

**MINUTES**  
**of the Annual General Meeting of Shareholders**  
**of AMG Advanced Metallurgical Group NV (the ‘Company’)**  
**held on Wednesday, May 1, 2019 at 13.00 CET**  
**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 NV (AMG). My name is Jack Messman 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 pleased to introduce to you Dr. Heinz Schimmelbusch, our Chairman of the Management Board and CEO, Mr. Jackson Dunckel, our Chief Financial Officer, and Mr. Eric Jackson, our Chief Operating Officer.

Furthermore, I am pleased to introduce to you my fellow members of the Supervisory Board, Mr. Willem van Hassel, Vice-chairman of the Supervisory Board and member of the Selection & Appointment Committee, Professor Steve Hanke, Chair of the Audit & Risk Management Committee, Mr. Herb Depp, Chair of the Remuneration Committee, Mrs. Donatella Ceccarelli, member of the Remuneration Committee and Dr. Frank Löhner, member of the Audit & Risk Management Committee.

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

I also welcome to the meeting our Dutch legal advisors, Professor Martin van Olfen 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 2018 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, 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 for each specific agenda item, only questions related to that specific agenda item can be asked and we will subsequently get to the questions that you have on the other items. Please use the microphone when you have a question and clearly state your name, as well as the name of the person or organisation 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 or not a specific voting item has been adopted.

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, I 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 2018 including the discussion of the Annual Report for 2018. I would like to invite Mr. Jackson Dunckel, who will provide a summary of the company’s

financial matters, followed by Dr. Heinz Schimmelbusch who will give a presentation on AMG's strategy and activities in 2018 and the current state of affairs of the company.

## **2.a. Report of the Management Board for the 2018 financial year including discussion Annual Report 2018**

**Mr. Dunckel:** Thank you Mr. Chairman. In my remarks today I would like to cover a review of our results in 2018, a brief update of our first quarter 2019 results which we announced today and conclude by noting the key operational initiatives we undertook in 2018.

### **Financial data**

This page is a summary of our 2018 financial highlights, split by our two reporting divisions: Critical Materials and AMG Engineering. In the top left, you can see that our revenue increased by 24% in 2018 versus 2017 but that this result was comprised of two different results: an increase in revenue of 29%, or \$236 million by Critical Materials, complemented by a 6% increase in revenue by AMG Engineering. The revenue increase in Critical Materials was driven by a combination of higher vanadium prices as well as an improved product mix and strong sales volumes across much of our Critical Materials portfolio. On the top right gross margin in 2018 increased from 20% in 2017 to 24% in 2018, representing an increase in yearly gross profit of 47% to \$315 million for the two divisions combined. As you can see from the graph this increase in gross margin was due mainly to Critical Materials which benefited from higher vanadium prices, improved chrome metal product mix effects, strong sales volumes of aluminum products, and higher profitability in our titanium alloys and coatings business. In the lower left corner, you can see our EBITDA increased substantially by 73% in 2018. This increase in EBITDA in 2018 to a record \$217 million was driven by a very strong performance in our Critical Materials business where we saw an outstanding performance across most of our units but especially in vanadium, titanium alloys and chrome. In the lower right-hand corner, we summarise our capital expenditures for the year. We spent \$73 million in 2018, versus \$81 million in 2017. The expenditure was mainly driven by our lithium expansion in Brazil.

On this slide and the next one we would like to show you our five-year development across some of the key financial matrices. As you can see here, EBITDA in 2018 was a record year for AMG, representing an all time high of \$217 million. This phenomenal performance was the result of our entire global operations team, focusing 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. Because of this strong performance our return of capital employed (ROCE) also reached record territory. At 35% our ROCE is extremely strong for any company, let alone an industrial company, and is a testament to our long-term focus on using our assets efficiently. On the next slide you can see what such high cash flow brought us. Despite investing strongly into working capital and fixed assets we ended 2018 in a positive cash position. We refinanced our debt facility in January 2018 and as a result we ended the year with \$552 million in liquidity. On the bottom left, the key driver of this increase in liquidity has been our operating cash flow. In 2018 we produced \$79 million of operating cash flow, the highest level of the last five years. This extremely strong performance has placed us in an excellent position to pursue our organic growth strategy in vanadium, lithium and other products.

### **Q1 2019 financial highlights**

This morning we announced the results of our Q1 performance, and I am pleased to say we had a very good quarter. Our revenues were up 12%, driven partly by our Critical Materials business where we experienced strong volumes and high quarterly average price in vanadium as well as high average chrome prices and higher sales volumes of lithium concentration and antimony products. But it was also driven by AMG Technologies which increased revenues by 18% due to the higher titanium master alloy prices and higher revenue generated by the delivery of turbine blade coating and nuclear waste recycling furnaces. EBITDA increased 13%, driven by the very strong performance of AMG Technologies which increased EBITDA by 40% and our return on capital employed maintained the same high level it achieved in the first quarter of 2018. We have some more details, on the next slide, in terms of our two divisions. And here again you can see that the quarterly increase in EBITDA was really due to our Technologies division. Finally, in terms of our net debt and cash positions we finished the quarter with \$366 million in cash, \$536 million in total liquidity and \$15 million of net debt.

## Operational update

I would like to close with an operational update. As we detailed in our Annual Report, I want to numerate some of the key operational achievements. We did achieve start-up on AMG's first lithium concentrate plant and made the first shipment of commercial grade spodumene in September 2018 to AMG's long-term optic partner. AMG Vanadium entered into an agreement to supply 7 million pounds of vanadium to an US steel producer over a two-year period, which began on January 1, 2019. AMG Vanadium completed the feasibility study to replicate AMG Vanadium's existing recycling facility which will more than double spent catalysts processing capacity. AMG's Superalloys entered into a multiyear agreement with Ørsted to purchase 100% of AMG Superalloys' power requirement from renewable sources, starting in October 2018, covering the full power requirements of its production sites across England and Wales. AMG's technology division was formed, which Dr. Schimmelbusch will discuss, from a combination of AMG Engineering and AMG Titanium Alloys & Coatings, in order to capitalise on the synergy between these two aerospace-facing industry leaders. All in all, it was a very good 2018 and a strong start to 2019.

**The Chairman:** Thank you Jackson. Dr. Schimmelbusch please go ahead.

**Dr. Schimmelbusch:** Thank you, Mr. Chairman. On the year 2018 you just heard extensive comments and I have commented extensively in my letter to the shareholders published in the Annual Report. I do not want to emphasize those comments, other than to repeat what I said in that letter, namely that 2018 was the most successful year in AMG's history as measured by EBITDA, EBITDA dynamics and especially the return on capital employed. Also, we ended the year essentially net debt free, as has been explained. We were disappointed that the 73% EBITDA increase in 2018 from \$125 to \$217 million was accompanied by a fall in the share price of 31%. As you can see in 2017 the reverse was happening: a comparably moderate rise in EBITDA by 25% from \$101 to \$125 million was accompanied by a sharp rise in share price of 201%, getting us to the Euronext award of the all around best performing stock of the exchange. So we are focusing on achievement in operations, we cannot control the share price. The Q1 2019 result, with an EBITDA of \$50,4 million is 13% better than Q1 2018 while still maintaining our near zero net debt position. Given the present economic environment that is an excellent result. Let me comment on the first, which happened in Q1 2019, the Management Board recommended, and the Supervisory Board authorised a share buyback for a maximum of €100 million. That is a financial decision. We believe that with a multiple below 5 our stock is undervalued and an excellent investment opportunity. I will also personally add to my shareholding. As you can see, we have experienced abnormal recent volatility in the price of vanadium. Given the various trends which I have described in the various shareholder letters, trends which support our longer term upward shift in the vanadium demand and led to an overshooting in Q4 2018 over what could be called an equilibrium price and to a corrective undershooting in Q1 2019 and thereafter, we believe that this also will correct itself. It is not unusual in commodity markets that the demand shift creates abnormal volatility with a positive spike followed by a negative spike, then usually a new equilibrium price establishes itself, reflecting the demand shift. The same phenomenon, by the way, seems to be happening in lithium. Let me remind you that AMG Vanadium is the lowest cost ferrovanadium producer in the world as the largest recycler of spent catalysts. AMG Vanadium's cash flow has four components: cash from the sale of ferrovanadium, from the sale of molybdenum and nickel and from recycling fees. Those are contractually fixed and not volatile at all. And the cash flow from these fees is trending higher over time. In 2021 we expect AMG Vanadium to be cash positive even at a negative ferrovanadium price, as recycling fees are expected to exceed cost of operation. That is the competitive advantage of recycling or urban mining. Primary mining costs or costs of primary mines to the contrary rise and they rise relentlessly.

On AMG's strategy: AMG was built as a portfolio of critical materials and related process technologies. Time goes by and things change, and the changes are accelerating all the time. In AMG we have to be ahead of the change curve, we have to out-innovate the competition. The instruments for that are new material science-based solutions, new process technologies, new offerings to the customer also in forms of new business models. Let me comment on the origin and the basics of AMG. Let us be reminded that the relentless rise in atmospheric CO<sub>2</sub> accumulations has been resulting in the global need for carbon negative products and processes, partly driven by the regulatory targets set for the transportation sector, the building sector and the industry sector. It is obvious that the CO<sub>2</sub> increase in 2018, by the way by 37 billion tons, is unsustainable. The only counteraction is technology. Regulations have focused on that. The regulations followed the conclusion that energy intensity has to decrease, and carbon efficiency has to increase. That necessarily fuelled political supported energy saving initiatives and a drive to clean energy on a global basis. Material science innovations typically

involve a new alloy, a new combination of minerals and metals to enable higher operating temperatures, better strength/weight ratios, less corrosion, better conductivity. In the search for how to achieve these new levels of efficiency rare metals and rare minerals came into play. The shift in demand has been hitting supply structures. To develop new resources takes time. Geology has a fable for remote and risky locations, hence the term 'critical' and the prioritising of recycling. AMG has created a unique industry leading portfolio of critical material activities including related process technologies. Financially, to run a portfolio of critical materials and related technologies provides above average value creation opportunities since the prices of critical materials in the medium and long-term trend higher than general commodity price indices. My point here in this presentation is that three trends in our units and end markets have in recent years separated themselves from the many derivative trends in terms of gross opportunities and those are: AMG Vanadium, AMG Technologies and lithium testing for energy storage. The environmental value creation of opportunities is instantly understandable since the materials and related technologies in the portfolio are only critical since they assist to solve major environmental problems in providing new clean energy solutions and solutions that counteract the CO<sub>2</sub> of rising population and rising effluence levels. AMG's central theme here is energy saving. More than five years ago we started to measure AMG's negative net CO<sub>2</sub> impact and the visionaries among us see a world of a full-scale CO<sub>2</sub> accounting emerging along the lines of our methodologies. The investment decisions at AMG for quite some time are not only ranking alternatives according to the financial value but instead we ranked them according to financial value in combination with CO<sub>2</sub> implications. As we have financial ratio thresholds for positive investment decisions, we now develop thresholds for CO<sub>2</sub> implications. The first AMG CO<sub>2</sub> threshold is to get the go-ahead from the Management Board. A project has to be carbon negative including the enabling impact on its customers. That is a first. As you can see our multiyear effort to measure CO<sub>2</sub> net reduction had stunning results. We developed the methodology to trace these things, and last year engaged a leading consulting specialist to recalculate our results. That is what you see here. We argue – and confirmed by that third party – that we enabled a CO<sub>2</sub> reduction in 2018 of 15,8 million tons attributable to AMG offerings. In other words, we had 15,8 million tons of CO<sub>2</sub> more in the atmosphere today if AMG did not exist in 2018. The largest AMG contribution to CO<sub>2</sub> reduction comes from the thermal barrier coating technology where we are world leader. AMG has a dominating market share in this business which enables aerospace engines to fly at higher operating temperatures, increasing fuel efficiency. Every one of you who has been flying, has been flying with coatings from AMG. We have a close to 100% market share. Titanium alloys are second, increasing the strength to weight ratio in the engine. Our vanadium business is third, given the enabling of lightweight steel. Energy saving in building is fourth, due to graphite in insulation materials. Please be reminded that the 2018 reduction, if one could do an accumulative calculation, would be much larger. We have an accumulative effect here since the enabled CO<sub>2</sub> reduction repeats itself year by year over the lifetime of for example an insulated house or a coated turbine blade, and so on. Relating the net reduction of CO<sub>2</sub> of total assets gives the guidance to directing investments towards activities which have the highest sustainable CO<sub>2</sub> reduction return, in form of tons over \$1000 of investments. Again, TBC coating, thermal barrier coating of aerospace turbine blades is the leader with 275 tons of net CO<sub>2</sub> reduction per \$1000 invested. Graphite 11 tons per \$1000, titanium aluminides 42 tons per \$1000 and ferrovandium 68 tons over \$1000.

### **Health and safety**

Despite a slight uptick in Q1 2019 of our incident rate we are continuing on a very successful path to reduce incidents. It has now been proven that our target of zero incidents is possible. Four of the units in Q1 2019 (we have nine units) are without lost time incidents. In our recent operations meeting, we have reviewed the various strategies to reduce incidents further and to keep attention on that obvious number 1 priority.

Let me now proceed to three key areas of management attention in 2019: AMG Mineração, AMG Vanadium and AMG Technologies. The Mibra mine located in Nazareno, Minas Gerais, Brazil is traditionally the world's largest producer of conflict free tantalum, as our ore is a lithium-tantalum ore and as the lithium content was never processed, but instead stored in tailings areas, we decided in 2016 to create a project to produce lithium concentrate - spodumene. That was in light of the obvious demand shift for lithium activated by the e-car development. In the meantime, the spodumene project referred to as Spodumene 1 is ramping up. Let me characterise the status of the ramp-up. We have reached 90 tons per hour feed rate, which is 95% of the target, and a metallurgical recovery of 90% of target. We are producing in-spec material, meaning we meet the desired qualities. And most important: latest estimates essentially confirm target cost as typical in ramp-up of this kind, operational

stabilisation of the run rate is now the priority. The EPC contractor expects to achieve a 100% of target capacity utilisation in May. With regard to further lithium investments we have decided to change our original plan and to exchange the so-called Spodumene 2 project, originally planned as doubling Spodumene 1, for something we refer to as 'Spodumene 1 plus', expanding Spodumene 1 by 30% in combination with the investment in lithium carbonate and hydroxide in Brazil. Spodumene 1 plus expands the capacity of Spodumene 1 by 30,000 tons. The significant advantage of Spodumene 1 plus over Spodumene 2 is that Spodumene 1 plus can be done within the infrastructure of Spodumene 1 and therefore implies substantially lower CapEx and a higher return on capital employed compared to Spodumene 2. The downstream investment in lithium chemicals enables us to catch substantially more of the lithium value chain.

In numbers, CapEx for Spodumene 2 was planned at \$110 million, Spodumene 1 plus is planned at \$25 million. During 2018 and 2019, we have increased our competence in battery materials substantially. We built an industry-leading team with deep lithium experience that has heavily influenced our downstream decision-making. It also has led to create AMG Lithium GmbH and the establishment of laboratories and a pilot plant in Germany for lithium sulphide (LiS<sub>2</sub>) for solid state battery applications and the majority of experts believe that the next generation of batteries is a solid-state lithium battery. As elaborated in the Chairman's letter in the Annual Report 2017 and 2018, vanadium is impacted by several long-term growth strengths. Ferrovandium benefits on the demand side from the need to save steel specific use by strengthening it. China, partly for these reasons, partly for safety concerns, has issued new regulations for higher specific use of vanadium in Rebar steel. High purity vanadium is critical for the aerospace applications as an alloying material for titanium. It is also needed as material for vanadium batteries used in stationary systems. AMG is not mining vanadium. Oil refineries deliver their vanadium-containing spent catalysts to us and pay us a fee to take it. In designing our growth strategy, we have been detecting a massive and long-term trend in the supply of spent catalysts seeking a recycling solution. There are several reasons for this including, first, the International Maritime Organisation (IMO) 2020 legislation limits the sulphur content to maritime fuel to 0.5% from 3.5%. That is thriving refinery expansion for the processing, i.e. desulphurisation of 'bottom of the barrel' fuels, used in maritime shipping. That is huge. More than 300 million tons of oil outside these specifications are seeking a solution with desulphurisation being a leading mitigation. That needs fresh catalysts which, when employed, turn into spent catalysts. Second, that powerful trend coincides with the expansion of refinery capacity in the Middle East as the big exporters of crude oil target in reach and refining with large refining projects in Kuwait and Saudi Arabia going up, for example. Those projects trigger incremental demand for fresh refinery catalysts. Again, fresh catalysts when employed turn into spent catalysts. Third, China, a traditional destination for all sorts of waste, including refinery waste such as spent catalysts, beginning 2017 has disallowed those imports and the waste streams traditionally going there through various middlemen tend to seek now another destination. Fourth, that has to do with corporate governance, there is a shift in the awareness about the importance of transparent ways of managing waste streams, especially hazardous waste streams, even in countries where this was handled rather loosely in the past. As the world's largest recycler of spent catalyst we have a strategic intention to keep it that way. And to leverage its ability, proven process technology leadership which secures the environmentally sound treatment of the waste – 99% of the waste materials received in our plant leaves our plant as commercial product. Furthermore, based on the recycling fees received from refineries, AMG is the world's lowest cost producer, as mentioned earlier.

Now let me go to numbers describing the size of this business opportunity or expressed differently: the severity of the bottleneck in spent catalysts recycling capacity. It is presently estimated that the total amount of spent catalysts globally generated will increase from 191,000 tons in 2019 to 251,000 tons in 2022, on the way to 326,000 tons in 2025. AMG's vanadium processing capacity in Cambridge Ohio presently is 30,000 tons. Given the explosive growth of the fresh and therefore the spent catalysts market and applying reasonable market assumptions this growth in 2025 leads to theoretical revenue potential – not for us, but for the whole sector – of \$1,5 to 2 billion annually, adding up recycling fees and metal sales, net of metal credits to the refineries. We want to have a major stake in that. Accordingly, we plan to essentially build another Cambridge-type plant with the capacity of, again, 30,000 tons annually in operational vicinity of Cambridge 1 in Ohio. That project is ambitious and will be expensive given the environmental regulations for handling a recycling facility of this kind of waste. We presently estimate the capital expenditures for Cambridge 2, including contingency, to be about \$300 million. We are in progressed application proceedings for tax-exempt bond facility in essentially the same amount. This financing is extremely attractive due to its long-term and low interest rate. We

are thinking about, we are talking about, or negotiating about a thirty-year maturity. The engineering work for Cambridge 2 is under way. The management team in Ohio has been strengthened accordingly. Cambridge 2 is primarily in response to North American spent catalysts generation. To respond to the growth opportunities outside North America we have agreed on terms for the formation of an equally owned joint venture with Criterion Catalyst & Technologies, Houston, the world leading refinery catalyst producer, a 100% subsidiary of Royal Dutch Shell. Through this joint venture we want to serve this large emerging market with recycling services outside the US. That will imply over time the building of another Cambridge, so to speak, in one of the refinery building growth areas, as a next step. A joint taskforce is presently providing the groundwork for that. Another joint taskforce is touring the sources of spent catalysts, especially in the Middle East and China. After many years of providing large scale recycling services to Royal Dutch Shell, especially in Canada, we are very excited about this joint venture and the potential of it. Given the limited recycling capacity, refineries are now asking for end-to-end solutions combining the purchase of fresh catalysts with the delivery, later on, of spent catalysts. All in one.

### **AMG Technologies**

The big strategic challenge in aerospace in general is one to cope with the ever-expanding demand resulting from global mobility trends which are resulting from the rising of global affluence. And two, to do this while substantially increasing efficiency. Every component of a plane has to be redesigned to reduce weight and the engine has to learn to run with higher operating temperatures. These are the key strategic parameters in the aerospace industry. The dominating customer of AMG Titanium and Coatings and AMG Engineering is the aerospace engine. November 28, 2018, we announced the formation of AMG Technologies GmbH, combining AMG Engineering and AMG Titanium and Coatings under one management in one section, in one segment also. In addition to the joint aerospace customer, the key rationale for this reorganisation is the growth potential we see to offer customers of our metallurgical vacuum furnaces a build-on operative alternative. The customer asking for a metallurgical vacuum furnace plant is offered an alternative, namely, to do the purchasing of an engineering service and outsourcing the whole thing to us. This would have the potential to expand on the success we had. We offer the same business model alternative to heat-treatment customers. The creation of this new operational entity is necessary to optimise our technological learning curve. We were asked whether this would be possibly a separate public entity, given the multiples in that industry. Our response was that it is a legitimate question – by the way, everybody on this bench, if we would be asked that question, we will give the same answer. Our response was that that is a legitimate question, as I said. Especially given the aerospace EBITDA multiples. And I have repeated that now. However, our next step is to re-do the business model and the financial plan, reflecting our new strategic approach. I am very happy to present to you Guido Löber, the new CEO of AMG Technologies, effective January 1, 2019, Guido you are on.

**Mr. Löber:** Thank you, Dr. Schimmelbusch. Ladies and gentlemen, it is a great honour for me to be here today and to speak at the Annual General Meeting about AMG Technologies, a uniformed segment of AMG. The dominating customer of AMG Titanium Alloys and Coatings and AMG Engineering is the aerospace engine, as already mentioned by Dr. Schimmelbusch.

Most of the selected technology highlights listed on this slide have close links to the aerospace engine business. Hydrogen storage alloys for fuel cells and physical ways for the deposition of materials round off our range of carbon negative product and processes. The growth of the population paired with an enormous increase in personal mobility as a driving factor behind sustained growth within the aviation industry. Both the Airbus A320 New Family as well as the Boeing 737 Max Family are clear winners from this development. Here the leap engine plays a dominant role. Based on our calculations, about 90,000 new leap X-engines are needed within the next twenty years to fulfil expected demands through 2036 and the aircraft order backlog currently exceeds \$200 billion, according to very reliable market outlook data. Fortunately, AMG recognised these trends at an early stage, and we realigned our strategy and our portfolio accordingly. AMG Technologies offers our global customer base solutions from the air inlet to the exhaust outlet of a modern engine. The cold section of an engine, the compressor, is dominated by titanium-based materials. AMG Technologies is delivering important master alloys as well as remelting and atomisation furnaces to support the global leaders in the production of titanium alloys. The hot section of an engine, the turbine, is dominated by nickel-based materials and recently by titanium aluminides, a transformational material with a superior strength/weight ratio. Again, AMG Technologies is delivering important master alloys, as well as remelting and atomisation furnaces necessary to produce these nickel-based materials. But much

more important, AMG Technologies is providing the aforementioned titanium aluminides and EB-PVD coaters for thermal barrier coatings, our so-called turbine blade coating furnaces. Engine technology dynamics are a function of the need for higher operating temperatures to increase fuel economy. As a consequence, the hot gas temperature has increased dramatically over the last decades. Nickel-based materials could be used without problems in prior years. However, higher operating temperatures now require a protection of the base material, therefore thermal barrier coatings have been introduced. AMG Technologies is the world leader in TBC technology. As of the date of this meeting, 23 of the 24 advanced TBC systems in operation globally have been developed by AMG. AMG Technologies is also a global leader in titanium aluminides, a material class which replaces nickel-based materials in the final stages of the low-pressure turbine because of the enormous weight savings achieved with this material. As you can see in the picture, the two titanium aluminide plates on the right side of the scale weigh less combined than a single nickel-based alloy plate on the left. AMG Technologies is driven by innovation. AMG Titanium Alloys and Coatings has proven that it can build, own and operate metallurgical business models and has outgrown the engineering business substantially. AMG Engineering conversely has dreamed up revolutionary technological solutions for key areas such as development of the next generation aerospace coating technology – ceramic matrix composite coatings and 3D-technology for additive manufacturing, or our so-called FastCast technology for the next generation of foundries. The most important fallout from a merger of engineering and operating know-how is an acceleration of technological development. Before I hand back to Dr. Schimmelbusch I would like to give you an impression of the FastCast technology. Before we start the movie, I will explain it. You can see a piece of metal of about 250 grams of titanium 6-4 alloy. The material will become molten by levitation melting, using magnetic fields. After all of the material is liquified, the power will be switched off and the molten material will drop, respectively will be casted into a rotating mould to form the final shape of the component. This can be for instant a turbine blade. The key advantage in comparison to conventional processes will be a much higher yield and a very high product quality in respect of potential impurities.

[ *Movie showing the process of FastCast melting of 250 grams of Ti-6AL-4V:*  
<https://vimeo.com/334676966>]

Ladies and gentlemen, thank you for your attention. I give the word back to Dr. Schimmelbusch.

**Dr. Schimmelbusch:** Thank you, Mr. Löber. Dear shareholders, ladies and gentlemen, let me add that in AMG Technologies we have combined two world metallurgical leaders with a unique assembly of intellectual property. This intellectual property is embedded in more than 250 engineers and 26 PhDs. We are determined to aggressively commercialise our unique technologies by turning them into businesses, one by one. I would like to come now, at the end here, to scenario planning and guidance. In the 2019 outlook of this morning's press release we have referred to the recent dramatic decrease of the ten commodity prices most important to AMG, comparing the latest spot prices in April to average prices in Q4 2018. Seven of these ten prices fell by more than two-digit percentages with vanadium in the lead. We, therefore, after careful analysis, have replaced our EBITDA target 2019 to exceed \$200 million of EBITDA by the new 2019 target to exceed \$150 million.

### **Long term guidance**

In preparing our annual guiding statement for long term guidance we have been running scenario planning models reflecting different operating assumptions and timelines. These scenarios have not been restricted to the three definitive growth areas detailed above, Mineração, AMG Vanadium and AMG Technologies, but incorporate the entire AMG portfolio. The world has evolved over the last twelve months and presently has arrived at a rather stable set of outcomes. Based on that the Management Board is committed to deliver an EBITDA-level of \$350 million or more in 5 years or less. Thank you for your kind attention.

**The Chairman:** Thank you, Mr. Dunckel, and thank you, Dr. Schimmelbusch and Mr. Löber. Now you know why Mr. Schimmelbusch said earlier in his presentation he is going to be adding to his shares in the company. And so should all of us. At this time, I would like to give the shareholders the opportunity to ask questions regarding the Annual Report and the presentations of Dr. Schimmelbusch and Mr. Dunckel. May I remind you that when raising questions, you need to state your name and your organisation.

Are there any questions?

**Mr. Stevense (Stichting Rechtsbescherming Beleggers):** Dank u wel, mijnheer de voorzitter. Dank voor de goede presentatie, maar ik zit met een aantal aandeelhouders die toch niet zo tevreden zijn. U heeft namelijk vanmorgen een flinke winstwaarschuwing gegeven en daar is men niet helemaal blij mee. Een paar maanden geleden was toch al bekend dat de prijzen daalden van vanadium maar vanmorgen komt u pas met een winstwaarschuwing. Had u dat niet twee maanden geleden al kunnen doen?

**[Translator] [Mr. Mees]:** Mr. Stevense points to the profit warning you issued this morning. How did you come to that decision, as it might have been known two months earlier?

**Dr. Schimmelbusch:** Well, we do not update guidance – it is actually not a profit warning, it is a target. We do not update our targets continuously because it is not practical. We are very careful in that procedure and we had a whole week of global operations meetings and that led to a series of scenario planning and decision making by the Management Board which actually ended last night.

**Mr. Stevense (SRB):** Maar eerst ging u uit van \$200 miljoen EBITDA, nu komt u ineens met \$150 miljoen.

**Dr. Schimmelbusch:** I have said that.

**Mr. Stevense (SRB):** Ja, maar dat had u de markt al eerder mee kunnen delen, naar onze mening.

**[Translator] [Mr. Mees]:** Mr. Stevense repeats his question: could you have informed the market earlier?

**Dr. Schimmelbusch:** No.

**[Translator] [Mr. Mees]:** The answer is “no”.

**Mr. Stevense (SRB):** Dan zouden we ook graag nog wat meer inzicht willen hebben in AMG Technologies. U werkt daar samen met klanten en wij zouden graag willen weten wanneer u door de klant wordt binnengehaald. Komt u daar aan de tekentafel te zitten, hoe verloopt dat proces?

**[Translator] [Mr. Mees]:** The question is: Could you elaborate on AMG Technologies? At what time are you welcomed by customers? Do you get there at an early stage, at the drawing table?

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

**[Translator] [Mr. Mees]:** Well, Mr. Stevense wants to understand at what stage in the process AMG Technologies interacts with customers. Early on, or later in the process.

**Dr. Schimmelbusch:** We have \$500 million in sales, right now, \$500 million in sales to our customers in AMG Technologies. It is not that we introduce AMG Technologies and hope to find a customer. We are the world leading provider of engine technologies to CHI Aviation, Pratt&Whitney, Rolls Royce, Praxair, Chromalloy, Honeywell and many others. Is that an answer to your question?

**Mr. Stevense (SRB):** Dat snappen wij, maar u praat over nieuwe ontwikkelingen.

**[Translator] [Mr. Mees]:** You are referring to new developments and that is what Mr. Stevense wants to know, about these new developments and the way AMG Technologies is contacting its customers.

**Dr. Schimmelbusch:** We are not only developing, we are having a base business of \$500 million in sales to our customers, of which the majority is aerospace. And these are technologically advanced world leading solutions which we are providing to the aerospace industry. And we are continuously improving that offering. And we are continuously innovating. That is a normal process. We are now putting that into a separate, a little more aggressive business plan, as I have explained. Because we want to offer our customers additional solutions and additional business models to simplify our interaction with the customer.

**The Chairman:** These technologies that Mr. Löber showed you with the film and the slides are now being sold to customers. These are not things that are proposed for the future, they are proposed for the present.

**Dr. Schimmelbusch:** And by the way, we are not selling those. We are turning them into businesses for our sales, so we will be our own customer and offer solutions for the customers of that.

**Mr. Alberga:** Thank you, Mr. Chairman. I will try it in English. My name is Alberga, I am a private shareholder. You mentioned vanadium recycling and if I calculate roughly, your capacity, even after you build the next plant, will be about a quarter of the total world requirement for recycling vanadium. Is your technology sufficiently superior that it is worthwhile to license it to other parties? Or does everybody have their own recycling process and is there no market for licensing?

**Dr. Schimmelbusch:** Yes, a good question. I have been in this business of recycling a very long time and there is a book of rules in the recycling business. The first rule is the demand is higher than your capacity. Because if the demand is higher than your capacity the recycling fee goes up. We have limited management resources. To double the capacity is a very stressful operation, \$300 million. We found a very elegant financing for that, which is eminently risk reducing because it does not require any repayment over thirty years. This repayment comes after thirty years and it is low cost, between 5% and 6% fixed. Now, that project is going its way. There is a separate project management. Now, separate to that we have – it took a year – agreed on the terms with Royal Dutch Shell to go global. I am not in a position to tell you exactly where the projects are or other details of that joint venture as we have of course agreed – as typical under the circumstances – on secrecy. But what I can say is that definitely, and I did say this in my presentation – refinery customers are emerging in the Middle East and it was therefore extremely logical for us to not overestimate our sales. We are a small company compared to those projects and therefore we are most happy to be teaming up with Shell, which has been a customer for fifteen years for our recycling, so we know each other very well. And of course, in the countries where the refineries are located an oil company of that stature is well established, has a lot of management capabilities and sites, which is necessary under the circumstances.

**The Chairman:** May I amplify on that by saying that – you mentioned whether or not we could license the technology – I think we prefer to do joint ventures where we can control the technology, rather than giving access to the technology.

**Dr. Schimmelbusch:** Yes, and I would say so, I forgot to answer. Licensing is a very fast way to losing the lead of the technology. We want to keep control of the technology as we are a technology leader. You know, in this world people are focused on copying things: you license it, and he then licenses it, and out the door it goes and you lose your lead!

**Mr. Alberga:** I understand that. But the best protection against losing the control is to keep innovating.

**Dr. Schimmelbusch:** And always remember rule number 1: the demand has to be higher than the capacity.

**Mr. Alberga:** Yes, okay, I got that part. Can I ask one more question? I would like to know what you think about the future of lithium as a material for car batteries in general. Because at the moment there is a big discussion going on what is going to be the real technology for the cars of the future: is it going to be hydrogen, or will it be battery power?

**Dr. Schimmelbusch:** I personally believe – and we are of course discussing this continuously, and we also discussed this continuously with our customers in China – this is a big wave and there are certain institutions which have analysed that and have come to the conclusion that there will be an oversupply of lithium. I absolutely disagree, it is very easy for an analyst to sit wherever he sits and write up, adding up theoretical projects and then, comparing the theoretical project capacity and say there will be enough. It is very complicated to bring a lithium plant into production and if you plug into those projection models the delays, which we believe are realistic, and the demands which we believe are realistic, lithium will correct into a higher price world and we are very confident about that.

**Mr. Alberga:** Okay, thank you.

**Mr. Ritskes (VEB):** Thank you for the presentation, it was very useful. Your guidance at the end, for the five-year period. You made it on several scenarios. What I need is, if you look at the lithium market there are a lot of stories about capacity and demand. In all the markets there are useful stories, which one are you referring to?

**Dr. Schimmelbusch:** Lithium is one component of our future and ranks behind AMG Vanadium and AMG Technologies, as distant number 3. So that is for your work.

**Mr. Ritskes (VEB):** But I am looking for the gap. So you see a lot of capacity will be built in Australia and all over the world. In all new materials you will get some competition from new capacity. So for us as a shareholder it would be very good to know what is the capacity, what are you looking for in the next years and what will be the demand in your opinion? And what will be the scenarios? Then we know what the gap is.

**Dr. Schimmelbusch:** I told you that already: we go from 90,000 to 120 tons in Spodumene 1 plus.

**Mr. Ritskes (VEB):** That is the capacity.

**Dr. Schimmelbusch:** And we told you that we are doubling our capacity in vanadium. And that is it. I do not issue more capacity extension predictions. I do not, so please move to another question.

**Mr. Ritskes (VEB):** Yes, but you can give in.

**Dr. Schimmelbusch:** Of course, but I do not want to. It is competitive information, please. You do not want us to disclose strategies which might be of value to our competitors.

**Mr. Ritskes (VEB):** Yes, but how can you say: "\$350 million at least"?

**Dr. Schimmelbusch:** Because we did very detailed scenario models, where it takes weeks to develop those models and to do several of those. You analyse those and then you come to conclusions until you are comfortable with a statement like that. We have done this, by the way, every year now. Last year we did it, the year before we did it. In 2017 we said: "We will hit \$200 million or more in five years or less." That was in 2017. Remember that?

**Mr. Ritskes (VEB):** Sorry, the last sentence again?

**Dr. Schimmelbusch:** Did you not listen? Or you were absent. In 2017 in May I said under the same procedure of preparation, of scenario planning, I extensively even described that process of planning, of professional planning such things. Even, I think, in the Annual Report. And I said in 2017 – I will come then to 2018 – in the identical way of expressing ourselves in guidance statements: "We commit to exceed an EBITDA of \$200 million or more in five years or less." A year later I said: "We commit to \$200 million or more in 2020." We then delivered the \$200 million or more last year. That was 2018. So we have a certain credibility – I want to make that point – of carefully developing statements like that. And they take a lot of work. And this not a number or something. This is the outcome of many, many months of work, of planning work of large teams. Now the difference here is now that we have very distinct projects, namely the vanadium project, which is a step function to our past guidance. And of course lithium one plus, Spodumene 1 plus. We have lithium chemicals and a host of other projects. And that has led to that conclusion, I think that does it as far as to that subject.

**Mr. Ritskes (VEB):** But in the end there is capacity building outside AMG and that is what I am asking for.

**Dr. Schimmelbusch:** Of course. It has not escaped my attention that other people are also existing.

**Mr. Ritskes (VEB):** Well, then it is a logical question.

**The Chairman:** I think [Dr.Schimmelbusch] made the point, you may have missed it, which was that there are a lot of people who write reports that do not know the business, who are financial analysts and they are taking all these projections by companies, on timing, and we do not believe that the

timing is going to come forth the way they think it is going to be. There are going to be delays and therefore there is not going to be an oversupply that the market thinks there is going to be.

**Mr. Ritskes (VEB):** You have credibility because you have delivered on the numbers you announced in your guidance in years earlier, that is no problem.

**The Chairman:** Second opportunity we have is that we have low cost lithium. We do not mine for lithium, we have tailings from our tantalum operations, which gives us a low-cost position and no matter what the supply turns out to be we can compete.

**Mr. Ritskes (VEB):** And last year you said on the lithium, you sold it on the forehand for 2019.

**The Chairman:** We try to have customers before we build.

**Dr. Schimmelbusch:** Of course we have customers. We sold the whole production.

**Mr. Ritskes (VEB):** Okay. At a fixed price?

**Dr. Schimmelbusch:** At a formula price. We do not disclose the formula price for competitive reasons. You are not interested in us telling you the formula price because you are a shareholder.

**The Chairman:** The one thing we are very good at is managing the supply chain and making sure that we manage those risks. And of course, one of those risks is to have a customer. So we do not enter into projects unless we have a good answer to that.

**Mr. Ritskes (VEB):** Then on the joint venture with Shell. Shell has deep pockets. If Shell wants to expand and you do not want to, because of the money, is that a possibility?

**Dr. Schimmelbusch:** I do not know; I do not think so.

**Mr. Ritskes (VEB):** But you now say: "Okay, we wanted to have the 50/50 in place."

**Dr. Schimmelbusch:** But we will have a 50/50 in place. We will have a company and the company will be jointly owned. We have of course negotiated detailed joint venture contracts and all of that is satisfactorily covered.

**Mr. Ritskes (VEB):** Do you see any problems with the Max 737?

**Dr. Schimmelbusch:** The 737 Max is not related to our sales project.

**Mr. Ritskes (VEB):** You said you were going to buy shares, 10% in total. What are you going to do with them? Are you cancelling them?

**Mr. Jackson:** We would intend to cancel the majority of those shares.

**Mr. Ritskes (VEB):** In total?

**Mr. Jackson:** Not in total, we will need them of course for executive compensation in potential.

**Mr. Veenstra (private shareholder):** A lot of work was spent on the new five-year target, the \$350 million. What is the basis for that, speaking in terms of prices for vanadium and lithium?

**Dr. Schimmelbusch:** The vanadium price is something very unimportant. I was surprised this morning in the analysts' conference, because more or less – as one of my colleagues observed – nine out of ten questions were on the vanadium price. So I think I am grateful for your question because it gives me the opportunity to explain a little bit of what we are doing. What we are doing, we are a recycling company and the recycling company recycles spent catalysts. In those spent catalysts there are certain metals: vanadium, molybdenum, nickel. We extract them and we sell them. What is most important in our financial projection is the recycling fee. This is a recycling fee which is contractually fixed per ton. No volatility. The only volatility in that recycling fee is that it goes up over time. Why does

is go up over time? Because what I explained about capacity versus demand. When there is more demand than supply, prices go up. At least last time I looked, it was in the university. But anyhow, the recycling fees are very important. I am not talking about actual numbers. I just want to explain to you roughly the analytics here. Let us assume we have something \$30 million recycling fee this year. Let us assume that our assumption about what the recycling fees will do in 2021, let us assume those recycling fees apply pro forma to our year now would lead to \$50 million income from recycling fees. And then let us assume we double that, because we double Cambridge. Then in 2021 we have \$100 million recycling fees. In comparison to which whatever the vanadium price does is relatively unimportant. I personally believe the vanadium price in the long term will be very healthy but irrespective of that we would do the Cambridge 2 even if there was a very low vanadium price, far below where it is now. We would go ahead with that project because it has exceptional economics even under those circumstances. So the vanadium price is important for many people who ask questions about it, but not for us. In the short term of course, it increases the volatility of earnings which is cumbersome and whatever, but the strategy is unaffected. It is very sound because we are a service provider increasingly dissociating ourselves in this case from commodity prices.

**The Chairman:** Any other questions? In the back.

**Mr. Ling (private shareholder):** I actually have been your shareholder since 2015 and I do enjoy the ride quite much, along the years. This is my time to be in the shareholder meeting, so I prepped myself a little bit, especially for the recent developments. I see one more managerial or strategic question and the other was more on the financial aspect. The managerial question is about what I see in Q1 2019, with the gross profit for Critical Materials and AMG Technologies growing closer and closer. Do you think that in the future you will be more service driven like the technology part, sooner or later? Not on a fixed day but in ten years maybe that technology part might be more important, taking over the critical materials part? So this is a more strategic question. The following, more financial question is actually – I am also a student in finance, so I knew the incident in 1993 with Mr. Schimmelbusch and Professor Hanke, let us call it a classic example in the classroom about how you use derivatives to hedge the commodity price and reasonably to run a company. And I see the derivative position in the financial statement is more or less increasing, or like stable. What is your derivative strategy?

**Dr. Schimmelbusch:** We do not have a derivative strategy but for the small number we have I refer to Mr. Jackson Dunckel, our CFO.

**Mr. Dunckel:** The derivatives that you see in the balance sheet are an interest rate cap. I find that to be one of most efficient ways to limit risk for interest rate raises. It is very cheap to put in and then you are able to float below the cap, but you do not ever have to go above it. So, a very small interest rate cap on our \$350 million term loan B. There are no commodity derivatives.

**The Chairman:** There are very few future markets for those commodities.

**Mr. Ling (private shareholder):** Yes, I noticed, I was actually quite surprised: “Is there a market I am not familiar with?” Thank you for your answer.

**Dr. Schimmelbusch:** Incidentally, only that you know, I will not expand on that, but I was right in 1993, Deutsche Bank was wrong and everybody who knows anything about that subject would agree. And look at Deutsch Bank right now. So anyhow. I had to say it. Now, let me tell something about the margins. We, of course, being very innovative in the AMG technology sector will have healthy margins in this business. Because we are technology leader and we are constantly innovating. We believe that the growth prospects in the AMG Technologies sector will be relatively continuous and relatively impressive. And the difference to the Critical Materials sector is that in the Critical Materials sector it will be discontinuous compared to that because it depends on operation of the start-ups of the various projects, such as Spodumene 1 plus, such as Lithium Chemicals, such as Vanadium and whatever comes out of this joint venture in share. So there will be a kind of a step function. Whether the step function can be reintroduced into a compound growth rate and whether that compound growth then will be higher or lower is hard to tell. There will be race between the two divisions but the one will be more continuous and the other will be more discontinuous.

**Mr. Ling (private shareholder):** Thank you very much.

**The Chairman:** A question there, down in the front.

**Mr. Alberga (private shareholder):** I have a question about the environmental impact of AMG. You showed a nice slide about the savings in CO<sub>2</sub> which is really a relation to the savings on the engines which operate with your coating. How much is saving per engine? Is it a percentage of the fuel consumption that you used in your calculation? In the comparison between coated and uncoated?

**Dr. Schimmelbusch:** Yes, of course, you compare operating temperature for example at 1300°C, which would represent an uncoated turbine blade assembly with the one which is able to operate at 1500°C and you measure the difference and then you apply that to the population of engines which are coated. And the CO<sub>2</sub> efficiency of course of 1500°C is incomparably higher than a 1300°C turbine. You compare that and say that is the second-best technology and you do that analysis and the difference between the past and now is that we came up with that methodology in a year-long work with a special team. We developed our technology and then we had the feeling it was becoming so important that we wanted to employ a third-party institute, the world largest environmental service institute to recalculate all that and to see whether we are correct with our methodology. And we thankfully and happily recognized that we were not only correct, we were underestimating. So they just covered certain things which we overlooked. We were in the 14 million tons range and we are now 15,8 tons. That's brand new out of the work of that institute.

**Mr. Alberga (private shareholder):** Okay, I am very happy to hear that. The other question is related to your own impact on the environment. You are mining lithium in Brazil, I believe.

**Dr. Schimmelbusch:** Our impact on the environment?

**Mr. Alberga (private shareholder):** Can I finish my question before you answer?

**Dr. Schimmelbusch:** Sure.

**Mr. Alberga (private shareholder):** Recently there have been some big mining catastrophes in Brazil. Is there any risk involved in your mining operation that could be comparable to that?

**Dr. Schimmelbusch:** No.

**Mr. Dunckel:** And we recently had third-party audits of all our properties.

**Dr. Schimmelbusch:** Our properties are incomparably smaller than the properties that you refer to. Iron ore mining is a different story, there we are talking millions of tons. We at AMG are talking hundreds of thousands of tons.

**Mr. Ritskes (VEB):** The accountant is coming up? Okay, then we come later on.

**The Chairman:** Any other questions? Then let us move on.

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

**The Chairman:** The next item on the agenda is the Report of the Remuneration Committee of the Supervisory Board for the 2018 financial year. 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. Depp, Chair of our Remuneration Committee, will now give a presentation on AMG's remuneration policy. I now pass the floor to Mr. Depp.

**Mr. Depp:** Thank you Mr. Chairman, good afternoon, ladies and gentlemen. As in the past we have a remuneration plan that is heavily weighted for pay for performance. To substantiate pay for performance we have not increased base salaries since 2008 up through 2018. Further, we continued to employ the largest executive compensation consultation firm Willis Towers Watson as our adviser. This is a view of the agenda in which I will discuss the compensation system, bonus results, long term incentives and information and data provided by Willis Towers Watson.

There are three components of the Management Board Remuneration in 2018. There is the base salary, annual bonus and long-term incentives which comprise of both stock options and performance share units (PSU). Because we use Willis Towers Watson as our adviser all of our compensation is market driven. Furthermore, I will explain a bit later that to receive long-term incentives the performance of AMG is compared to a large peer group requiring us to meet certain relative hurdles to other companies before we provide payouts. The peer group was selected by Willis Towers Watson in 2016 and has remained relatively stable over the years. But in 2017 one of the seventeen companies was acquired by another company in the peer group. So we reduced the peer group by one in 2018, to sixteen. These are similar companies which we compete against on the world marketplace, not only for products but also for personnel. These companies are from the US, UK and Europe. All of this is public data and reviewed and analysed by Willis Towers Watson and that is what is used to compare our compensation plan to our peers. Our total compensation target on salary is that we are aligned at the 50<sup>th</sup> to the 60<sup>th</sup> percentile of our peer group. In most cases we are smaller than our peers and therefore may have to pay more to continue to attract the best possible talent.

Our short-term incentives are totally based on an annual budget that is submitted by the Management Board and approved by the Supervisory Board. As you are aware, we follow a US centric approach for executive compensation because all of our top executives live in the US even though our business is split fairly closely between the US, Europe and the rest of the world. There are three matrices to determine the short-term incentives. We have Return on Capital Employed (ROCE), which is a measure of capital efficiency and receives a 40% weighting. There is Operating Cash Flow, which ties the operating performance to the balance sheet and includes working capital and cash generation and also receives a 40% weighting. And there are individual, personal objectives which are weighted at 20%. The Supervisory Board sets the numerical targets that need to be met through the budget process each year. The target bonus shown below of 85% for the CEO, and 65% for the COO and the CFO are a percentage of their base salary respectively. These targets represent approximately the 50<sup>th</sup> percentile of their peer group. If management exceeds these targets then the amount of bonus can increase, based on greater returns for the three components above and this is what occurred in 2018. Here are the 2018 bonus results and the multipliers for the payouts. As you can see, we greatly exceeded our budget numbers and met the highest level of payouts for all three matrices. Each matrix is then weighted as previously explained and the payout is shown in the far-right column. On the next slide this performance payout is then multiplied by the target bonus to realise the payout percentage as shown in the far-right column. In the lower part of the slide we monetised this payout percentage against the base salary to arrive at the actual dollar amount of the bonus for 2018. As you can see the extraordinary financial results of AMG for 2018 are reflected in the bonus amount for the Management Team.

In 2016 Willis Towers Watson reviewed our long-term incentives as a percentage of total compensation to ensure that we are aligned with our peer group. Long-term incentives are split between 20% for stock options and 80% for performance share units. First the stock options. We restrict these options from being vested unless they can pass through a three-year average threshold on ROCE gate. Once they are past this gate, they then vest 50% in three years and 50% at four years and they have a ten-year life. The exercise price of the stock option is the average stock market price for ten days after the options are granted. Second are the performance share units. To vest these must pass two tests. First, they must pass the same three-year ROCE-threshold as the stock options. And the second test, measuring total shareholder return versus the Bloomberg World Metal Fabricate/Hardware Index. We compare how much shareholder value we have created against the index and to pass through this gate we must be at the 25<sup>th</sup> percentile or above. And if the company reaches the 50<sup>th</sup> percentile, the Management earns 100% payout. This is a large index and it contains many companies, which provide a good overall comparison. As you can see only 25% vested and was paid out for the 2013 performance. In 2014 and 2015 the company did not meet the hurdle rate so therefore there were no PSU's to vest in the future for those years. In 2016 the company hit the 60<sup>th</sup> percentile and was ordered a 115% payout. In 2017 the performance was in the 90<sup>th</sup> percentile and therefore a significant payout was accomplished of 175%. This was also accomplished in 2018 as measured in 2019. In 2018, in preparation for this report, we engaged Willis Towers Watson to provide an update on our peer group and also to map out our CEO pay for performance alignment. This chart graphically shows where our CEO sits in regard to pay for performance. On the left side, on the vertical axis is the three-year average compensation, which helps to smooth out dips in pay either way. On the horizontal axis is the total shareholder return compared to the peer group. If you draw a line from the bottom left corner to the top right corner, we call that "the middle of the fairway". The fairway

is defined as one standard deviation on either side of that line. You can see that our CEO was 100% of pay justified by the company being at 100% for total shareholders return versus our peers. Therefore, the compensation aligns with the performance of the company. Also, if you are above the standard deviation on the left side you are being overpaid. And if you are on the bottom right, you are underpaid. That is where you could lose good people to competing companies. This slide has been prepared by our outside consultant Willis Towers Watson to show how we compare with our peer group. This slide represents value and measurements done by ISS (Institutional Shareholder Service) and Glass Lewis, which is a similar company. We are compared on a three-year basis with our peer group in the categories as seen below and you can see we have been over the 75% level in all categories except cash flow. Cash flow started at a high level and remains high today and we are best in class in total shareholder return. Therefore, the Supervisory Board is very pleased with the performance of the Management Board.

The last slide, also produced by Willis Towers Watson, shows our total shareholder return over the last three years and we have consistently been above our peers. Even with the stock decline in 2018 and because we had such a huge gain in total stockholder returns in previous years we still remain significantly ahead of our peers. Mr. Chairman, that completes our report and we want to thank our Management Board for another stellar year.

**The Chairman:** As I did last year: I think that deserves a round of applause.

*[Applause]*

**The Chairman:** Are there any questions?

**Mr. Ritskes (VEB):** Just like every year, I think you are a company just over \$1 billion in total revenue. You have over 3,300 people, salaries amount to \$240 million and you pay 62 times the lowest salary to your board. I think that is overdone. In Holland we have numbers like 10 to 12. That is a statement.

**The Chairman:** So, I think CEO pay ratios have received a lot of attention since the US passed the rule mandating CEO pay ratios to be disclosed and calculated and the one thing the SEC has come out and said that you cannot compare one company's CEO pay ratio to another company's pay ratio because they are so different and they have said that that should not be done. And that is for several reasons. One, companies have different labour models. Some companies use contract labourers, some companies use direct labourers. Some companies are located in low income areas, some companies are located in high income areas. And even if you have competitors in the same product areas, their numbers are not going to be the same. Even though – you are mentioning the number 62. I mean, just look at Heineken, it's 214. Is that good or is that bad? No one can tell, you cannot compare us to Heineken, it is beer versus high tech metals. So the real value of pay ratios is to measure them and over time to see that they are getting closer, that they are going down. Which they have done. Over time that should happen but you cannot compare one to the other and you do not know what the optimal number should be but you know that if you disclose and you measure it and you show it to the employees that over time typically those kind of things will improve. Any other questions? No more questions, okay.

## 2.c 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 2018. I would like to pass the floor to Dr. Schimmelbusch to explain the change in dividend policy.

**Dr. Schimmelbusch:** AMG's dividend policy had been consistent until 2015, when all earnings were retained to improve the strength of the balance sheet and finance the development of its business. In 2015 AMG first started paying dividends as a result of AMG's strong balance sheet liquidity, as well as the Board's confidence in our long-term ability to generate solid cash flow. In 2018 the Management Board – with the approval of the Supervisory Board – decided to further develop the Company's dividend policy as initially revised in 2015 and continued in 2016 and 2017. The new policy adopted in 2018 targets an annual dividend pay-out of between 20% and 40% of net income attributable to shareholders.

**The Chairman:** I would like to give the shareholders the opportunity to ask questions regarding AMG's dividend policy. Are there any questions? Okay, let us move on.

I can inform the meeting that according to the attendance list, 15,606,282 shares are present or represented at this meeting. That represents 50,11 % of the Company's issued share capital.

### **3.a Adoption of the 2018 financial statements**

**The Chairman:** The next item on the agenda is the adoption of the 2018 financial statements, which proposal is also shown on the screen behind me. The full text of each proposal that is put to a vote will be reflected on the screen behind me with each such proposal. The Company's financial statements have been audited by KPMG, 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 recent audit activities.

**Mr. Van der Heijden:** Thank you very much, Mr. Chairman. Before I address your questions, I would like to provide you with a short overview of the audit of 2018.

#### **Our responsibilities**

Our objective 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 is consistent with the financial statements.

#### **Long-form auditor's report**

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

- the audit approach,
- the scope of the audit,
- the coverage,
- the key audit matters,
- the audit opinion.

#### **Audit approach**

The first area contains the audit approach. 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 and we assess how AMG's processes, IT systems and internal control measures safeguard the information flow within the company and for technically complex matters we use KPMG specialists, for example in the areas of taxation, valuation of investments, environmental provisions, share-based payments and financial instruments.

The second part is the materiality. The materiality applied is \$5 million for 2018 and the materiality is set as a percentage of profit before tax from continuing operations. Compared to last year, it has increased from \$3 million to \$5 million, based also on the better performance of the profit before tax of AMG.

#### **Scope of the audit in relation to the group audit and coverage**

In total eleven components in six countries were included in the 2018 scope of the AMG group. Amongst them the Netherlands, Germany, France, US, UK and Brazil. We send detailed instructions to all component auditors covering significant areas including the relevant risks. For all components in scope we held conference calls and we had physical meetings with the auditors of the components. On a rotational basis we performed visits to the larger components and specific locations. We visited component locations in the UK, Germany, the US and Brazil and we performed reviews in the same countries, and we did visits with our group team. In addition, the group team performed additional procedures as a group on good will, valuation of diverted assets, valuation of investments, environmental provisions, share-based payments, financial instruments including the Management's estimates. This all leads to a coverage for the procedures performed resulting in 97% of the revenues

and 96% of total assets of the financial statements of AMG. A very high coverage compared to some other companies, for listed companies at least.

### **Key audit matters**

The key audit matters are those matters that were most significant in our audit. But the key audit matters are not all things we discussed with the Management and the Supervisory Board. For the current year we determined the following key audit matters: investment in and the valuation of the lithium concentrate plant, inventory of valuation and vanadium and the revenue recognition on the sales of goods and project. For a description of the key audit matters including our responses, observations and conclusions I refer to the extended reporting in the financial statements. In comparison to last year you have seen that some key audit matters of last year were not included anymore this year because they were not valid anymore. It depends on the valuation of investments, the valuation of deferred tax assets and the business interruption, which was in 2017. And finally, we issued an unqualified audit opinion on the consolidated and company financial statements. This gave a short overview of the audit, Mr. Chairman, but I am happy to answer any questions.

**The Chairman:** Are there any questions on the KPMG report?

**Mr. Stevense (SRB):** Dank u wel, voorzitter. Wij hadden een vraag over IFRS 16. Daar is driekwart pagina aan besteed in het jaarverslag en nu komt de heer Van der Heijden er niet op terug.

**[Translator]:** Mr. Stevense asks why the KPMG report does not address IFRS 16, as nearly a page is dedicated to IFRS 16 in the Annual Report.

**Mr. Van der Heijden:** The answer is that IFRS 16 is effective and appropriate from this year 2019. It was only a calculation to give the shareholders an idea of the impact IFRS 16 will have. If you have seen the Q1 results, then you have seen the impact of IFRS 16 in the results of AMG. I come back to that issue perhaps, in the AGM of next year.

**The Chairman:** If there are no other questions, I would like to put the proposal to a vote and give the floor to Ms. Burnhard for further additional instructions on the electronic voting.

**[Voice over]:** 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 and someone will assist you. You can keep the smartcard inserted in the keypad for 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 vote by pressing the button of your choice. You have 5 seconds to cast your vote.

Ladies and gentlemen, the voting period is now closed

The total number of votes received is 15,606,282, of which  
15,359,397 (representing 98,53% of the vote) are casted FOR  
1,47% voted AGAINST

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, with the approval of the Supervisory Board, proposes to declare a dividend of EUR 0.50 per ordinary share over the financial year 2018. On August 14, 2018, the interim distribution of EUR 0.20 per ordinary share was effected; this will be deducted from the total dividend distribution, making the final dividend EUR 0.30 per ordinary share. The final dividend of EUR 0.30 per ordinary share will be made payable on or around May 14, 2019, to shareholders of record as of May 6, 2019. The ex-dividend date will be May 3, 2019.

Are there any questions on the dividend? If there are no questions, I would like to 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 5 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 15,606,282, of which 15,429,051, representing 98,89% of the votes, voted FOR. 1.11% voted AGAINST.

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

### 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 2018 for the 2018 financial year. The text of the proposal is shown on the screen. 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 5 seconds remaining to cast your vote. Ladies and gentlemen, the voting period is now closed.

The total number of votes received is 16,606,282, of which 15,346,876 votes, representing 98,47% of the votes, FOR 1.53% AGAINST

The majority of the votes has been cast in favor of the proposal and the proposal is adopted.

### 5. Discharge of liability of the members of the Supervisory Board for the 2018 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 2018 for the 2018 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 5 seconds remaining to cast your vote. Ladies and gentlemen, the voting period is now closed.

The total number of votes received is 15,606,282, of which 15,350,549 votes, representing 98,47% of the votes, FOR 1.53% AGAINST

**Dr. Schimmelbusch:** Actually, Mr. Chairman, the Supervisory Board has the same score as the Management Board.

**The Chairman:** Good. How would you explain any differences if there were? So, I confirm that the majority of the votes has been cast in favor of the proposal.

## 6. 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 performance and composition of the Board and has concluded that the reduction of the size to six members as initiated in 2018 is working well. A smaller Supervisory Board facilitates communication and increases operational flexibility in times where AMG's strategy deployment and review demand a continuing conversation between Management Board and Supervisory Board.

Following this Annual Meeting we will implement the following changes to the Board composition following this Annual Meeting.

Professor Steve Hanke, currently Chair of the Audit & Risk Management Committee, will have served six years on the Supervisory Board at this Annual Meeting and the Supervisory Board is very pleased that Professor Hanke will make himself available for re-appointment for a term of four years.

Given my retirement as member and Chairman of the Supervisory Board after this meeting, I am pleased to announce that the Supervisory Board will appoint Professor Steve Hanke, currently Chair of the Audit & Risk Management Committee, as my successor as Chairman of the Supervisory Board as of May 1, 2019 after this AGM once he is re-appointed in this meeting. Once re-appointed, Professor Hanke's term as member of the Supervisory Board will end in 2023.

Given the vacancy created by my retirement as a director, the Supervisory Board is pleased that it has nominated Ms. Dagmar Bottenbruch as independent Supervisory Board member for appointment by today's General Meeting of Shareholders for a term of four years. She has the German and US nationality and brings highly relevant experience in the field of financial services, and of public and private equity & venture capital investments.

**Mr. Van Hassel:** Mr. Chairman, allow me to say a few words to you given your imminent retirement as member and Chairman of the Supervisory Board. You have served twelve years on our Board and will retire immediately after this meeting, given other priorities and of course the term limits for Supervisory Directors under the Dutch Corporate Governance Code. Before becoming Chairman in 2018, you were Vice Chairman since 2007. You have been a long-serving member and Chair of AMG's Remuneration Committee and before that of the Audit & Risk Management Committee. More in particular, I would like to underline your major and most valuable contribution to the excellent quality of AMG's current leadership team, amongst other by implementing and overseeing AMG's competitive executive compensation system. And let me add, behind the scenes all these years you have been one of the driving forces to AMG becoming leading in the worldwide CO<sub>2</sub> reduction business. Because of all this, Jack, we are deeply grateful for your long service and dedication to AMG, your valuable insights, wisdom and experience and we wish you all the best in the future.

[applause]

**The Chairman:** Thank you very much. It has been a pleasure to serve the shareholders of AMG, through my board position and I want to say it has been a lot of fun and I am going to miss the fun. And I will miss you all, too. Thank you very much, Willem.

### 6.a. Re-appointment of Professor Steve Hanke as member of the Supervisory Board

**The Chairman:** I will now continue with the re-appointment of Professor Steve Hanke.

Professor Hanke has the United States nationality and is currently a Professor of Applied Economics and Co-Director of the Institute for Applied Economics, Global Health and the Study of Business Enterprise at the Johns Hopkins University in Baltimore, Maryland. Professor Hanke is also a Senior

Fellow at the Cato Institute in Washington, D.C., and Chairman Emeritus of the Friedberg Mercantile Group, Inc., in Toronto, Canada. His former positions include Professor at the Colorado School of Mines, Professor at the University of California at Berkeley, and senior economist, President's Council of Economic Advisers under president Ronald Reagan. The Supervisory Board is very pleased to propose by way of non-binding nomination to re-appoint Professor Steve Hanke as member of the Supervisory Board, for the maximum term of four years, with effect starting May 1, 2019 until immediately after the Annual Meeting in 2023, in view of his extensive academic background in the fields of international economics and finance, his experience in the commodity and currency markets and his in-depth knowledge of Asian, Middle Eastern and Latin American markets, and the way he performs his duties as Supervisory Board member.

Are there any questions regarding this proposal? Yes.

**Mr. Stevense (SRB):** Dank u wel, mijnheer de voorzitter. Ja, uw motivatie is ons duidelijk, alleen we zouden graag de motivatie van mevrouw Bottenbruch en de heer Hanke hebben.

**[Translator]:** The question is to Professor Hanke, if he could explain his motivation to serve another term of four years.

**Professor Hanke:** The motivations are multiple, but I will begin where Chairman Messman ended and that being member of the Supervisory Board has been a lot of fun and it is an honour to serve the shareholders. That is my main motivation. I enjoy my colleagues and I have learned a lot and I think I have also added value from time to time and mainly if you cannot do things that are fun, forget it.

**Mr. Ritskes (VEB):** Another question for Mr. Hanke. We talked it over in the December meeting, that you would go for, let us say another six years. And okay, I am glad that you do it, but I am not so glad that you will become the Chairman, and no longer a member of the Risk Committee anymore. I think that is the most hectic part of the company and you were the member with six years of experience. And I would like to see you in that committee.

**The Chairman:** Well, he does not know it yet but when he becomes Chairman, he still has responsibilities for the Risk Committee.

**Professor Hanke:** You see, the risk management is really part of the DNA of AMG and we have developed a very sophisticated methodology for measuring risk and following risk and this starts with a bottom-up approach. We measure it with high-frequency data, every month, it is cutting edge and we can ask our KPMG – I just asked him this morning: “How are we doing with our risk management?” He said: “It is state of the art; it is top drawer.” Now, we measure it, we also mitigate risk when we see things changing and if there are small things that have to be changed the staff in our decentralised organisation takes care of small adjustments. If it is significant, we have a SWAT-team and the SWAT-team is headed by Dr. Schimmelbusch. He gets on the plane with the rest of the Management Board and they go out in the field and they put the fire out if they think there is one. So, that is the overall statement. But as far as I am concerned, I have been on the Risk Committee as Chairman but every single Risk Committee meeting, Chairman Messman has been on the scene. So, the Chairman will be there, I will not be AWOL when the Audit & Risk Committee meetings occur.

**Mr. Ritskes (VEB):** Thank you for your answer.

**The Chairman:** Any other questions? Okay, let us proceed with the proposal to re-appoint Professor Hanke. It is also on the screen behind me. 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 vote. You have 5 seconds.

The votes are in.

The total number of votes received is 15,606,282, of which 15,323,799, representing 98,2% of the votes, FOR  
1.8% AGAINST

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

[applause]

**6.b. Appointment of Ms. Dagmar Bottenbruch as member of the Supervisory Board**

**The Chairman:** Ms. Bottenbruch has German and United States nationality. She currently is engaged as an angel investor in a variety of start-up tech companies and as consultant to start-up, growth and mid-cap companies. She was Managing Director of Rabobank International in Germany and has worked at Credit Suisse in London and Frankfurt as Director Investment Banking. She currently serves on the Supervisory Board of the CFA Society Germany and of Vaamo Finanz AG, Frankfurt. She has an MBA (with high distinction) from Harvard Business School and a BA (magna cum laude) in Biological Psychology from the University of California at Berkeley. She is a Chartered Financial Analyst (CFA) since 1989.

The Supervisory Board is very pleased to propose by way of a non-binding nomination to appoint Ms. Bottenbruch as independent member of the Supervisory Board, for a term of four (4) years, with effect from May 1, 2019 until immediately after the Annual General Meeting in 2023, in view of her highly relevant experience in the field of financial services, of public and private equity/venture capital investments, and of investments in technology companies.

Are there any questions about this proposal?

**[Translator]:** Mr. Chairman, I think Mr. Stevense would like to hear from Ms. Bottenbruch with regard to her motivation to become member of the Supervisory Board.

**Ms. Bottenbruch:** With pleasure. As you have heard and I have been able learn over the past few months, I think AMG is an amazingly exciting company in the field of carbon reduction, contributing to carbon savings in all kinds of fields. I find that super interesting and I think my background, you know, with US, Germany and a little bit of a Dutch touch because of my tie with Rabobank is of great relevance for this company. I also have a lot of experience with private equity investments and there is a lot of activity going on in new fields that are extremely relevant to us, so I think I can contribute value. I have met the Management, I have met the Supervisory Board, I think they are amazing people, I hear it is a lot of fun.

**The Chairman:** Are there any other questions? Then I would like to proceed with the proposal to appoint Ms. Bottenbruch to the Supervisory Board. I request the voting system to be activated and I declare the resolution opened. Please cast your vote by pressing the button of your choice. You have 5 seconds to cast your vote.

The total number of votes received is 15,606,282, of which 15,603,653, representing 100% of the votes, FOR

[applause]

I might say that Ms. Donatella Ceccarelli also got 100%.

**Dr. Schimmelbusch:** That means, when you are a woman, you get 100%.

**The Chairman:** Okay, the resolution has passed.

**7. Renewal of the authorisation for a period of 18 months as of May 1, 2019 (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 and/or for the purpose of mergers, acquisitions and/or strategic alliances and/or financial support arrangements**

**The Chairman:** The next item, item number 7 on the agenda is the renewal of the authorization to issue shares, grant options to acquire shares and to restrict or exclude pre-emptive rights for general

corporate purposes and/or for the purpose of mergers, acquisitions and/or strategic alliances and/or financial support arrangements. The full text of the proposals is shown on the screen behind me.

**7.a** The authorisation provides flexibility amongst others 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 and/or to act decisively in the case of M&A opportunities and/or strategic alliances and/or financial support arrangements

**The Chairman:** Are there any questions regarding this proposal?

**Mr. Ritskes (VEB):** Just about the date. So, the last year we gave as a shareholder until October 2019. And now we are going to buy 10% shares. What is happening now? Because this an authorization until October 2020. You say it is renewed, what is the status with the other authorisation? Does it mean you cannot buy any extra shares?

**Mr. Dunckel:** You refer to the share buyback, that is the next agenda item. This is about issuing shares. I suggest you have your question on the next item, item number 8 on the agenda.

**The Chairman:** Okay, let us put this proposal up for vote. I request the voting system to be activated and I declare the resolution opened. Please cast your vote by pressing the button of your choice. You have 5 seconds to cast your vote.

The total number of votes received is 15,606,282, of which  
15,194,371, representing 97.37% of the votes, FOR  
2.63% AGAINST

I confirm that the majority of the votes has been cast in favor of the proposal and that the proposal 7.a is adopted.

**7.b** Proposal to authorise the Management Board for a period of 18 months as of May 1, 2019, subject to the approval of the Supervisory Board, to restrict or exclude the pre-emptive rights accruing to shareholders

**The Chairman:** Next, I would like to put the proposal to restrict or exclude the pre-emptive rights to a vote, as shown on the screen.

The total number of votes received is 15,606,282, of which  
15,194,118, representing 97.38% of the votes, FOR  
2.62% AGAINST

I confirm that the majority of the votes has been cast in favor of the proposal and that the proposal 7.b is adopted.

**8. Renewal of the authorisation to acquire shares up to a maximum of ten percent (10%) of the issued share capital at the time of acquisition**

**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 authorisation 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?

**Mr. Dunckel:** Your question, Mr. Ritskes, was how that works with the buyback program that has been announced. It merely serves to authorise the company to repurchase share until 10% of issued capital. That authorisation ends at the end of October this year, so this year we just renew that authorisation for another 18-month period. So the current buyback program is set to end in

September, so we are well within the limit of authorisation. The only thing we do now is for the period starting today until November 1. No, it is not two times 10%, it is one time 10%.

**The Chairman:** Are there any other questions? Okay, I put the resolution to the vote. I request the voting system to be activated and I declare the resolution opened. Please cast your vote by pressing the button of your choice. You have 5 seconds to cast your vote.

The total number of votes received is 15,606,282, of which 15,542,148, representing 99.81% of the votes, FOR  
0.19% AGAINST

I confirm that the majority of the votes has been cast in favor of the resolution and that the resolution has passed.

## 9. 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?

**Mr. Alberga (private shareholder):** I received an email from AMG inviting me to come to Hanau on June 11. Can I get some details on what to expect to see there?

**Mr. Dunkel:** That will be an investor day which will be focused mainly on AMG Technologies. So we will detail our growth expectations with regard to AMG Technologies and Mr. Guido Löber will be hosting us in Hanau.

**Mr. Alberga (private shareholder):** So private shareholders will be quite welcome there?

**Mr. Dunkel:** Yes, absolutely.

**The Chairman:** We are transparent in every aspect. Any other comments that were not covered?

**Mr. Van der Sommen:** Mr. Schimmelbusch and I have about the same age and that brings me to question, unfortunately ...

**Dr. Schimmelbusch:** You look well, by the way.

**Mr. Van der Sommen:** You are one year younger. That brings me to the question, unfortunately we are not immortal: are there preparations in the case something happens with Dr. Schimmelbusch? That is not impossible. So did you make preparations and second, now the shareholders value of the company is half of the value last year – last year it was \$1.6 billion, now it is about \$750 million. Is it not wise to look for companies that value the company more than the present shareholders and markets?

**The Chairman:** What was the question on your age?

**Dr. Schimmelbusch:** I think he is happy to be of my age.

**The Chairman:** Well, the Supervisory Board considers succession issues on a regular basis and we always have discussions and ideas on what we will do. Dr. Schimmelbusch has another two years on his current contract with us.

**Dr. Schimmelbusch:** We will see what happens.

**The Chairman:** On your second issue, you can never predict whether you are going to get somebody to make an offer to buy your company. I have always said in companies I have managed that there is a price for everything. And I think Chevron and Occidental Petroleum are now determining that price

for Anadarko Petroleum, that contested merger. We are not looking for that, we have plenty of exciting things to do, to grow the value of the company and I would not personally right now be in favour of selling the company given the opportunities that we have before we realise those opportunities to get the price up.

**Dr. Schimmelbusch:** We are fundamentally undervalued as I said in my presentation. We are studying why that is the case. There are several factors, of course, always at work in such situations. For example, obviously we are explaining now that we have a very large technology segment which is completely, it is not in our valuation because the value of AMG Technologies by any standards exceeds \$1 billion, so that is not there so we will explain this also on that capital markets day in Hanau, what the value of that company obviously is. And this and many other initiatives will hopefully correct the share price. I am interested in this because the Dr. Heinz Schimmelbusch retirement system is resting also partly on those shares. And I am not selling, I am buying.

**The Chairman:** Any other questions?

## 10. Closing

**The Chairman:** Before I close this meeting however, I would like to thank on behalf of the Management Board and Supervisory Board all of the employees and staff of the AMG Group for the outstanding performance during 2018. I also wish to thank all of you, on behalf of the Management Board and Supervisory Board for your attendance here today and your contribution to the discussions at this meeting. Thank you very much.