 300% performance factor. Operating Cash Flow 261% performance factor and individual targets we had an 280% performance factor. And that netted out, if you multiply that performance times the weight, you get an overall performance factor of 280%. So, we had a very good year for performance, as shown. We significantly exceeded the matrix defined by the budget, approved by the Supervisory Board. And given the weights, we ended the year with a bonus payout of 280%. AMG had a very good year as a result of performance by the Management Team.

How did that work out for each board member? Based on superior performance, the pay out percentages are calculated at the top of the page. Target bonus percent times performance equals the payout percentage for each of the executives. And on the bottom of the page we calculated the actual bonus amounts: salary times payout percentage equals dollars of bonus. Our Management Team performed extraordinarily well in 2017 and the bonus amounts reflect that performance.

Long-term incentives are split between 20% for Stock Options and 80% for Performance Share Units. Most companies only have an option that vests over time. We have a gate. Our executives must pass a three-year Return on Capital Employment threshold for their options to vest. If they get through that gate, the option then vests 50% in the third year and 50% in the fourth year. The options have a ten-year life in order to exercise the stock option and the exercise price is the stock market value on the day the option was granted. And the options are only valuable if the stock price goes up. The 80% is the Performance Share Units and there are two tests here, which is unusually harsh according to our consultant who says this is very stringent. First of all, our management must pass the three-year average ROCE-threshold to vest. They have to get through the gate or nothing else happens. The second test is to measure our shareholder return against the Bloomberg World Metal Fabricate/Hardware Index. We compare how much shareholder value we created versus how much shareholder value the Bloomberg World Metal companies created and we must be above the 25<sup>th</sup> percentile of that measurement in comparison in order to get any payout. The Management earns 100% of this component if they are at the 50<sup>th</sup> percentile of all the companies in the index. This is a large index, I would guess forty companies are about here. So here is the history of some of our PSU payouts in the PSU-plan: 2013 we didn't get to the 25<sup>th</sup> percentile, so there were no PSU's vested to pay out. In 2014 and 2015 we were below the 25<sup>th</sup> percentile and zero vested. These were two years in which performance on total shareholder return was not above the 25<sup>th</sup> percentile. 2016 we hit the 60th percentile and we earned a 115% payout. 2017 and 2018 we hit 90<sup>th</sup> percentile and we had 175% payout. So, in 2017 and 2018 the AMG stock price performance was at the 90<sup>th</sup> percentile and we got a significant payout percentage. This was due to the management performance which caused our stock price to increase significantly and let me show the performance of our stock price. This slide shows the stock price over a three-year period, you can see the bands, in 2015 it was up 34%, 2017 up 201%. The stock went from the bottom left price of €6.57 to €41.92. So in a three-year period the stock price increased 620%. This was an increase of over €1 billion in a three-year period. In 2017 alone, the value of the company increased by €837 million. This is a truly remarkable performance in my view. So, pay and performance are balanced.

Then our observations on compensation for 2018. The matrices for 2018 are going to stay the same as 2017, but we are going to continue to rebalance our components of compensation. We think there will be minimal salary increases and we will maintain the emphasis on long-term incentives tied to total shareholder return.

Now let us talk about CEO pay for performance alignment. This is a hot topic in investment circles and it has gotten a lot of attention recently. The Remuneration Committee believes that this chart graphically shows that AMG's performance justifies the pay that our executives received. And I have shown this chart for four years and I started showing this chart four years ago when nobody had this chart. But now they have adopted my methodology. Pay and total shareholder return are the highest among our peer group. On the left-hand side is the vertical axis. It is the three-year average used to avoid the variability of one year. Three years is more indicative of long-term performance. We do not like the variability of one-year outlooks. On the horizontal axis on the bottom, it is the total shareholder return for that three-year period. The fairway - I call it the fairway - if you draw that horizontal lines starting at zero/zero, the fairway is defined by one standard deviation on either side of that 45-degree line. We call that the fairway. It is a golf term, but I like to use it. It makes it easier to talk about. The dots on the chart are our competitors and as you can see, there are few that didn't make the fairway. And that makes us look good. As you can see, on the upper right-hand corner, AMG finished at the 100<sup>th</sup> percentile on compensation and 100<sup>th</sup> percentile on total shareholder return. If you look at the upper left-hand corner of that chart, that's where executives get overpaid for their performance. And if you look at the bottom right hand side the executives are not getting paid enough for their performance and you could lose your people. And we do this chart for all three executives, this is just for the CEO. So, the conclusion is that at AMG, CEO-pay is well aligned with pay for performance results of our peers. And pay and performance are balanced.

Now we have these proxy advisers, ISS and Glass Lewis who like to review these kind of things, have opinions and tell shareholders about them. And these charts, these bars show that we had top quartile income statement growth during this three-year period. Operating cash flow is the only measure on this chart that is below the median and that's because three years ago we had started our austerity program and had a significant improvement in working capital, in cash flow and therefore the metric was already very high at the beginning of that period and it stayed at that high level for the three-year period. So, the growth in Operating cash flow was not good as it was very high to start with. In conclusion, the Supervisory Board is pleased with the performance of the Management, reflected in these performance ratios.

The chart on the left shows AMG is in the purple colour. We are at the highest percentile of the peer group in all three years. And there is another method of showing that, on the right-hand side, showing that the performance of the total shareholder return over the same period. Mr. Chairman, that completes my report and I personally believe the Management deserves a round of applause.

[applause]

**The Chairman:** Are there any questions regarding the presentation we just heard from the Chairman of the Remuneration Committee? This is not the case, then I conclude this agenda item.

## 2.d Discussion of dividend policy

**The Chairman:** The next item on the agenda is the discussion on the dividend policy. In accordance with the Dutch corporate governance code, AMG proposes to discuss AMG's dividend policy, which has been amended most recently in 2015. I would like to pass the floor to Dr. Schimmelbusch to explain the change in dividend policy.

**Dr. Schimmelbusch:** Mr. Chairman, AMG's dividend policy has been consistent until 2015 when all earnings were reclaimed to improve the strength of the balance sheet and finance the development of this business. The Management Board had concluded back in 2015, based on advice of its financial advisors and in order to broaden its current investor base, that the change in dividend policy was merited. Accordingly, AMG's dividend policy since 2015 is to evaluate liquidity needs for the alternative uses including funding growth opportunities and funding dividend payments to shareholders. Further, AMG's strong balance sheet liquidity, as well as the Board's confidence in our long-term ability to generate solid cash flow, provide a solid basis to continue this new dividend policy.

**The Chairman:** I would like to give the shareholders the opportunity to ask questions regarding AMG's dividend policy. Are there any questions? This is not the case, so I conclude this agenda item.

Ms. Burnhard of Computershare confirms the number of shares represented at the Meeting.

Mr. Chairman, I can inform you that according to the attendance list 16,002,332 shares are present or represented at this meeting, representing 53% of the company's issued share capital.

## 3.a. Adoption of the 2017 financial statements

**The Chairman:** The next item on the agenda is the adoption of the 2017 financial statements, which proposal is also shown on the screen behind me, if it would be there.. As already indicated by Ms. Burnhard, the full text of each proposal that is put to a vote will be reflected on the screen behind me on the moment such proposal is put to a vote. It should now show the text of the proposal.

**Ms. Burnhard:** May I ask you to insert your smartcard into your keypad, with the chip facing you. You will see your name appear in the display. If this is not the case, please raise your hand so the hostess can assist you. You can keep the smartcard inserted in the keypad for the entire duration of the meeting.

**The Chairman:** The Company's financial statements have been audited by KPMG NV, the Company's external auditor. The unqualified audit opinion may be found in the annual report. Mr. Van der Heijden of KPMG will now first give a brief presentation about KPMG's audit activities. Please, Mr. Van der Heijden.

**Mr. Van der Heijden:** Thank you Mr. Chairman, good afternoon ladies and gentlemen. I would like to provide you with a short overview of the audit of 2017 AMG Financial Statements. Our audit primarily focused on the consolidated and company Financial Statements as also highlighted in our long form auditor's report. You can find that in the Financial Annual Report.

Our responsibility is to plan and perform the audit to obtain sufficient and appropriate audit evidence for audit opinion that the Financial Statements give a true and fair view. We perform our audit with a high but not absolute level of assurance to conclude that the Financial Statements do not include material errors. With respect to the Management Board Report, we examine whether the report has been prepared in accordance with the Dutch law and whether the specific information therein has been consistent with the Financial Statements and does not contain material misstatements.

### Long form auditor's report

The long form auditor's report consists mainly of four areas:

- the audit approach including materiality;
- the scope of the audit, including the audit of the foreign subsidiaries;
- the key audit matters;

- the audit opinion.

The overall audit approach and the scope are discussed with the management and the Audit Committee in advance of the start of our audit. The key audit matters and the audit opinion are discussed prior to finalization of our audit.

The first area contains the audit approach, including materiality. On an annual basis during our planning phase, we performed an extensive risk assessment and determined our key audit matters. We evaluated AMG's business as a whole and per segment (Critical Materials and Engineering) and determined whether any area required specific attention. We assessed how AMG's processes, IT systems and internal control measures safeguard the information flow within the company and whether there are any specific risks associated with these. For technically complex areas we used KPMG specialists, for example for taxation, valuation of investments, environmental provisions, share-based payments, financing and impairment.

Based on our professional judgement, we have set the materiality for the Financial Statements as a whole at \$3 million. Materiality is approximately 4% of the consolidated profit before tax from continuing operations. We agreed with the Audit Committee that we would report any identified misstatements to them over and above \$125,000.

The second area contains the scope of the audit, including the audit of the foreign subsidiaries. In our audit we ensured that local KPMG offices are involved in the audit of foreign subsidiaries. In total, fourteen companies in six countries were included in the 2017 AMG group audit scope; amongst them the Netherlands, Germany, France, US, UK and Brazil. We send detailed instructions to all companies and for all companies in scope we held conference calls or physical meetings at the site. On a rotational basis we performed site visits to the companies. We visited companies in Germany, in France, the US and Brazil and we performed previews of the audited files of the local KPMG auditors, and during these meetings the planning, the risk assessment, procedures performed, filings and observations reported to the group auditor were discussed in more detail. Overall, based on all the procedures performed, the coverage of AMG is 96% of revenues and 94% of total assets.

The third area are the key audit matters. The key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. These matters could relate to significant areas of judgement or estimate and significant transactions. We have communicated all these matters with the Management and the Audit Committee. For the current year 2017 we determined the following key audit matters: revenue recognition, valuation of investments and the valuation of deferred tax assets. And these were all the same compared to last year. And one additional audit matter, business interruption, related to the Brazil fire in January 2017. For a description of these key audit matters including our responses, observations and conclusions, I refer to the extended reporting in the Financial Statements. And finally, we issued an unqualified audit opinion on the consolidated and company Financial Statements. This concludes my short overview of the highlights of our audit and I am happy to answer any questions, if there are. Thank you for your attention.

**The Chairman:** Thank you Mr. Van der Heijden. Are there any questions regarding the auditor? This is not the case. I would then like to put the proposal to a vote and give the floor for further instructions if necessary to Ms. Burnhard.

**Ms. Burnhard:** Just to repeat my earlier instructions. You need to insert your smartcard into your voting device. It should show your name in the display. If this is not the case, please let me know. You can keep the smartcard inserted throughout the entire duration of the meeting.

**The Chairman:** I request the operator to activate the voting system. The keypad will now display the voting options.

To cast your vote, press the appropriate button on the keypad.

Press 1 if you would like to vote for the proposal

Press 2 if you would like to vote against the proposal

Press 3 if you would like to withhold from the proposal

I declare the resolution opened. Please cast your voting by pressing the button of your choice.

You have five seconds remaining to cast your vote.

Ladies and gentlemen, the vote on the adoption of 2017 financial statements is closed.

The total number of votes received is 16,002,332, of which  
15,811,224 is casted FOR  
51 is casted AGAINST  
188,965 is casted WITHHELD

I confirm that the majority of the votes has been cast in favor of the proposal and that the proposal is adopted.

### **3.b. Proposal to resolve upon (final) dividend distribution**

**The Chairman:** The next item on the agenda is the proposal to the final dividend distribution, which proposal is also shown on the screen behind me.

In line with the revised dividend policy as discussed earlier, the Management Board proposes a final dividend of €0.28 per ordinary share. This proposal has been approved by the Supervisory Board. On August 15, 2017, the interim distribution of €0.14 per ordinary share was effected; this will be deducted from the total dividend distribution, making the final dividend €0.14 per ordinary share. The final dividend of €0.14 per ordinary share will be made payable on or around May 15, 2018, to shareholders of record on May 7, 2018. The ex-dividend date will be May 4, 2018.

Are there any questions? This is not the case and I request the operator that the system be activated and I declare the resolution opened. Please cast your voting by pressing the button of your choice.

You have five seconds remaining to cast your vote.

Ladies and gentlemen, the vote on the final dividend distribution is closed. The total number of votes received is 16,002,332, of which  
15,996,736 is casted FOR  
4,503 is casted AGAINST  
1,001 is casted WITHHELD

I confirm that the majority of the votes has been cast in favor of the proposal and that the proposal is adopted.

### **4. Discharge from liability of the members of the Management Board for the 2017 financial year**

**The Chairman:** The next item on the agenda is the discharge from liability of the members of the Management Board in office in 2017 for the 2017 financial year.

Are there any questions regarding this proposal? Since there are no questions I hereby put the proposal to a vote. I request the voting system to be activated and I declare the resolution opened. Please cast your voting by pressing the button of your choice.

You have five seconds remaining to cast your vote. Ladies and gentlemen, the voting period is now closed.

The total number of votes received is 16,002,332, of which  
15,698,181 is casted FOR  
115,087 is casted AGAINST  
188,967 is casted WITHHELD

I confirm that the majority of the votes has been cast in favor of the proposal and that the proposal is adopted.

### **5. Discharge of liability of the members of the Supervisory Board for the 2017 financial year**

**The Chairman:** The next item on the agenda is the discharge from liability of the members of the Supervisory Board in office in 2017 for the 2017 financial year.

Are there any questions regarding this proposal? I would like to put the proposal to a vote. I request the voting system to be activated and I declare the resolution opened. Please cast your voting by pressing the button of your choice.

You have five seconds remaining to cast your vote. Ladies and gentlemen, the voting period is now closed.

The total number of votes received is 16,002,332, of which  
15,698,186 is casted FOR  
114,787 is casted AGAINST  
189,267 is casted WITHHELD

I confirm that the majority of the votes has been cast in favor of the proposal and that the proposal is adopted.

## **6. Composition of the Management Board**

**The Chairman:** The next item on the agenda is the composition of the Management Board.

The Supervisory Board has reviewed the respective terms of the three Management Board members who all received high praise at their annual evaluation by the Supervisory Board in November of last year. The term of the CEO and Chairman of the Management Board (Dr. Schimmelbusch) will expire in 2019. The term of the CFO (Mr. Dunkel) will expire in 2020, and the term of the COO (Mr. Jackson) will expire in 2021.

AMG currently is in a critical phase of its development. You have heard about the expansion of lithium and tantalum operations in Brazil, as well as the related new credit facilities and the continued recognition of AMG as investment opportunity or strategic partner and this demands a stable corporate atmosphere with clear continuity in leadership and strategy. The Supervisory Board evaluates on an ongoing basis the scope and composition of the Management Board and the succession of the members of the Management Board and the Board has seen and recognized that in meetings with investors and banks relating to strategic issues for AMG and its business, questions were asked about the leadership continuity. AMG's current CEO, Dr. Heinz Schimmelbusch, is one of the incorporators of AMG and the intellectual designer of AMG's successful strategy which has led to the impressive value creation since 2016. His appraisals have all been excellent and, where needed, he has demonstrated ample and continuous innovation and agility and above all, exceptional leadership skills. The Supervisory Board has therefore concluded that it is of utmost importance that AMG secures the leadership of Dr. Heinz Schimmelbusch for the coming years as CEO and Chairman of the Management Board, given the transformational change the Company is currently executing, accordingly to bring forward the re-appointment of Dr. Heinz Schimmelbusch.

As a result, the Supervisory Board proposes by way of binding nomination to re-appoint Dr. Heinz Schimmelbusch as CEO and Chairman of the Management Board for an additional two-year term, covering 2020 and 2021, after his current term expires in 2019 after the AGM, to secure AMG's leadership for the next three years and to provide ample time to decide on succession as well as a reasonable induction period for a new incoming CEO. The details of Dr. Schimmelbusch can be found in the explanatory notes to the agenda for this meeting and on AMG's website.

Having said this, I would like to proceed with the voting regarding the proposed re-appointment.

Are there any questions regarding this proposal? Since there are no questions I hereby put the proposal to a vote. I request the voting system to be activated and I declare the resolution opened. Please cast your voting by pressing the button of your choice.

You have five seconds remaining to cast your vote.

The total number of votes received is 16,002,332, of which  
15,959,388 votes are FOR  
42,800 are AGAINST  
52 are WITHHELD

I confirm that the majority of the votes has been cast in favor of the proposal and that the proposal is adopted and wish to congratulate Dr. Schimmelbusch.

[applause]

## 7. Composition of the Supervisory Board

**The Chairman:** The next item on the agenda is the composition of the Supervisory Board.

The Supervisory Board has evaluated the composition of the Board and has concluded following recommendation of the Selection & Appointment Committee that a smaller Supervisory Board will facilitate communication and increase operational flexibility in times where AMG's strategy deployment reaches a critical phase. The Supervisory Board has further concluded that with its new composition, it will continue to cover the necessary areas of expertise as set forth in AMG's Supervisory Board profile.

I will now explain the changes to the Board composition following this Annual Meeting.

Mr. Guy de Selliers will have served eleven years on the Supervisory Board of AMG as his current term comes to an end at this meeting. Mr. de Selliers proposes not to make himself available for reappointment given the term limits for Supervisory Directors under the new Corporate Governance Code. Mr. de Selliers has served throughout his tenure at AMG as a highly respected member of AMG's Audit & Risk Management Committee and has been an important force in establishing AMG's state-of-the-art risk management system.

The Supervisory Board is very grateful to Mr. De Selliers for the many years of service to AMG and thanks Mr. de Selliers for his valuable insights and contributions and wishes him well in his future endeavors.

Mr. Robert Meuter has also indicated that he wishes to step down at the AGM 2018 after having served three years. Mr. Meuter feels that his mandate has ended and wishes to prioritize other engagements. The Supervisory Board respects and accepts Mr. Meuter's decision and thanks him for his valuable insights and contributions and wishes him well in his future endeavors. Mr. Meuter will continue to advise the Company on specific banking & finance matters in the forthcoming year, if so requested.

Dr. Donatella Ceccarelli will have served four years on the Supervisory Board at this Annual Meeting and the Supervisory Board is very pleased that Dr. Ceccarelli will make herself available for re-appointment for a term of four years.

Given my retirement as Chairman of the Supervisory Board, I am pleased to announce that the Supervisory Board has appointed Mr. Jack Messman, currently Vice-Chairman, as my successor as Chairman of the Supervisory Board as of May 2, 2018 after this AGM. Mr. Messman's term as member of the Supervisory Board ends in 2019. The Supervisory Board has further resolved to appoint Mr. Willem van Hassel as Vice-Chairman, as of May 2, 2018 after the AGM, succeeding Mr. Messman. Mr. van Hassel's term as member of the Supervisory Board ends in 2021.

As a result of all of this, the Supervisory Board has further resolved that it will reduce the size of the Supervisory Board from nine to six members, effective May 2, 2018. The Supervisory Board believes that with its new composition, it will continue to cover the necessary areas of expertise as set forth in AMG's Supervisory Board profile.

**Mr. Messman:** Mr. Chairman, I need to interrupt you for a minute. As your successor, as the future Chairman of the Supervisory Board, let me say a few words. You have served eleven years on the Supervisory Board, all of them I think as Chair of the Selection & Appointment Committee, and Chairman of the Board since 2015. You are retiring based on the new Corporate Governance Code that requires that you retire at this point in time. Unfortunately, you must step down from the Supervisory Board. You guided us through the challenging period of the last three years and our performance was excellent and we avoided many known risks. I have big shoes to fill, both figuratively and literally. Thank you for your many years of service. In the US we would now give you a paper weight or a fountain pen, but I just give you a pat on the back.

[applause]

**The Chairman:** Thank you very much Jack, I will now continue with the re-appointment of Dr. Donatella Ceccarelli.

Dr. Ceccarelli is currently Chairwoman of the Executive Board of the Flick Foundation based in Vienna, Austria, where she oversees a dedicated team of asset management professionals to protect and manage the private and

personal wealth of the Flick family. She develops and leads the execution of asset allocation strategies, risk management and hedging strategies.

The Supervisory Board is pleased to propose by way of binding nomination to re-appoint Dr. Donatella Ceccarelli as member of the Supervisory Board, for the maximum term of four (4) years, with effect from May 2, 2018 until immediately after the Annual Meeting in 2022, in view of her extensive background and experience in the fields of financial markets, mergers & acquisitions and risk and asset management, and the way she performs her duties as Supervisory Board member.

Are there any questions regarding this proposal? I would like to proceed with the proposal to appoint Dr. Ceccarelli. I request the voting system to be activated and I declare the resolution opened. Please cast your voting by pressing the button of your choice.

You have five seconds remaining to cast your vote. Ladies and gentlemen, the voting period is now closed. The total number of votes received is 16,002,332, of which  
16,001,865 votes are FOR  
0 are AGAINST  
375 are WITHHELD

Congratulations Donatella, that was the best result we had so far.

I confirm that the majority of the votes has been cast in favor of the proposal and that the proposal is adopted, and I congratulate Dr. Ceccarelli with her appointment.

#### **8. Re-appointment of KPMG Accountants NV as external auditor of the Company for the financial years 2018 and 2019.**

**The Chairman:** We have now as agenda point the re-appointment of KPMG Accountants as external auditor of the Company for the financial years 2018 and 2019. Professor?

**Prof. Hanke:** The Audit and Risk Management Committee of the Supervisory Board has completed its annual review and assessment of the functioning of KPMG NV and its activities for the financial years 2016 and 2017. The result of this review has been that the Supervisory Board and Management Board are satisfied with the quality of the services of KPMG as external auditor and the smooth cooperation between KPMG and AMG's financial community. On the basis of the result of this assessment and review and the performance of the auditor during the 2016 and 2017 financial years, it is proposed to re-appoint KPMG NV as external auditor of the Company for the 2018 and 2019 financial years. Any questions?

**The Chairman:** This is not the case, there are no further questions. I would like to put the proposal to a vote. I request the voting system to be activated and I declare the resolution opened. Please cast your voting by pressing the button of your choice.

You have five seconds remaining to cast your vote. Ladies and gentlemen, the voting period is now closed.

The total number of votes received is 16,002,332, of which  
16,000,886 votes are FOR  
1,351 are AGAINST  
3 are WITHHELD

So, congratulations to KPMG Accountants. I confirm that the majority of the votes has been cast in favor of the proposal and that the proposal is adopted.

#### **9. Renewal of the authorization for a period of 18 months as of May 2, 2018 (i) to issue shares and or grant options to acquire shares and (ii) to restrict or exclude the pre-emptive rights for general corporate purposes (voting items).**

**The Chairman:** The next item on the agenda is the renewal of the authorization to (i) issue shares and/or grant options to acquire shares and (ii) to restrict or exclude the pre-emptive rights for general corporate purposes.

The authorization provides flexibility in financing the Company and enables the issue of ordinary shares/grant of rights to subscribe for ordinary shares in respect of share-based compensation plans for employees.

Are there any questions regarding this proposal? Since there are no questions, I hereby put the proposal to a vote.

First, I would like to put the proposal to issue share and/or grant options to acquire shares to a vote.

*9.a Proposal to authorize the Management Board for a period of 18 months as of May 2, 2018, subject to the approval of the Supervisory Board, to issue shares in the Company's share capital up to a maximum of 10% of the Company's issued share capital as per December 31, 2017.*

I request the voting system to be activated. I declare the resolution opened. Please cast your vote by pressing the button of your choice.

You have five seconds remaining to cast your vote. Ladies and gentlemen, the voting period is now closed.

The total number of votes received is 16,002,332, of which  
14,644,319 votes are FOR  
1,357,618 are AGAINST  
303 are WITHHELD

I confirm that the majority of the votes has been cast in favor of the proposal and that the proposal is adopted.

Secondly, I would like to put the proposal to restrict or exclude the pre-emptive rights to a vote, as shown on the screen.

*9.b Proposal to authorize the Management Board for a period of 18 months as of May 2, 2018, subject to the approval of the Supervisory Board, to restrict or exclude the pre-emptive rights accruing to shareholders.*

I request the voting system to be activated. I declare the resolution opened. Please cast your vote by pressing the button of your choice.

You have five seconds remaining to cast your vote. Ladies and gentlemen, the voting period is now closed.

The total number of votes received is 16,002,332, of which  
14,561,875 votes are FOR  
1,440,064 are AGAINST  
301 are WITHHELD

I confirm that the majority of the votes has been cast in favor of the proposal and that the proposal is adopted.

**10. Renewal of the authorization to (i) issue shares and/or grant options to acquire shares and (ii) to restrict or exclude the pre-emptive rights for the purpose of mergers, acquisitions, strategic alliances and financial support arrangements relating to the Company and/or participations (deelnemingen) of the Company.**

**The Chairman:** The next item on the agenda is the proposal to renew the authorization to issue shares and grant options to acquire shares in the Company's share capital for the purpose of mergers, acquisitions, strategic alliances and financial support arrangements relating to the Company and/or participations of the Company. An additional matter under this agenda item is the renewal of the authorization to restrict or exclude the pre-emptive rights in relation to such issue.

The renewal of the authorizations provides the Management Board with flexibility in the context of mergers, acquisitions, strategic alliances and financial support arrangements and/or participations.

The full text of the proposals is shown on the screen behind me.

Are there any questions regarding this proposal?

First, I would like to put the proposal to issue shares and to grant options to acquire shares to a vote as shown on the screen.

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I request the voting system to be activated. I declare the resolution opened. Please cast your vote by pressing the button of your choice.

You have five seconds remaining to cast your vote.

Ladies and gentlemen, the voting period is now closed.

The total number of votes received is 16,002,332, of which  
14,077,592 votes are FOR  
1,942,269 are AGAINST  
352 are WITHHELD

I confirm that the majority of the votes has been cast in favor of the proposal and that the proposal is adopted.

Secondly, I would like to put the proposal to restrict or exclude the pre-emptive rights to a vote, as shown on the screen.

*10.b Proposal to authorize the Management Board for a period of 18 months as of May 2, 2018, subject to the approval of the Supervisory Board, to restrict or exclude the pre-emptive rights for the purpose of mergers, acquisitions, strategic alliances and financial support arrangements (relating to the Company and/or participations (deelnemingen) of the Company).*

I request the voting system to be activated. I declare the resolution opened. Please cast your vote by pressing the button of your choice.

You have five seconds remaining to cast your vote.

Ladies and gentlemen, the voting period is now closed.

The total number of votes received is 16,002,332, of which  
13,296,563 votes are FOR  
2,705,375 are AGAINST  
302 are WITHHELD

I confirm that the majority of the votes has been cast in favor of the proposal and that the proposal is adopted.

## **11. Renewal of the authorization to acquire shares in the Company's share capital**

**The Chairman:** I proceed with the next item on the agenda. The next item of the agenda is the renewal of the authorization to acquire shares in the Company's share capital. The full text of the proposal is shown on the screen behind me.

This authorization provides the Management Board with the flexibility necessary to manage net equity or to enter into financial support arrangements involving the Company and to respond to any demand for shares in the Company's share capital that may arise at any time. This authorization may, for example, be used if shares need to be acquired to hedge the Company's share and option schemes.

Are there any questions regarding this proposal? This is not the case, I hereby put the proposal to a vote. I request the voting system to be activated. I declare the resolution opened. Please cast your vote by pressing the button of your choice.

You have five seconds remaining to cast your vote.

Ladies and gentlemen, the voting period is now closed.

The total number of votes received is 16,002,332, of which  
15,882,462 votes are FOR  
74,800 are AGAINST

44,978 are WITHHELD

I confirm that the majority of the votes has been cast in favor of the proposal and that the proposal is adopted.

**12. Any other business**

**The Chairman:** We have come to the penultimate item on the agenda, where I would like to give the opportunity to the shareholders to ask questions with respect to items that have not previously been discussed.

Are there any questions? If there are no questions I will proceed with the closing of this meeting.

**13. Closing**

**The Chairman:** Before I close this meeting however, I would like to thank on behalf of the Management Board and Supervisory Board all employees and staff of the AMG Group for the outstanding performance during 2017. I also wish to thank all of you, on behalf of the Management Board and Supervisory Board, for your attendance and your contribution to the discussions at this meeting. Thank you very much.