AMAG
AUSTRIA METALL

FINANCIAL REPORT 2019

A MAGIC REPORT

KEY FIGURES FOR THE AMAG GROUP

ECONOMY	Unit	2019	2018	Change in %
Shipments in tonnes	tonnes	**440,300**	424,600	3.7 %
External shipments in tonnes	tonnes	**406,600**	397,500	2.3 %
Group revenue	EUR million	**1,066.0**	1,101.6	-3.2 %
EBITDA	EUR million	**143.0**	141.0	1.4 %
EBITDA margin	%	**13.4 %**	12.8 %	-
Operating result (EBIT)	EUR million	**61.1**	60.6	0.7 %
EBIT margin	%	**5.7 %**	5.5 %	-
Earnings before taxes (EBT)	EUR million	**51.0**	55.0	-7.3 %
Net income after taxes	EUR million	**38.6**	44.5	-13.2 %
Cash flow from operating activities	EUR million	**139.9**	94.3	48.3 %
Cash flow from investing acitivites	EUR million	**-76.4**	-82.8	7.7 %
Total assets	EUR million	**1,501.7**	1,561.2	-3.8 %
Equity	EUR million	**619.3**	620.9	-0.3 %
Equity ratio in %	%	**41.2 %**	39.8 %	-
Working capital employed	EUR million	**309.0**	307.2	0.6 %
Capital employed	EUR million	**922.1**	911.1	1.2 %
ROCE in %	%	**4.9 %**	5.5 %	-
ROE in %	%	**6.2 %**	7.2 %	-
Net financial debt	EUR million	**292.9**	311.3	-5.9 %
Gearing ratio in %	%	**47.3 %**	50.1 %	-

SOCIAL	Unit	2019	2018	Change in %
AMAG Group employees	full-time equivalents[1)]	**2,000**	1,959	2.1 %
Proportion of women[2)]	%	**14 %**	13 %	-
Staff turnover rate[2)]	%	**6.3 %**	6.9 %	-
TRIFR accident rate[2)]		**2.9**	2.3	26.1 %
CIP suggestions submitted[2)]	total	**14,629**	14,522	0.7 %

INNOVATION	Unit	2019	2018	Change in %
Share of specialty rolled products	%	**43 %**	40 %	-
Research & development expenses	EUR million	**15.5**	15.1	2.7 %

ECOLOGY[2)]	Unit	2019	2018	Change in %
Tonnes of aluminium scrap processed	tonnes	**364,600**	366,300	-0.5 %
Specific energy consumption	kWh/tonne	**1,160**	1,145	1.3 %
Specific CO_2 emissions	tonnes CO_2/tonne	**0.16**	0.16	2.5 %
Specific service water withdrawal	m^3/tonne	**5.7**	5.6	1.8 %

1) Average number of employees (full-time equivalents), including contract workers and excluding apprentices. Includes a 20% pro rata share of the labour force at the Alouette smelter, in line with the equity interest.

2) Figures excluding the 20% interest in the Alouette smelter

FINANCIAL REPORT 2019

FOR REASONS OF SUSTAINABILITY, YOU WILL FIND THE FINANCIAL REPORT ON OUR WEBSITE

https://www.amag-al4u.com/en/investor-relations/financials-reports.html

In the interests of responsible resource utilisation and making use of the opportunities offered by digitalisation, extensive Annual Report 2019 is not being printed in full this year.

The magazine accompanying the Annual Report 2019, which contains the most important information on AMAG and its business performance in 2019, is also available as a print version.
A digital version of the financial report is available on the website.

The user-friendliness of the extensive digital version has been noticeably improved by using the landscape format.

GROUP MANAGEMENT REPORT

Group management report

COMPANY PROFILE

AMAG Austria Metall AG combines top product quality, efficient production, a broad product portfolio comprising a high specialties component and aluminium recycling expertise in a unique manner. **(GRI 102-1, 102-5)**

AMAG's headquarters are located in Ranshofen, Upper Austria. At Ranshofen AMAG produces, firstly, recycling foundry alloys. These are delivered to the manufacturing industry in the form of ingots and sows, as well as in the form of liquid aluminium, and are deployed especially in form casting. Secondly, at the Ranshofen site we produce high-quality aluminium rolled products in the form of sheets, strips and plates. The broad product range comprises high-strength materials, tread plates, bright products, brazing sheets, foil stock for the packaging industry, precision plates and cathode plates. These products are deployed in many different industrial sectors, such as aviation, automotive, packaging, construction and engineering. **(GRI 102-3, 102-6)**

The rolling slabs required to manufacture rolled products are largely produced at the company's own wrought alloy casthouse. The primary material base for the two casthouses consists on average of around 75 to 80 % recycled aluminium scrap which derives especially from processing industries and products that have reached the end of their lifecycle, as well as from the internal Group materials cycle. As aluminium can be recycled without loss of quality, aluminium scrap can be reintroduced repeatedly into the value chain and utilised to manufacture high-quality aluminium products.

AMAG also holds a 20 % interest in Canada's Alouette smelter, the largest smelter in North and South America. This smelter produces primary aluminium in the form of low-profile sows and is one of the primary material suppliers for the Ranshofen site. Production occurs through the efficient deployment of hydroelectric power, thereby operating with exemplary net environmental impact, especially in terms of CO_2 emissions. Alouette's alumina supplies are secured by its owners. Its raw material requirements are covered by large mining companies and raw materials traders. **(GRI 102-4, 102-9)**

COMPANY STRUCTURE

AMAG Austria Metall AG, as the Group holding company, manages its business through its four operating divisions – Metal, Casting, Rolling and Service.

METAL DIVISION

The Metal Division includes the 20 % interest held in the Alouette smelter, and is responsible within the AMAG Group for the production of primary aluminium, the control of metal flows, the hedging of AMAG's operating companies against aluminium price risk and the marketing of primary aluminium. Located in Canada, the Alouette aluminium smelter is one of the most efficient in the world, benefitting from a secure long-term energy supply in a politically stable country.

CASTING DIVISION

The AMAG Group's Casting Division recycles aluminium scrap in order to produce high-quality foundry alloys. Its product portfolio covers aluminium materials tailored to customer requirements in the form of ingots, sows and liquid aluminium.

ROLLING DIVISION

The AMAG Group's Rolling Division is responsible for the production and sale of rolled products (sheets, strips and plates), as well as precision and rolled plates. The rolling mill specialises in premium products for selected markets. The company's rolling slab casthouse supplies the rolling mill with rolling slabs, predominantly comprising a very high scrap proportion.

SERVICE DIVISION

Along with the Group management, the Service Division's portfolio includes facility management (building and area management), energy supplies, waste disposal, and purchasing and materials management. As a consequence, this division creates the preconditions for the operating divisions to focus on their respective core businesses.
(GRI 102-2, 102-7)

NON-FINANCIAL STATEMENT

SUSTAINABILITY STRATEGY

The company's successful development and growth over recent years shows that commercial success and sustainability go hand in hand. AMAG pursues a growth strategy within an expanding market with its increasing specialisation based on a sustainable supply of input materials, relying on long-term customer relations, a stable ownership structure and qualified employees. The new rolling mill in Ranshofen is the most modern in the Western world. Over the past ten years, around one billion euros has been invested in AMAG's corporate development and growth track.

In 2019, the "AI4future" strategy process was launched in order to identify upcoming challenges in time and in order to derive appropriate measures, taking into consideration the growth course the company has adopted. The strategy process has shown that AMAG is on the right track. AMAG thereby remains true to its basic orientation, concentrating on its strengths in the casting, rolling, heat treatment and recycling of aluminium. The aim is to continue to grow, together with its customers, as a reliable premium supplier of special products. Enhancing the vertical depth of manufacture and internationalisation comprise the strategic action areas for minimising the risks arising from global trade policy developments.

According to current forecasts, demand for aluminium rolled products and primary aluminium will increase continuously in the coming years. The automotive and aviation industries represent special growth drivers in this context. Demand for lightweight construction solutions to reduce energy consumption and CO_2 emissions is the main growth driver in the automotive sector. The aviation industry also relies on aluminium and expects a significant increase in passenger numbers over the next twenty years. Aluminium offers material properties such as corrosion resistance and high strength at low weight – benefits that are in demand in this sector. Areas of relevance for AMAG such as food and pharmaceutical packaging, buildings (façades, lighting), electronics as well as sports and leisure equipment are also to be highlighted. Furthermore, growth in mechanical and plant engineering as well as in cooling and air-conditioning equipment is indirectly connected to such areas.

In addition to the focus on specialty products, the expansion of recycling expertise will continue to shape AMAG's successful course in the future and will gain further significance for the company and its stakeholders. AMAG has been very well positioned in this area for many years. With a scrap utilisation rate of 75-80 %, AMAG is the largest aluminium recycler at a European location. The expansion of the recycling centre as well as research & development work in the recycling area (key concept: "science of dirty alloys") are essential factors in maintaining the high scrap utilisation rate.

Digitalisation and expertise building are important elements for meeting future challenges. In order to make targeted progress in this area, the main action areas were defined and summarised in a Digitalisation Compass. AMAG is currently working through these action areas step by step.

In 2018, AMAG underwent a comprehensive review in accordance with the ASI Performance Standard (ASI = Aluminium Stewardship Initiative). AMAG was the first integrated recycling, foundry alloy and rolling mill site worldwide to confirm the highest sustainability standards at its Ranshofen site. For 2020, AMAG has set itself the goal of certification in accordance with the ASI Chain of Custody Standard (CoC). This certification forms the basis for the sale of so-called "ASI Aluminium". Aluminium which may be sold as ASI Aluminium guarantees environmentally compatible and socially acceptable production and processing throughout the entire process chain, from extraction of the raw material to the high-quality end product.

AMAG's efforts in the energy sector earned the company a public award in 2019. With its "optimal energy use through heat recovery" project, AMAG won the Energy Globe 2019 award in the "Air" category. With 187 participating countries, the Energy Globe is the world's most important environmental award.

The fact that sustainability is a continuous process is illustrated by the sustainability program, which links strategic goals with specific measures to continuously improve corporate performance. **(GRI 102-14)**

CONTRIBUTION TO ACHIEVING SUSTAINABLE DEVELOPMENT GOALS (SDGS)

In September 2015, the United Nations General Assembly adopted Agenda 2030 for sustainable development as well as 17 global targets. With these goals, the international community aims to promote global economic progress and social justice while respecting our planet's ecological needs. The goals provide a general framework for companies to make a positive contribution to economic and social development. Each target has specific sub-goals to be achieved by 2030. Governments, business and civil society have a role to play in meeting development challenges.

AMAG is aware of its responsibility to minimise the negative effects of corporate activities and maximise the positive effects on the environment. The aluminium industry is expressly committed to pursuing SDGs. European Aluminium (EA), of which AMAG is a member, has, in the course of preparing the Sustainability Roadmap 2025, identified key SDGs and thematic areas where the aluminium

sector either has a significant economic, ecological and social impact or exerts a crucial influence on its stakeholders' assessments and decisions. **(GRI 102-11, 102-12)**

The roadmap[1] identifies four priority areas which the aluminium industry is expected to work towards by 2030:

- Energy efficiency and clean energy: Driving forward technological improvements and innovations to increase energy efficiency and switch to renewable energies.
- Education: Building a strong employer brand for all genders with a focus on a strong societal reputation, capable of attracting the best minds for the required innovations.
- New business models: Development of sustainable solutions that are circular in nature, and improving aluminium recycling (through intelligent design, collaboration within the value chain).
- Cooperation on innovations: Redefining cooperation along a long-term political framework beyond conventional boundaries.

With the presentation below, AMAG aims to provide an overview of its contribution to the SDGs and the roadmap. As part of the further development of its sustainability management, AMAG focusses on those SDGs that can be significantly influenced by corporate activities. The strategy of profitable and sustainable growth forms the foundation.

For the following five SDGs, AMAG makes a special contribution to achieving the related goals:

SDG	Description	AMAG-related topics	AMAG contribution
7	**Affordable and clean energy**: Ensure access to affordable, reliable, sustainable and modern energy for all	Energy & emissions, innovation	Purchasing electricity from renewable energy sources, use of heat recovery, improvement of the energy content of scrap for the smelting process, optimisation of input materials within the framework of R&D projects
8	**Decent work and economic growth**: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	AMAG as an employer, training and development, occupational health and safety, diversity and equal opportunities, supply chain, innovation	Employee development, continuous learning, code of conduct, ensuring employee rights and cooperation with trade unions and employee representatives, responsible procurement management, investments in the Ranshofen site, R&D and customer orientation, continuous improvement process
9	**Industry, innovation and infrastructure**: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	AMAG as an employer, innovation, raw materials and recycling	Investments in the Ranshofen site (including expansion of recycling expertise), product development, innovation in production (including through digitalisation)
12	**Responsible consumption and production**: Ensure sustainable consumption and production patterns	Raw materials & recycling, supply chain, innovation	Promotion of recycling management, maintenance of 75-80 % scrap utilisation rate, promotion of the use of aluminium products that enable CO_2 savings (especially lightweight construction in the transport sector), responsible procurement management
13	**Climate action**: Take urgent action to combat climate change and its impacts	Energy & emissions, raw materials & recycling, innovation	Maintaining a 75-80 % scrap utilisation rate, use of renewable energy sources, energy efficiency, promotion of energy savings through innovative technologies

(GRI 102-11)

1) See European Aluminium, European Aluminium & the Sustainable Development Goals

SUSTAINABILITY MANAGEMENT

Sustainability forms part of AMAG's business model and corporate strategy. Responsibility for this lies at Management Board level and is transferred to the management structure with clearly defined areas of responsibility. As the uppermost supervisory body, the Supervisory Board performs its duties in relation to the company's economic, ecological and social responsibility. The AMAG Executive Management Team (Management Board and the managing directors of the individual companies) cover sustainability-related topics based on reports and submissions from the specialist departments.

The Management Systems specialist area coordinates sustainability management with the areas of Occupational Safety, Quality Management, Energy, Environmental & Risk Management, Continuous Improvement Process and Sustainability. The head of this area reports to the Management Board. The heads of the specialist areas are responsible for implementing the sustainability goals. The corporate governance report presents general information about the company's management structure. **(GRI 102-18)**

The aim is to be able to compete, offer AMAG customers added value and make a contribution to society. AMAG is committed to the principles of the Austrian Corporate Governance Code, and consequently to responsible corporate governance and control systems oriented to delivering sustainable value creation. **(GRI 102-12)**

The consistent integration of sustainability is reflected in, among other things, the fact that AMAG has once again been included in the VÖNIX, the sustainability index of the Vienna Stock Exchange, for the 2019/2020 period. This index lists those Austrian companies that are leaders in terms of social and ecological performance.

Sustainability management at AMAG is based on the following principles:

- **Prevention:** In order to avoid burdens for human beings and the environment as best as possible, related hazards are dealt with at an early stage, and on a forward-looking basis. In this context, AMAG operates certified management systems focussed on occupational health & safety, the environment, and energy efficiency, as well as an extensive risk management system and an internal controlling system. **(GRI 102-11, 103-2, 103-3)**
- **Efficiency:** When developing plants, processes and products, AMAG factors in resource and energy efficiency, as well as the minimisation of environmental impacts. AMAG thereby orients itself to the guiding sustainability principle of "adding value through appreciation".
- **Balance:** The broad positioning by sector and products, as well as in terms of the geographic markets AMAG supplies, ensures a high degree of balance and stability. Comprehensive sustainability activities in the various corporate divisions ensure that sustainability management functions systematically and is continuously improved.
- **Materiality:** AMAG focusses on its operating activities' significant economic, environmental and social effects, and maintains constant dialogue with its stakeholders in order to ascertain important topics.
- **Completeness:** The principles of transparency, up-to-date status and completeness enjoy top priority in internal and external corporate communication. AMAG communicates promptly and comprehensively with relevant stakeholder groups about key topics relating to its business activities.
- **Flexibility:** AMAG perceives changes to its economic and social environment, as well as new challenges posed by customers and markets, as an opportunity, and meets them with great flexibility.
- **Innovative spirit:** Researching technologically challenging questions, the development of marketable applications, and continuous process and product improvement are an expression of AMAG's innovative spirit. **(GRI 102-11, 103-2)**

RISK MANAGEMENT

Risk management integrates both ecological and social aspects in the interests of sustainability. It is of crucial importance to effectively utilise scarce resources in a manner that is forward-looking, efficient and effective, to make decisions about new investments and (business) activities on a timely and risk-oriented basis, to avoid "accidents", and to be as best prepared as possible when accidents do occur. A sufficiently high level of risk awareness at all organisational levels of AMAG is indispensable in this context, as well as a greater assumption of responsibility by all individuals involved. Active risk management counteracts risks from business operations. These include operational, personnel and business risks as well as ecological and social risks. Based on the risk strategy approved by the Management Board, the current risk situation is evaluated annually and a catalogue of risk-minimising measures and supervisory tasks is defined. The risk and opportunity report contained in the management report presents more details on this topic. In the course of determining key topics, a risk assessment is performed in relation to sustainability issues in accordance with the Sustainability and Diversity Improvement Act (NaDiVeG). **(GRI 103-2, 103-3, 102-11)**

KEY TOPIC	Major risks	Potentially negative effects	Stakeholder requirements/expectations	NaDiVeG issues	AMAG handling
Energy and emissions	Security of energy supply and energy price volatility, climate change, intensified ETS trading, CO_2 tax and legal regulations (climate targets), reputation risks, dependence on suppliers	› Environmental effects due to greenhouse gases (effects due to emissions during electricity generation; effects due to emissions during the combustion of natural gas/diesel/propane gas) › Gas & dust emissions (e.g. deterioration of air quality, damage to health, impairment of local flora and fauna, increase in the greenhouse effect)	Environmental compliance, transparency & information, reduction of the ecological footprint, energy-efficient production, no environmental incidents, minimum environmental impact, project cooperation	Employee issues, social issues, environmental issues	Management handbook, environmental and energy management system, certifications (ISO 14001, ISO 9001, ISO 50001), internal process instructions, increased use of renewable energies, promotion and implementation of ASI standards, high scrap utilisation rate
Innovation	Insufficiently sustainable business models and future-viable products, substitution by alternative lightweight materials with comparable material properties, intensity of competition, technological upheavals in individual customer industries and manufacturing processes	› Products with high environmental impact in the context of future regulations › Insufficient quality and delivery performance › Patent infringements › Market losses, sharp reductions in revenue and earnings › Contract terminations	Reduction of the ecological footprint, resource-saving production, competitiveness, technological development, early recognition of trends	Employee issues, environmental issues	R&D partnerships, R&D investments, market monitoring, development partnerships with customers, R&D steering committee, science and technology advisory board, fault probability and effect analyses
Recycling and raw materials	Availability of raw materials and scrap, price volatility of raw materials, health risks for people and the environment, discrimination, violation of human rights and protection of local communities, lack of social standards in the supply chain	› Raw materials scarcity and conflicts › Land utilisation (loss of biodiversity) › Effects of emissions during production › Fines › Loss of customers due to human rights violations › Loss of reputation	High scrap utilisation rate, reduction of the ecological footprint, resource-saving production, commitment to ASI certification, compliance with social standards and legal conformity	Environmental issues, human rights	Investments in sorting technologies, master agreements with long-standing suppliers, responsible sourcing process, compliance rules and compliance check of AMAG suppliers, assessments and audits, memberships in relevant initiatives (e.g. ASI, EA, GDA, OEA), code of conduct, cooperation with customers, supplier evaluation, promotion and implementation of ASI standards
Occupational health and safety	Inadequate safety and healthcare at the workplace, reputation risks, attractiveness in the labour market	› Accidents at work › Impaired employee health (sickness rates) › Costs for the social system › Criminal and civil penalties › Loss of know-how due to absences › Image loss	Compliance with legal requirements regarding occupational health and safety, certifications, no accidents, safe working environment, dialogue/communication/information	Employee issues	Guidelines, safety instructions, ad hoc training, safety steering committee (SILAS), safety officers, contractor safety training, certifications (ISO 45001, ISO 14001, ISO 9001), audits, "zero accident strategy", occupational health, seal of approval for workplace health promotion
Training and development	Loss of empirical knowledge, technological change (future-critical areas such as IT, automation), attractiveness in the labour market	› Employee availability › Loss of know-how › Employer brand	Professional expertise, attractive training and further education opportunities and programs	Employee issues	Talent management, qualification programs, training and further education programs, employee target and development discussions, dual vocational training

Compliance	Discrimination, risks of corruption and bribery, anti-competitive behaviour, price fixing, violation of legal conformity or contractual terms, data security	› Loss of reputation › Damage to business › Fines › Competitive disadvantages › Criminal prosecution of employees › Data loss › Disclosure of confidential information	Integrity and legal compliance	Anti-corruption and bribery, diversity	Compliance system, training, guidelines, code of conduct, supplier policy, compliance check, data protection agreements, data security

STAKEHOLDER ENGAGEMENT

As a globally operating, forward-looking industrial company, AMAG is required to identify sustainability topics, set corresponding targets, and instigate requisite related measures. Communication and dialogue with stakeholders plays a central role in identifying relevant topics in this context. For AMAG, important stakeholders include groups, institutions or individuals with which the company has a direct or indirect relationship through its business activities, and which consequently have an interest in AMAG's activities. AMAG is in dialogue with all groups, and offers different formats for communication.

As a company, AMAG must constantly strike a balance between a wide range of different stakeholder expectations. Not only is it important to AMAG to engage in open and constructive communication and thereby promote mutual understanding and trust, but it is also the case that issues that are significant from stakeholders' point of view and in terms of sustainable corporate development can only be continuously identified through dialogue.

An internal working group determined the stakeholder groups that are relevant to AMAG. Important criteria identified in this context included a direct or indirect relationship to corporate activity, and its economic, social and environmental effects. **(GRI 102-42)**

MEMBERSHIPS AND PARTNERSHIPS

AMAG cooperates with industry and aluminium associations in order to create a level playing field in aluminium production, among other objectives. It also supports the development of international framework legislation on climate change and greenhouse gas emissions, and actively participates in the debate on solutions to these challenges. Furthermore, AMAG is actively involved in initiatives aimed at promoting the recycling of aluminium and material responsibility, and is a founding member of the Aluminium Stewardship Initiative (ASI). In 2019, AMAG was a member of the following associations and lobby groups:

- A2LT – Austrian Advanced Lightweight Technology
- AAI – Austrian Aeronautics Industries Group
- ASI – Aluminium Stewardship Initiative, an initiative to create a sustainable standard for the aluminium value chain – from responsible corporate management through to meeting environmental standards as well as social standards
- ASMET – Austrian Society for Metallurgy and Materials
- Automobil Cluster – cross-sector network to support automotive sector companies
- BIR – Bureau of International Recycling
- Christian Doppler Research Association
- C.I.R.A. – Cercle Investor Relations Austria
- EA – European Aluminium
- GDA – German Aluminium Association
- GDMB – Society for Mining, Metallurgy, Resource and Environmental Technology
- ÖGfZP – Austrian Society for Non-Destructive Testing
- Federation of Austrian Industries (IV)
- ÖVFA – Austrian Association for Financial Analysis and Asset Management
- respACT – Austrian business council for sustainable development
- VDM – German Association of Metal Dealers
- VNL – Association for Network Logistics
- WGM – Semifinished Metal Products Wholesalers Association

(GRI 102-12, 102-13)

REGIONAL AND SOCIAL COMMITMENT

Support for local communities forms part of stakeholder engagement. As a leading company within the region, AMAG meets its social responsibility by deploying financial resources, and by making donations of materials and other tangible assets. The building blocks are donations, sponsoring and the commitment of employees.

Sponsorship activities in the vicinity of the company headquarters cover the four areas of education, social affairs, sports and culture. The development and further training of children, young people and adults is promoted as part of educational sponsorship. Many projects in the social sphere are supported, including as part of the AMAG Social Award. Another part of the spending is devoted to sport, in particular youth development and local sporting events. Various cultural institutions are supported as part of cultural sponsorship.

Employees can become socially involved as part of the annual AMAG Social Award. The main aim is to highlight the value of voluntary work. Employees are invited to submit social projects for consideration by an independent jury which decides whether to provide support. The key criterion is that aid should directly benefit disadvantaged individuals or people in need within the region. Support is given in the form of financial or in-kind donations to organisations (such as hospitals or nursing homes) or individuals. The winning project of this year's Social Award was a music and light therapy installation for a kindergarten for children with special needs. AMAG assumed the costs of the therapy installation.

SPENDING ON LOCAL SUPPLIERS AND REGIONAL ADDED VALUE

Significant orders worth a total of EUR 82.6 million in Upper Austria, including EUR 51.3 million in the Innviertel region, were awarded in the 2019 financial year. Thanks to the high proportion of orders awarded locally and the prominent presence of suppliers' personnel at the site (accommodation, gastronomy, commerce), companies within the region and the federal state of Upper Austria benefit from the growth path of AMAG. **(GRI 204-1)**

STAKEHOLDER MANAGEMENT PROCESS

AMAG's stakeholder management is based on the standards of the Global Reporting Initiative (GRI). AMAG pursues a structured approach:

- Stakeholder mapping
- Dialogue, integration and exchange
- Evaluation of feedback and communication

The identification of stakeholders and the continuous and systematic analysis of their issues and expectations forms a cornerstone of stakeholder management. Stakeholders are involved on an ongoing basis. In addition to the online stakeholder survey conducted annually to date via the website, a wide variety of dialogue formats are used. These include questionnaires (through regular customer satisfaction assessments, social media, employee app), annual target attainment discussions with employees, personal discussions and dialogue at local, national and international level about cooperation in bodies and associations, topically related stakeholder events at the Ranshofen plant, participation in trade fairs and conferences, and communication through social media.

The feedback that AMAG receives from its stakeholders flows into the orientation and activities of sustainability management. AMAG regularly assesses how these are perceived by stakeholders. In doing so, the company also addresses critical issues. In the year under review, local surveys on current stakeholder issues were conducted, especially regarding biodiversity and the ongoing environmental impact assessment at the Ranshofen site.

On the topic of biodiversity, a number of citizens formed a group relating to necessary tree felling in the context of the dying out of young ash shoots. The group expressed concerns about the subsequent loss of noise protection and about the general protection of the forest. AMAG takes such objections seriously and relies on dialogue.

Furthermore, during the 2019 reporting year, a citizens' initiative was formed, which expressed concerns regarding AMAG's application to the EIA authority of the Upper Austrian provincial government for an environmental impact assessment on the "capacity expansion for the smelting of aluminium and casting of rolling slabs". The project was announced by the EIA authority in an edict of July 12, 2019, GZ AUWR-2019-318159. Comments were received from many people, especially neighbours. The aim of the environmental impact assessment is to conduct an official assessment of the potential environmental impact of the extension in advance of its realisation. The citizens' initiative expressed concerns about a possible increase in traffic, increased CO_2 emissions and noise, the additional withdrawal of water for the production process and increased air emissions. The environmental impact assessment is still ongoing and the relevant authorities are examining the concerns. AMAG also takes these concerns seriously and initiated a public information event, during which the project was presented to the respective members of the public. **(GRI 102-43, 102-44)**

The following table lists AMAG's stakeholder groups, formats and their key topics.

STAKEHOLDER GROUP	Stakeholder	Communication and collaboration formats		Key topics 2019
Shareholders and investors	› Shareholders › Banks › Investors	Frequency: continuous/quarterly › One-on-one meetings with investors and owners › Financial reporting (quarterly) › Plant visits	› Shareholders' General Meeting › Investor conferences › Roadshows › Investor fairs	Health and safety, compliance, energy, innovation and products, raw materials and recycling, corporate strategy, water
Business partners	› Customers › Suppliers › Science and research	Frequency: continuous › Working groups › Audits › Reporting practice › Complaints management › Research projects › Communicating through social media › Partnerships with universities, talks	› AluReport customer magazine › Customer satisfaction measurement › Trade fairs and specialist conferences › Training activities › Company website › Plant visits › Science and technology advisory board	ASI (Aluminium Stewardship Initiative), compliance, emissions, innovation and products, climate protection, responsibility in the supply chain, quality management, raw materials and recycling
Employees	› Applicants › Management › Employees	Frequency: continuous › Intranet (newsletter) › Career fairs › Communication via social media, employee app › Continuous improvement process (CIP)	› Employee surveys and meetings › Employee discussions › Events › Dialogue with employees and management	AMAG as an employer (employment development, work-life balance, remuneration system), occupational health and safety, education and training, diversity and equal opportunities, raw materials and recycling, innovation, environmental protection
Public	› Neighbourhood › NGOs › Media › Competitors › Associations	Frequency: continuous › Active collaboration in associations and bodies › Working groups › Questionnaires › Reporting of non-financial information › Communicating through social media	› Cultural sponsorship › Press relations, conferences, interviews, one-on-one meetings › Stakeholder survey › Events and dialogues › Plant visits	ASI, occupational health and safety, compliance and environmental law (environmental impact assessment), raw materials and recycling, energy, emissions, digitalisation, AMAG as an employer, water, biodiversity, transport
State bodies	› Public authorities › Legislators › Policymakers	Frequency: continuous › Dialogue, specialist discussions and talks › Authorisation procedures › Stakeholder survey	› Opinions › Plant visits	Emissions, energy, raw materials and recycling, transport, compliance and environmental law (environmental impact assessment)

(GRI 102-40, 102-43, 102-44)

MATERIALITY ANALYSIS

Which sustainability-related topics are important for AMAG's growth, innovative ability and reputation? What is relevant for stakeholders, such as shareholders, customers and employees, or for the public? Where and how does business activity have a negative or positive impact on society and the environment? AMAG must know the answers to these questions if it is to be successful as a company in a sustainable manner, i.e. in economic, ecological and social terms.

A materiality analysis is utilised in order to systematically examine which topics are particularly important for the orientation and focus of AMAG's sustainability reporting. In addition to the internal company view, the materiality analysis reflects stakeholders' expectations and interests. It is conducted at regular intervals to identify key issues and forms the basis for the content of the non-financial statement.

The materiality analysis comprises three steps:

1. Internal topic selection and evaluation:

In an internal materiality process, AMAG identifies particularly important issues from a company perspective, with the involvement of external sustainability experts and including industry and sustainability standards, regulatory guidelines, market trends, company and stakeholder interests. In the course of this process, the business activities' significant effects and risks in relation to sustainability issues are also taken into consideration in accordance with the Sustainability and Diversity Improvement Act (NaDiVeG). The focus here is on the potentially negative effects on the interests according to NaDiVeG. A review is also conducted as to whether the priority of a topic has changed from an internal perspective, whether a topic is no longer considered essential or whether a new topic must be classified as material.

2. Stakeholder assessment:

In a further step, AMAG's stakeholders can evaluate sustainability issues and AMAG's performance in a permanent and open online survey, which is available on the website. Stakeholders are invited to assess the issues that are of particular importance to them. They also have the opportunity to identify other topics that may be relevant to them. This step-by-step approach makes it possible to compare the results of the internal and stakeholder assessments. For the present report, the results of the online survey were evaluated for the period 2018 to October 2019. A total of 134 participants from all defined AMAG stakeholder groups took part in the survey.

Stakeholders confirmed the eight key issues from the internal materiality analysis. The topics with the highest materiality included occupational safety and health protection, training and further education, raw materials and recycling.

3. Validation and definition of topics for reporting:

With the involvement of internal and external sustainability experts, the results of the internal materiality process and the results of the current stakeholder survey were compared, and the contents for this report were derived from them. The results of this process are finally approved for reporting by the Management Board.

KEY TOPICS

This process has resulted in an updated list of eight key issues that form the basis of the sustainability program. These include topics which are considered highly relevant by both stakeholders and AMAG and in which the possibilities for working towards sustainable development are great. As an additional dimension, the relevance of the topics for AMAG's business performance was evaluated. This enables an integrated view that combines the topics' sustainability context and their economic significance for the company. **(GRI 102-47)**

The following table provides a classification of the eight key issues relating to aspects of the Global Reporting Initiative and issues under the Sustainability and Diversity Improvement Act:

KEY TOPIC	GRI aspect	Issues according to NaDiVeG[2]
Compliance	Compliance, equal treatment, anti-competitive behaviour	Anti-corruption and bribery, diversity
Innovation	No related aspect	Environmental issues
Energy	Energy	Environmental issues
Raw materials	Materials	Environmental issues, human rights
Recycling	Materials	Environmental issues, human rights
Emissions	Emissions	Environmental issues
Occupational health & safety	Occupational health & safety	Employee issues
Training and development	Training and development	Employee issues

(GRI 102-47)

SUPPLEMENTARY SUSTAINABILITY ISSUES

To ensure that sustainability issues are dealt with in the report in a comprehensive, transparent and balanced manner, supplementary sustainability topics are reported in addition to the key topics. The online stakeholder survey conducted in the year under review and ongoing stakeholder involvement also revealed that the following supplementary sustainability topics are of interest: Supply chain and procurement responsibility, human rights, employer issues (e.g. employment development, customer relations, equal opportunities and diversity, compensation, work-life balance, corporate culture) and environmental issues such as water, waste and biodiversity.

SUPPLEMENTARY SUSTAINABILITY ISSUE	GRI aspect	Issues according to NaDiVeG[2]
Waste	Waste	Environmental issues
Water	Water and wastewater	Environmental issues
Biodiversity	Biodiversity	Environmental issues
Employment development	Employment	Labour and social issues
Human rights	Procurement practices and compliance	Respect for human rights
Customer relationship & consistent customer orientation	No GRI aspect available	Social issues
Responsibility in the supply chain and procurement	Materials	Social and environmental issues
Equal opportunities & diversity	Diversity and equal opportunities	Diversity

2) Sustainability and Diversity Improvement Act

SUSTAINABILITY PROGRAM (GRI 103-2, 103-3)

KEY TOPIC	Target	Measures (extract)	Target date for measures	Status of measures
Sustainable corporate governance				
Compliance	Continuous further development of compliance systems: No violations	› Reviews of legislative amendments	-	Ongoing
		› Review of compliance guidelines	-	Ongoing
		› Training courses for individuals in confidentiality areas and participation in relevant events (compliance seminars, further training)	-	Ongoing
		› Compulsory e-learning courses for all employees affected and in-depth training for data protection coordinators	2020	In implementation
		› Implementation of an information security management system with subsequent ISO 27001 certification	2020	In preparation
		› Implementation of legal data protection regulations (basic data protection regulation and EU regulations)	-	Ongoing
Innovation and sustainable products				
Innovation	Increase in AMAG's speciality share by 1.5 % (shipments in tonnes) per year; research transfer and greater depth of scientific research through an annual number of at least 3 new dissertations and at least 12 ongoing dissertations	› Partnerships with institutes in multi-year projects and expansion of the scientific network › Continuous development of dissertation candidates to foster long-term relationships › Developing special products and efficient production processes › Tapping new applications for AMAG products › Driving digitalisation forward (automation, simulation, data exchange, statistical analyses within the framework of Big Data, tracking) › Boosting materials efficiency, alloy optimisation › Qualification of new plants and processes › Certification according to further international standards › Extending the value chain (e.g. mechanical processing) › Science and technology advisory board: Implementation of recommendations	-	Ongoing
Employees				
Occupational health & safety	Reduction of the TRIFR accident rate as part of the "zero accidents" strategy to a target level of ≤ 2.0 in 2020; long-term TRIFR target level of 1.0 by 2024	› Regular information and measures on recent incidents to promote safety-conscious behaviour	-	Ongoing
		› Additional safety tours in production areas		
		› Fifteen-minute safety sessions: Holding weekly safety briefings on current incidents and training sessions	-	Ongoing
		› Awareness-raising concept for occupational safety	-	Ongoing
		› New workwear and personal protective equipment project		
		› Priority action on carcinogenic substances	-	Ongoing
			2021	In preparation
			-	Ongoing

Training and development	Qualification and development of all employees: Increase the number of training and further education courses to an average of two days per employee in 2020	› Preparing training sessions in appropriate learning formats › Creating a training program based on evaluating individual requirements › Focussed talent management (including via the "Young Talents" and "Management Tools" program)	- 2020 -	Ongoing In preparation Ongoing
Sustainability in the value chain				
Raw materials	Certification according to the "Chain of Custody Standard" of the Aluminium Stewardship Initiative for the sale of sustainable aluminium (product chain certification)	› AMAG intends to be certified for the Aluminium Stewardship Initiative's Chain of Custody Standard. AMAG has started related preparations	2020	In preparation
Recycling	Production growth retaining around 75-80 % scrap utilisation rate	› Expanding recycling capacities and expertise in the scrap sorting area › Expansion of closed-loop relationships with customers › Expansion of the supplier base in Europe	- - -	Ongoing Ongoing Ongoing
Environmental protection				
Energy	Continuous improvement of energy-related performance, taking into consideration the Energy Efficiency Act, which prescribes energy efficiency measures amounting to 0.6 percent of the previous year's energy consumption	› Implementation of the "Optimal Energy Utilisation through Heat Recovery" flagship project, making waste heat from the casting plants usable for heating purposes › Optimising the hall heating from the new cold rolling mill by means of heat recovery › Energy savings through more efficient hall lighting (LED instead of conventional lamps) › Increase of energy efficiency through process and plant optimisation › Raising employee awareness through training and workshops › Incentive scheme for suggested improvements to save energy through the continuous improvement process	- - - - - -	Completed Ongoing Ongoing Ongoing Ongoing Ongoing
Emissions	Reduction of specific CO_2 emissions and the impact of business activities on the environment	› Implementation of the flagship project "Optimal Energy Utilisation through Heat Recovery" › Expansion to include connection of the rolling mill east and south areas to the hot water network and integration of the compressor station › Transport: Optimising logistics processes	2019 2020 -	Completed In implementation Ongoing

SUSTAINABLE CORPORATE GOVERNANCE

PERFORMANCE:

› No compliance violations recorded
› Roll-out of online compliance training

In order to be perceived as a trustworthy partner by shareholders, customers, business partners, employees and society, compliance with all relevant laws, voluntary commitments and internal regulations as well as fair competition are of the utmost importance.

KEY TOPIC: COMPLIANCE

Compliance principles form the basis of fair business behaviour and lay the foundation for social dialogue, especially with suppliers and business partners. Breaches of laws and illicit and non-compliant behaviour can entail far-reaching social and commercial effects. Stringent compliance with the company's own and legal requirements is essential to ensure the trust of the stakeholders in the long term. Violations can lead not only to fines and loss of sales revenues, but also potentially to a loss of reputation. The data security topic is becoming increasingly important as information technology advances. Threats such as hacker attacks, data loss or the disclosure of confidential information pose significant risks to information security. **(GRI 103-1)**

Target

No violations.

Management approach

AMAG has a comprehensive compliance system. Related regulations are contained in the AMAG anti-corruption, commercial representative, anti-trust, data protection and issuer compliance guidelines. The guidelines are reviewed annually in accordance with the internal control system (ICS), updated as necessary and distributed in a regulated process. Training courses are also offered. The Compliance Committee reports on relevant compliance issues to the Management Board on a regular basis. In addition, the Management and Supervisory boards are informed about the progress made in the further development of the compliance management system.

The AMAG code of conduct supplements the guidelines. This governs dealings with business partners, shareholders and employees and forms the basis of daily activities. The code of conduct can be found on the company website together with the compliance regulations for suppliers. The compliance rules are communicated actively to all suppliers and are integrated into our general purchasing terms and conditions. AMAG's suppliers are expected to comply with these principles. **(GRI 102-16)**

As a listed company, AMAG is subject to the provisions of the EU Market Abuse Regulation ("MAR") and Directive ("MAD") as well as the Austrian Stock Exchange Act on the principles for the dissemination of information and on organisational measures to avoid insider trading within the company. To implement these legal provisions, the Issuer Compliance Directive is in force, which is reviewed and updated at regular intervals. An issuer compliance officer and a deputy compliance officer monitor compliance with these relevant provisions. They report directly to the Management Board on issuer compliance matters.

A compliance committee consisting of heads of the following departments is responsible for implementation:

AREA	Department responsible
Issuer compliance	Investor Relations
Anti-trust law	Legal
Anti-corruption	Legal
Code of conduct	Strategy & Communication
Guidelines	Strategy & Communication
Risk management	Purchasing
Data protection	IT & Legal

The heads of the respective departments work together on the ongoing updating of the compliance management system, reporting within their area of responsibility to the Management Board. Ongoing audit checks and an internal control system (ICS) secure the compliance system.

AMAG employees can anonymously report misconduct and violations of laws or guidelines: either directly via the compliance officer or via a compliance hotline. The hotline can be used to anonymously report possible violations within the company (violation of the code of conduct, internal regulations, legal provisions).

The protection and security of personal data is important to AMAG. Personal data is only collected, processed and used to the extent absolutely necessary for operational purposes. The handling of such data is subject to stringent legal regulations. The highest priority is placed on the technical protection of personal data against unauthorised access. **(GRI 103-2)**

Central measures

- Further development of the compliance system
- Reviews of legislative amendments
- Review of compliance guidelines
- Training courses for individuals in confidentiality areas and participation in relevant events (compliance seminars, further training)
- Compulsory e-learning courses for all employees affected and in-depth training for data protection coordinators
- Implementation of an information security management system with subsequent ISO 27001 certification
- Implementation of legal data protection regulations (basic data protection regulation and EU regulations)

All compliance measures defined in 2019 were implemented as planned. Quarterly meetings of the Compliance Committee were held in the 2019 reporting year, as well as basic compliance training for new entrants in the salaried and industrial workforce. Employees who were newly included in the insider register also received compliance training. In addition, anti-corruption and anti-trust law training courses were held for the executive and management team, for employees of the sales offices and for selected employees who might come into contact with anti-corruption and/or anti-trust law issues during their activities. Work is currently underway to convert the classroom training courses into e-learning formats.

Required documents and guidelines have been checked to ensure that they are up-to-date and in compliance with legal requirements. The AMAG code of conduct was reviewed and updated in 2019. Two new directives in the customs and export controls area came into force. The new customs handbook regulates compliance with all legal requirements of customs law. The new directive on foreign trade law and export control regulates compliance issues in cross-border trade. Online training for various compliance areas was rolled out in November 2019. In future, staff training will be performed annually using this tool.

The implementation of an information security management system (ISMS) was also launched. This serves to enhance the effectiveness, efficiency and security of IT services and business processes within AMAG and fulfils contractual and legal requirements. AMAG is currently working on certification according to the ISO 27001 standard. The aim is for certification in 2020. This international standard defines the requirements for the production, introduction, operation, maintenance and improvement of a documented ISMS. Individual IT risks within the entire organisation are also taken into consideration in order to ensure comprehensive data protection and information security.

Results

In 2019, no proceedings due to anti-competitive behaviour or violations of anti-trust and monopoly law were reported or ascertained at AMAG. Moreover, no significant fines were paid due to non-compliance with laws and regulations in the social and business area in 2019. **(GRI 103-3, 206-1, 419-1)**

Next steps

Online training for various compliance fields was rolled out in November 2019. In future, staff training will be carried out annually using this tool.

SUPPLEMENTARY TOPIC: HUMAN RIGHTS

Target

Compliance with basic human rights principles at AMAG and its suppliers.

Management approach

As a supplier of high-quality aluminium products, AMAG endorses the values enshrined in the Universal Declaration of Human Rights and the core conventions of the International Labour Organisation based on the non-discriminatory respect for the dignity of the individual. As a founding member of the Aluminium Stewardship Initiative, the company actively contributes to sustainability and transparency along the aluminium value chain and promotes the implementation of responsible practices. Adherence to human rights is required by the ASI and is checked in the course of ASI certification.

Human rights in relation to suppliers are anchored in the compliance rules for suppliers. These are communicated actively to all suppliers and are integrated in the general purchasing terms and conditions. The principles set out within these terms and conditions include the fair treatment of employees in relation to appropriate working hours, regular leave and performance-based compensation. Employees are treated according to the principle of equal opportunities without distinction on the basis of race, colour of skin, sex, religion, membership of a group, origin or other status. The relevant standards of the International Labour Organisation are complied with, particularly the non-involvement in child labour, forced labour or debt bondage. Employees are granted the right to form or join an independent workers' representative body.

Employees can anonymously report misconduct and violations of the law or guidelines – including those relating to human rights – via the compliance hotline. Even before the EU's General Data Protection Regulation (GDPR) came into force, AMAG had already implemented comprehensive implementation measures to ensure data protection compliance. In particular, a Group-wide data protection guideline was introduced, a data protection team with members from the Legal and IT departments was formed, and data protection coordinators were appointed. In addition, company agreements on employee data protection and binding, internal data protection regulations were concluded with all sales subsidiaries, and processes for data subject rights and data breakdowns, including procedural instructions, were introduced. The data protection declaration can be viewed on the AMAG website.

Central measures

The AMAG code of conduct was rolled out throughout the company.

Results

In 2019, no violations of human rights were reported.

INNOVATION AND SUSTAINABLE PRODUCTS

PERFORMANCE:

- Innovations increasingly contain digital components
- Partnerships become even more important
- Recycling becomes a key factor for success
- Qualification of the new contour band saw

AMAG's research strategy aims to enhance competitiveness through developing customer-specific solutions to problems, as well as dedicated special products, thereby making important contributions to its growth strategy. A high level of specialisation, state-of-the-art production technologies and far-reaching digitalisation play an important role in this context. R&D activities also include optimisation of material properties and efficient materials deployment. AMAG focusses here on collaborating with key customers from technologically challenging sectors with high innovation potential (e.g. automotive, aviation).

Research and development efforts are focussed on:

- The manufacturing of products that promote the use of aluminium and its sustainable development
- The deployment of R&D and technology to ensure optimal operation
- The new and further development of recycling technologies for the optimal utilisation of materials
- Increasing the share of specialty products for tailor-made customer solutions
- The improvement of process stability, productivity, costs and safety through the use of digital possibilities

KEY TOPIC: INNOVATION

AMAG's innovation and R&D activities are the driving force behind greater competitiveness and the development of customer-specific solutions as part of its strategy of profitable growth. Many of the product innovations directly or indirectly address current and global social and ecological topics such as fossil resource shortages, recycling, climate change and mobility. AMAG focusses especially on solutions enabling closed-loop concepts with customers, reducing environmental impact (e.g. lightweight design components) and offering new and improved application potential. **(GRI 103-1)**

Target

Increase in AMAG's speciality share by 1.5 % (shipments in tonnes) per year; research transfer and increase in the depth of scientific research through an annual number of at least three new dissertations and at least 12 ongoing dissertations.

Management approach

Responsibility for the coordination of research, development and technology of the individual companies lies with the Corporate Technology department, whose management reports directly to the Chief Operating Officer. The department is responsible for the development and implementation of the R&D strategy, cooperation with (non-)university research institutes, the new and further development of products and processes, application-oriented materials development and the IP strategy for the screening, safeguarding and exploitation of intellectual property. The operating companies also have their own technology areas. The focus in the casthouse is on recycling, metallurgy, metal analysis and casting technologies. In the rolling mill, focus areas include sector-specific materials and product development, process optimisation and materials inspection. This accredited testing centre with its departments consisting of metallography/physics, surface technology, chemical analysis, environmental measurement, and materials inspection, delivers not only the test results, but also the data necessary for assessing R&D test results.

Research partnerships range from basic research and conventional contract research to specific product development. AMAG supports bachelor, master and dissertation projects, is a partner in the Christian Doppler Laboratory and participates in several COMET expertise centres (Materials Center Leoben, Pro²Future, AC²T). Last but not least, an endowed professorship at the University of Leoben is being financed and work is being done in several working groups throughout Europe in the materials development area. Such measures serve to develop both expertise and personnel. Further partnerships exist with the University of Leoben, the technical universities of Vienna and Graz, ETH Zurich, Friedrich-Alexander University of Erlangen-Nuremberg, Johannes Kepler University Linz, LKR Leichtmetallkompetenzzentrum, the FELMI-ZFE Institute for Electron Microscopy and Nanoanalytics – Austrian Centre for Electron Microscopy, Technical University Bergakademie Freiberg, the COMET centres Pro²Future and Materials Center Leoben, and the Max Planck Institute for Iron Research in Düsseldorf.

Global partnerships have also been established in the testing technology area, and are utilised consistently. Important activities include collaboration in committees and working groups as well as in research projects initiated within these, such as at European Aluminium (EA), and in very varied standardisation bodies such as the Austrian Standards Institute, the German Institute for Standardisation, and the Austrian Society for Non-Destructive Testing (ÖGfZP). **(GRI 103-2)**

Central measures

- Partnerships with institutes in multi-year projects and expansion of the scientific network
- Continuous development of dissertation candidates to foster long-term relationships
- Developing special products and efficient production processes
- Tapping new applications for AMAG products
- Driving digitalisation forward (automation, simulation, data exchange, statistical analyses within the framework of Big Data, tracking)
- Qualification of new plants and processes
- Certification according to further international standards
- Extending the value chain (e.g. mechanical processing)
- Science and technology advisory board: Implementation of recommendations

AMAG is supported by a science and technology advisory board in the further development of products and processes. This body is concerned not only with aluminium product development, but also with ensuring the sustainable development of a pool of experts within the company. The advisory board comprises a total of six professors from the University of Leoben, Vienna University of Technology, Graz University of Technology and the Max Planck Institute in Düsseldorf, thereby representing all expertise areas along the process chain required to cover the current specialist topics. In addition to an evaluation of existing products, a redefinition of specialty products – which represent a key pillar in AMAG's success strategy – was undertaken together with the science and technology advisory board in 2019. In the course of the redefinition, relevant megatrends were taken into consideration, scientific literature was consulted, and business partners' activities and future development topics were analysed. The revised criteria for the definition of specialty products included high barriers to market entry, complex manufacturing steps, product patents, a small number of competitors, and others. According to the updated definition, AMAG's share of specialty products has been growing steadily for many years, with the current level standing at 43 % (2018: 40 %). In this context, two special products should be mentioned as examples. Firstly, a patented alloy with greatly improved hardening potential at lower temperatures. Secondly, a patent-pending natural hard alloy which enables difficult forming operations for visible components.

The 2019 year was characterised by the ramp-up and optimisation of the plant park as well as preparation for longer-term challenges. In addition to completing current investments, work was also conducted on increasing the new facilities' potential. For example, the product portfolio was expanded to include a new contour saw for contour cutting of aluminium plates, thereby deepening the value chain. The new contour saw, the ramp-up of which was started in 2019, will produce contour cuts, from which especially the aviation industry will benefit. The advantages of contour cuts lie in the improved material utilisation ratio ("buy-to-fly ratio"), which delivers significant ecological advantages. Thanks to the lower transport weight, CO_2 is saved, and the cutting waste and sawdust produced is recycled directly in AMAG's sorting facilities. Additions to the value chain to increase the share of specialties are also being worked on.

At present, work is being done on certification according to the Japanese Industrial Standard, JIS. The audit has been completed and the certificate is expected to be awarded in 2020. This certification can be regarded as a seal of quality for aluminium, and enjoys great recognition in the Japanese aluminium market.

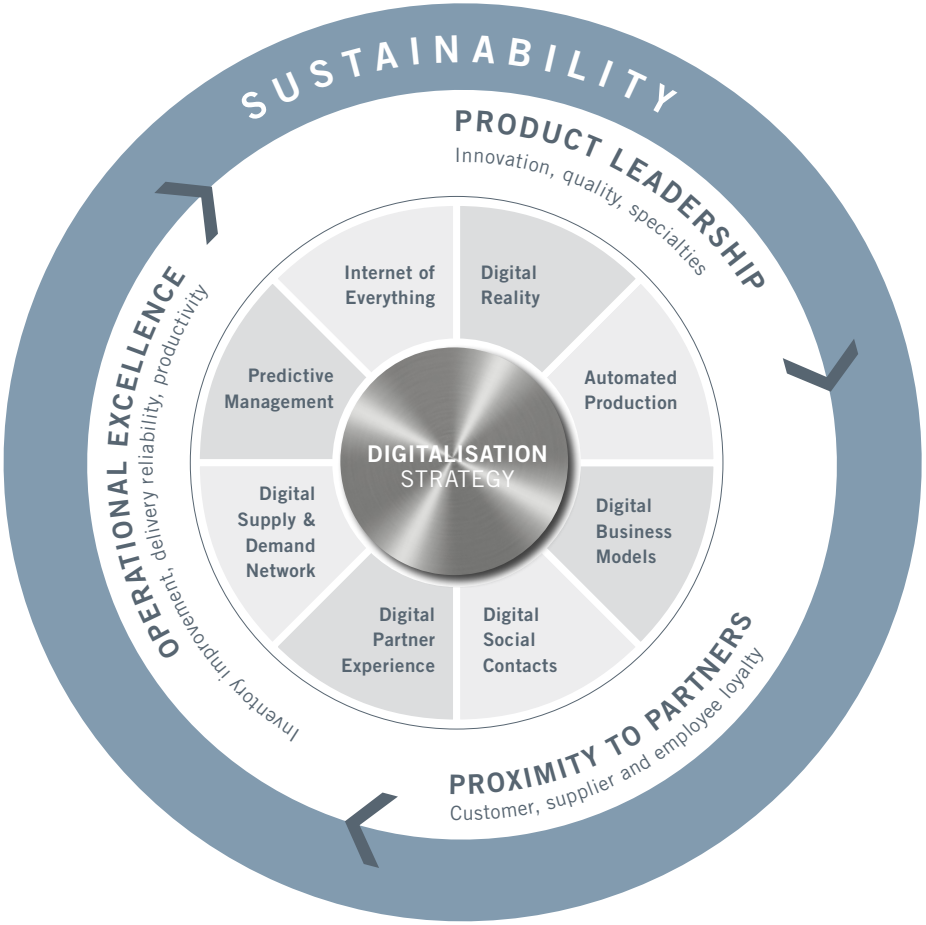
In the 2019 reporting year, activities in the digitalisation area were further intensified in order to strengthen customer, supplier and employee relationships through the "digital partner experience". The strategic thrust in the digitalisation area has been summarised in a Digitalisation Compass. It comprises the three goals of "operational excellence", "product leadership" and "proximity to partners" with eight defined action areas. With sustainability functioning as the overall guiding concept, all digitalisation activities must deliver economic, ecological and social benefits.

In particular, the expansion of the data infrastructure ("predictive management" action area) with the help of Big Data solutions contributes to the efficient storage, preparation and processing of large volumes of data in the production area. This allows process limits to be better set and negative influences to be counteracted in a targeted manner, leading to more stable processes and lower product tolerance fluctuations. As part of its digitalisation strategy, AMAG is currently examining the challenges and opportunities presented by Big Data. The findings from the physically based simulation with the digital twin are currently being supplemented by findings from the statistical analysis of large data volumes.

In the "digital supply & demand network" area, a new warehouse management system was implemented in order to optimally implement higher delivery volumes and rising delivery requirements. Extended Warehouse Management (EWM), which was introduced in cooperation with the logistics partner SSR (Speditionsservice Ranshofen), integrates the customer's material and transport flow into AMAG's existing software architecture. In order to ensure 100 % surface controlling, three systems are currently utilised for automated surface inspection in the production area, and another is currently being installed, enabling the detection of defects that are difficult to detect in the normal production process.

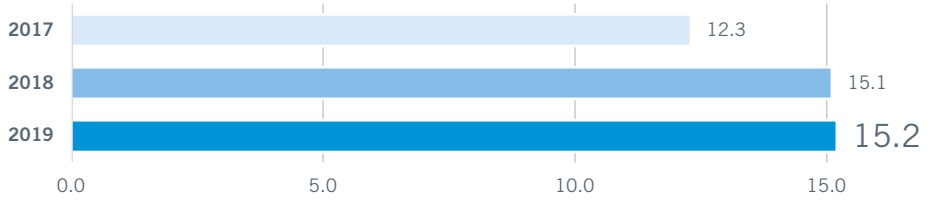
In addition, emphasis has also been placed on the process simulation area, with AMAG now in a position to utilise digital aids in order to simulate key aspects along the entire value chain ("digital reality" action area). In 2019, a fully automatic knife making robot went into operation at the slitting shear. This represents a further step towards Industry 4.0 and increases the efficiency and quality in cutting aluminium strip. The plant is mainly used for the production of strips of solder clad material.

DIGITALISATION COMPASS



Similarly, numerous measures have been undertaken in the data analysis expertise area. For example, two employees specialising in data analysis have been engaged to improve process efficiency and stability. To enable the tracking of product data, the software of Austrian company coilDNA ("digital business models" action area) will be used in the future. By printing a division-invariant coilDNA code, data generated during the production process can be transparently assigned to each segment along the strip lifecycle. The data is available to all parties involved in the supply and production chain at any time as required. This allows the properties of the final product to be improved and the quality to be monitored continuously. The position-accurate scanning of the material properties (e.g. gauge, dry lubricant consistency) of each aluminium strip raises the integration of producer and processor to a new level.

RESEARCH AND DEVELOPMENT EXPENDITURES IN RANSHOFEN IN EUR MILLION



Results

In the 2019 financial year, the AMAG Group's research and development expenditures amounted to EUR 15.5 million, of which EUR 15.2 million was spent in Ranshofen (2018: EUR 15.1 million). In 2019, a total of 155 employees (as of the December 31 reporting date/individuals) were engaged in R&D and innovation activities. This corresponds to an increase of 10 % compared to the previous year (2018: 141 employees). **(GRI 103-3)**

Next steps

Activities in the recycling area are being intensified (expansion of digital solutions). Work is being done at product level to increase production flexibility.

SUPPLEMENTARY TOPIC: CUSTOMER RELATIONSHIP & CONSISTENT CUSTOMER ORIENTATION

Customer expectations are crucial to AMAG's product development, service and quality assurance. Accordingly, AMAG has set itself the goal of further deepening its understanding of customer requirements and customer relations. The company thereby aims to improve its processes and performance and to prove compelling to customers through excellent service. AMAG's customers are active in various industries, such as the transport industry with a focus on the aviation and automotive sectors, the construction and mechanical engineering industry, the sporting goods and electronics industry and the packaging industry, as well as renewable energy generation. Sustainable long-standing customer relationships create a trusting basis for collaboration and the expansion of business relationships. AMAG works closely with customers on new product development. Such ongoing development work and the long-term nature of the partnerships concerned thereby form the basis for the company's sustainable growth.

Target

Acquisition of new customers and long-term retention of existing customers by deepening understanding of customers and providing high-quality aluminium products.

Management approach

The integrated Ranshofen site with its rolling mill and casthouse, combined with a primary metal base secured through the interest held in the Alouette smelter in Canada, enables AMAG to respond quickly and flexibly to customer needs.

In order to support AMAG's growth course, the position of Chief Sales Officer was filled. Victor Bregunccі took over this function on June 3, 2019. With his many years of industrial and sales experience, he supports AMAG in its strategic development and the continuation of its growth course. Sales are handled by company headquarters and supported by the sales offices. All companies have set up quality management systems that serve the continuous review and improvement of customer satisfaction. The AMAG management system is regularly certified. Ongoing audits represent an important tool to identify risks and potential improvements. AMAG's special strength lies in its employees' creative potential and commitment. The continuous improvement process (CIP) gives them the opportunity to play an active role in shaping working processes. If the employees' suggested improvements are implemented successfully, they receive bonuses based on the proposals' net benefit. This actively promotes a culture of change and constant improvement.

In order to deepen customer relations, AMAG relies on a Customer Relationship Management (CRM) solution. The Net Promoter Score (NPS) has been used as a uniform standard since 2015 in order to measure customer satisfaction. This internationally recognised methodology measures on a scale of 0-10 the extent to which customers would recommend the company to others. The findings are used to initiate improvement measures.

A further focus is on product development. AMAG's integrated site with casthouses and rolling mill, and its geographic proximity to the strong industrial regions of Southern Germany and Austria, make technological further development and intensive customer service easier. The rolling slab casthouse enables the rolling mill to react flexibly to customer requirements. In addition to the direct exchange that takes place in customer discussions, communication instruments such as independent surveys and stakeholder discussions at trade fairs and events are used to take customer demand into account.

Deliveries of top-quality branded products to AMAG customers include AL4 aircraft, AL4 anodising, AL4 architecture, AL4 automotive, AL4 brazing, AL4 consumer electronics, AL4 foundries, AL4 grip, AL4 industry, AL4 packaging, AL4 protection, AL4 tooling, AL4 trailers, AL4 transportation, AL4 trim, AL4 sports and AL4 Zn smelters. **(GRI 102-2)**

Central measures

To strengthen the distribution of aluminium rolled products in the global automotive industry, an agreement on a partnership with Marubeni Corporation and Marubeni-Itochu Steel was signed in Tokyo in 2019. The joint activities are initially focussed on the Japanese market. However, the agreement also provides for an extension of the cooperation to the markets of Europe, China, USA, Mexico, India, Thailand and South Korea. The first orders in Japan and Mexico have already been concluded in this new sales partnership.

AMAG is certified in accordance with IATF 16949 for automobile manufacturers and AS 9100 for aviation. With the commissioning of a new cladding station, future customer requirements for corrosion-resistant aluminium sheet and strip, especially from the heat exchanger and aviation industries, are being met. Plating technology is mainly utilised in the production of primary material, so-called brazing material, for cooling systems and heat exchangers in vehicles, buildings, machines and plants.

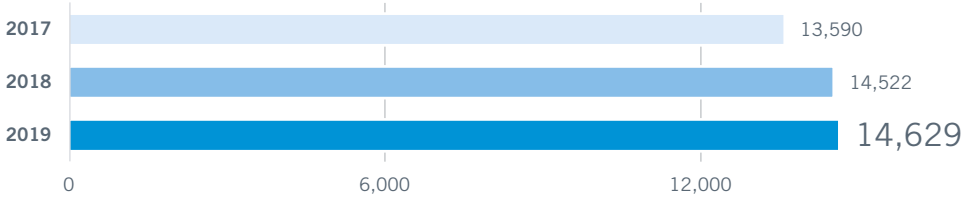
The 2019 reporting year was marked by two major trade fairs, the S.I.A.E. International Paris Air Show 2019 and Aluminium China 2019 in Shanghai. As an exhibitor, AMAG welcomed numerous international customers to both events, informing them about current developments at the new plant as well as about the expanded product portfolio.

Results

During the 2019 reporting year, more than 2,000 customers were contacted in the NPS online survey, of which around 280 reported back to AMAG. The NPS derives from the difference between the so-called promoters in percent (customers who would strongly recommend AMAG) and critics in percent (customers who would only recommend AMAG to a limited extent or not at all). The NPS has risen slightly compared to the previous year and reflects this year's satisfactory performance. In addition to the NPS, the customers' satisfaction with product quality, delivery performance, technical support, innovative strength, sustainability commitment and customer satisfaction were also measured. The quality of the products and technical advice is particularly well emphasised by the customers. In comparison with its most important competitor for the respective customer, AMAG was rated the same or better in all areas. AMAG's commitment to sustainability is rated as good across the board.

A total of 14,629 proposals for improvements were submitted in 2019, of which around 77 % were implemented. A major focus in 2019 was placed on the theme of proposal quality, and a guideline for ideas management was created.
Focus workshops were held on the topics of quality and energy saving as well as energy efficiency. Other CIP topics in 2019 included waste elimination, the further development of CIP standards, occupational safety and resource efficiency. **(GRI 103-3, 103-2)**

NUMBER OF SUGGESTIONS AS PART OF THE CIP



Next steps

A strategy process was initiated in 2019 in order to grow together with customers and to identify upcoming challenges in good time.

EMPLOYEES

PERFORMANCE:

› TRIFR accident rate has risen
› Focussed talent management expanded for the systematic development of employees

Mutual appreciation, trust and fairness in dealing with employees and regional partners form the cornerstones of business activity. Qualified and motivated staff comprise a key element in AMAG's success. Through constant further development in the areas of occupational health & safety as well as customised training and further education offerings, the necessary foundations and optimal framework conditions for employees are created. An open communication culture via information letters and the consistent involvement of employees, including through recurring employee satisfaction surveys, form essential components of AMAG's personnel policy.

KEY TOPIC: OCCUPATIONAL HEALTH & SAFETY

As one of the largest employers in the Innviertel region, AMAG has a special responsibility towards its employees. Two thirds of the workforce are engaged in production. For this reason, maintaining mental and physical health as well as performance is particularly important. In addition to risks to the health of their employees, a functioning occupational safety scheme can also help companies reduce reputation risks. As a consequence, companies and their employees can benefit equally from a safe working environment. **(GRI 103-1)**

Target

Reduction of the TRIFR accident rate as part of the "zero accidents" strategy to a target value of ≤ 2.0 in 2020; long-term TRIFR target value of 1.0 by 2024.

Management approach

In the occupational safety area, the principle is "zero tolerance for accidents". The Management Board and the management are responsible for performance in this area. Their task is to set strategic goals and ensure continuous improvement. Occupational safety forms part of the Management Systems department and is based on the four pillars of workplace evaluation, incident/safety audit database, legal compliance and machine safety. Extensive safety instructions and training measures, safety audits, and workshops as part of the continuous improvement process (CIP) help to achieve the targets. In order to minimise hazards, the causes of recorded incidents (near misses, accidents, dangerous situations) and the implementation and effectiveness of the countermeasures taken in response are continuously analysed. Certifications and occupational safety committees contribute to this, in parallel with guidelines and safety instructions. Processes and standards in the occupational safety area are aligned with the new international EN ISO 45001 standard, certified, and integrated into the existing management system. It is a matter of great concern to AMAG that all external companies working at the company headquarters also operate as safely as possible. Safe collaboration with employees of external companies is regulated by a digital safety instruction with self-test, which has to be verifiably performed by the external companies' operative employees. The central principles and requirements relating to work safety and human rights are described in the compliance regulations for AMAG suppliers.

All employees and contract workers are represented by formal employer-employee committees for occupational health and safety. The highest supervisory body is the Safety Steering Committee (SILAS). The efficacy of occupational health and safety is monitored every six months by SILAS under the direction of the Management Board. SILAS decides on the safety and health policy and evaluates the effectiveness of occupational health and safety on the basis of the defined performance indicators as well as legal compliance. It decides on necessary corrective measures and initiates working topics and groups. Its members include the operating companies' managers, occupational health and safety managers, the Occupational Health department, the Personnel department and the Group Works Council. This system is supplemented by regular safety audits.

The Occupational Health and Safety Committee deals with the safety incidents that have occurred and the measures that have been introduced, as well as key issues from safety audits and various evaluations and key figures. It defines improvement measures in the occupational health and safety area and decides which additional topics SILAS is to deal with. A safety expert is also available, who is responsible for advising supervisors and employees on safety issues, steering occupational safety legislation and establishing contacts with and reporting occupational accidents to external organisations.

Safety representatives inform and support employees on health and safety issues. They also ensure that protective measures are applied and that appropriate precautions are in place and applied.

With the help of internal and external audits, AMAG regularly checks whether the occupational safety system is effective and meets international standards. Separate internal audits are also carried out after each serious accident. The 2019 audit results have shown that the occupational safety system is working. In addition to audits, occupational safety key figures also help in the investigation of causes and enable a comprehensive risk analysis. This enables the identification of areas where efforts must be intensified, as well as the derivation of preventative measures. AMAG is working intensively on further reducing accidents.

AMAG's Occupational Health department, which forms part of its Personnel department, is the central point of contact for all health-relevant topics, such as first aid, medical examinations, healthcare and advice. AMAG is a holder of the seal of approval for company health promotion (BGF), one of the highest national awards for companies in the employee health area. The health-oriented measures for employees at the Ranshofen site are particularly effective in the domains of occupational safety, ergonomics, nutrition and psychosocial healthcare. The promotion of occupational health is included continuously and consistently in as many relevant processes as possible at AMAG, and is integrated into the existing CIP system. This enables every employee to contribute to the CIP process with suggestions and solutions concerning health-related issues. Employees and their representative bodies are actively involved in occupational health and safety meetings at the individual companies. **(GRI 103-1, 103-2, 403-1, 403-2, 403-3, 403-4, 403-5, 403-8)**

Central measures

- Regular information and measures on recent incidents to promote safety-conscious behaviour
- Additional safety tours in the production areas
- Fifteen-minute safety sessions: Holding weekly safety briefings on recent incidents and training sessions
- Awareness-raising concept for occupational safety
- New workwear and personal protective equipment project
- Priority action on carcinogenic substances

In order to draw attention to safety incidents in the production area and promote safety-conscious behaviour, eighteen ad hoc training sessions were held in the 2019 reporting year.

To simplify the digital recording of additional safety tours in the production areas, the employees responsible for this were provided with a mobile phone app with 16 checklists as a basis for evaluation. In the run-up to the implementation of the app, around 40 users were trained on how to conduct the tours as well as how to work and edit the app.

With a new awareness-raising concept (workshops with managers and the safety representatives), stronger measures were taken to counter the increasing frequency of accidents. The concept provides for training of new employees after the start of work, and includes general instructions, on-site inspections with visits to the plants as well as information on special hazards. In order to raise the status of the safety officers in the company, their workwear has been labelled (like a first-aider), and the safety officers have been involved in safety tours.

A further measure is the equipping of the employees in the Rolling Division with new workwear and new protective helmets. The implementation date for the conversion to the new workwear is planned for 2021. A "carcinogenic substances" priority action has been launched in order to identify work-related health risks. In this process, working materials are checked for carcinogenic content and, if limits are reached, measures are defined or substitutes are used.

In the occupational health area, all new employees were given employment examinations followed by a health consultation. Apprentices were offered a first-aid course as well as an awareness-raising course on addiction prevention as part of their apprenticeship training. Every year, all employees are offered the opportunity to take part in the AMAG Vital Check. This is a voluntary, free health examination with an annually changing focus, and individual health advice from the occupational physician. In 2019, record participant numbers were again achieved: 341 employees took advantage of the "Vital Check" with a focus on cardiovascular diseases. As a consequence, positive trend towards greater health awareness and healthcare is evident.

In order to increase health awareness, the offer of a vitality menu in the company canteen was continued. Courses on back fitness and free seminars on giving up smoking were offered again. Company events such as the annual AMAG ski day and participation in running events motivated employees to sporting exertions. AMAG 2019 was represented by 41 runners at the WKO Business Run in Linz. A total of 43 AMAG team runners were on the road in the Wings for Life Run in Munich for this good cause. Participation provides financial support for research into treating paraplegia. **(GRI 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8)**

Results

The TRIFR (Total Recordable Injury Frequency Rate) safety indicator is decisive for assessing performance in the occupational safety area. This reports Lost Time Injuries (LTIs) per capita plus incidents entailing medical treatment per 200,000 working hours. Travel accidents and accidents involving external employees are not included. The goal of reducing the number of accidents at work was not achieved in 2019. TRIFR reports an increase from 2.3 in 2018 to 2.9 in 2019 (TRIFR excluding contract workers: 2.7).

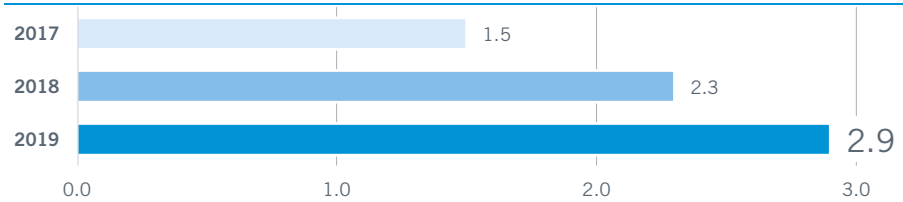
An analysis of injuries due to accidents showed that most of the occupational accidents (accidents involving absence) involved falls, tripping, trapping and cutting. AMAG is not satisfied with the accident frequency rate and has increased its efforts in the occupational safety area, particularly through its new awareness-raising concept. The increase is attributed to new employees joining plants and a lack of safety awareness, among other factors.

The rate of lost workdays (definition of LDR: number of days lost due to accidents/working hours x 200,000 hours including weekends and public holidays) was as follows in the 2019 reporting year: 108 for employees and 87 for contract workers; the number of days of absence from work for employees amounted to 1,471 days and for contract workers to 21 days. The injury rate (definition of the IR: recordable occupational accidents/working hours x 200,000 hours) in the 2019 reporting year

was 2.9 for employees and 12.4 for contract workers. The number of work-related accidents among employees amounted to 40 accidents, and among contract workers 3 accidents.[3]

Despite intensive safety measures, a fatal accident at work involving an employee of an outside company occurred in the casthouse area in September 2019. The fatal electric shock occurred during maintenance work on a switching station. The cause was the failure to comply with the necessary safety measures during repair work on a defective electrical component by the person responsible for work at the external company. In response to the accident, a special meeting was convened and reference was made to the zero tolerance strategy in the event of non-compliance with safety regulations by external employees. An ad hoc technical training course was also held for employees in the electrical engineering area. **(GRI 103-3, 403-9)**

TRIFR



Next steps

Due to the increase in the frequency of accidents, measures in the area of occupational safety will be intensified and employees will be trained accordingly as part of the awareness-raising concept.

KEY TOPIC: TRAINING AND DEVELOPMENT

In an era of digitalisation and technological change, it is all the more important for AMAG to be an attractive employer. Growing competition and demographic change present companies with major challenges. New technologies and equipment as well as digitalisation trends signify greater demands made of employees. Given this, it is of central importance for AMAG to invest in its employees, offer them opportunities and promote continuous learning.

At AMAG, learning represents an essential part of the corporate culture. Well-trained employees are a crucial factor in sustainable corporate performance and success. Especially in the age of Industry 4.0 and digitalisation, lifelong learning is not just a slogan, but the key to success. With the implementation of a Learning Management System (LMS) and digital learning, AMAG intends to introduce a company-wide tool that provides all employees with the best possible support and qualifies them for future tasks to the greatest extent. The establishment of a new "learning culture" and the integration of learning into everyday working life comprise the fundamental challenges. **(GRI 103-1)**

Target

Increase the number of training and further education courses to an average of two days per employee in 2020. The training and further education courses are intended to ensure a sustained transfer of knowledge and the necessary qualifications in accordance with legal regulations, internal company guidelines and customer requirements.

Management approach

AMAG's personnel strategy contributes to enhanced competitiveness. It is based on corporate objectives approved by the Management Board. Guidelines and instruments have been implemented in the personnel area for this purpose. Within the scope of its training and further education strategy, AMAG regards promoting and developing existing employees in the best possible way as a fundamental objective. Training and further education measures include seminars, courses, training courses, training within projects, study courses, training courses, workshops, foreman examinations, professional qualifications, participation in conferences, and coaching.

In the annual employee target setting and development meetings between employees and managers, the past year is reviewed and mutual feedback is gathered. In addition, training requirements are identified and appropriate training and further education measures are agreed upon. Participation rate in employee target setting and development meetings was 100 %. Exceptions include trainees, employees with reasons for absence (such as military/community service, parental leave) and employ-

3) Number of hours worked by employees: 2,717,770 h, contract workers: 48,431.5 h

ees with employment contracts of less than six months. In addition to the training and further education measures agreed in the employee target setting and development meetings, training and further education measures are agreed upon throughout the year. **(GRI 404-3)**

In order to meet demand for skilled workers, thorough training in ten apprenticeships is offered. As of December 31, 2019, 66 AMAG apprentices were undergoing training, 57 of them industrial and 9 commercial. AMAG trains its apprentices through applications-based training in high-tech workshops in collaboration with the Braunau Training Centre. **(GRI 103-2)**

Central measures

- Preparing training sessions in appropriate learning formats
- Creating a training program based on evaluating individual requirements
- Focussed talent management (including the "Young Talents" and "Management Tools" programs)

In the learning area, a distinction is drawn between training and further education measures (training in the conventional sense of personnel development) and document-based instructions (e.g. work and test instructions). Most of the required training courses are face-to-face events. This provides a central starting point for the implementation of a Learning Management System (LMS), because many of the approximately 2,000 documents throughout the company do not necessarily require attendance at a classroom event. Rather, employees can acquire the relevant content independently through e-learning courses. This is intended to provide employees with simple, fast and flexible access to the training content. The training content is to be didactically prepared and made available in multimedia form as small learning units.

In 2019, ALEX (Advanced Learning and Exercise) was created as a new, company-wide Learning Management System (LMS) to manage and maintain employee qualifications and ensure a sustainable transfer of knowledge. ALEX includes an e-learning platform that is designed to enable employees to learn anytime, anywhere. A team of experts in the digital learning area is converting previously analogue training and education into suitable digital learning formats (e.g. compliance training, IT awareness training etc.). In order to best meet all employees' requirements and needs, a pilot operation lasting several weeks was launched in June with over 100 employees from all divisions. The knowledge and ideas gained are incorporated into the further development of the system. In order to enable production employees without PC access to attend training courses undisturbed and in peace and quiet, a central training room with the appropriate IT infrastructure will be provided in the future.

Furthermore, work is being done on the preparation of a training program based on an individual needs assessment. To this end, the employee's competency profile is evaluated jointly between the manager and employee in the context of the employee target-setting and development interview, which has been conducted with digital support since 2019, and compared against the requirements profile of the position. On the basis of proposed training measures, an individual package of measures will be put together in future to close any gaps in competencies.

Focussed talent management takes into consideration the declining number of skilled workers as a consequence of demographic change and the rising demands made of employee skills. A separate talent pool is created through structured and mutually reinforcing training programs. AMAG offers a range of programs to support the filling of key positions and succession planning. For example, the "Management Tools" training program offers young, motivated employees structured and targeted further development in the areas of business administration, communication and management.

As part of the promotion of young talent and in preparation for the upcoming generation change, a new edition of the "Young Talents" program was launched in 2019 with 13 participants. Junior executives are prepared for future management tasks in the course of the six-part advanced training program. The program is supplemented by practice-based project work. A master craftsman academy is offered for the further development of employees who are intended for management positions in the production area. Participants receive comprehensive information on the topic of management, and AMAG internal learning and experience dialogue is also promoted.

In order to continuously raise AMAG-specific expertise and the qualifications of AMAG's workforce, employees at all hierarchical levels can participate in the "Alu-Academy". Employees are taught by experienced AMAG specialist and technical experts who pass on their specific knowledge and skills to their colleagues. Learning contents range from occupational health and safety, materials science, production processes, quality and environmental management through to teambuilding units. The groups consist of around 20 participants, with a total of 45 teaching units being held in the evening. A total of 47 employees participated in the Alu-Academy in the 2019 reporting year.

In addition to the theoretical and practical training phases in the ABZ and AMAG workshops, apprentices are offered four modules on social skills through the Apprentice Academy. They include team training, independent action, presentation, new media and rhetoric. Moreover, AMAG apprentices have the opportunity to complete their training with school-leaving certificates.

Results

In the areas of training and further education, the range of courses on offer was expanded in 2019 and skills were taught where they were needed. Employees completed a total of 36,006 training hours in the 2019 reporting year. The average annual education and training per employee amounted to 9 hours in the case of industrial workers and 11 hours in the case of salaried employees. The high number of 273 training hours in the case of apprentices is due to external training at the Braunau Training Centre. Figures do not include training and further education hours as part of the Alu-Academy as well as participation in lectures and conferences. The decline in training and further education hours is the result of the increasing focus on specialist training and further education measures, which was accompanied by a reduction in general training in the area of soft skills. **(GRI 103-3, 404-1)**

Next steps

Employees are prepared with appropriate training and development programs in order to equip them in good time with the skills required for the company's digital and cultural transformation.

NUMBER OF HOURS FOR TRAINING AND DEVELOPMENT

	2019	2018	Change in %
Total	**36,006**	**46,971**	**-23.3**
per employee	**19**	**25**	**-24.2**
per woman	**20**	36	-43.8
per man	**19**	24	-22.0
per industrial worker	**9**	11	-18.4
per salaried employee	**11**	16	-28.6
per apprentice	**273**	374	-27.1

(GRI 404-1)

SUPPLEMENTARY TOPIC: EMPLOYMENT DEVELOPMENT

Target

Demand-oriented recruitment of employees for AMAG's growth course and strengthening of the AMAG employer brand.

Central measures

The use of relevant social media channels and a wide variety of activities such as the Apprentices' Info Day and the children's holiday campaign contribute to AMAG's development and positioning as an attractive employer.

In order to make it easier to balance the demands of work and family life, a new works agreement on working hours has created more flexible working time models (adjustment of time deposits and use of time compensation). With regard to the minimum disclosure periods for organisational changes, AMAG complies with all applicable Austrian legislation and directives, and with the provisions of the collective agreement for the Austrian iron and metalworking industry. **(GRI 402-1)**

The introduction of the digital personnel file and the implementation of digital processes and workflows has increased the service level for employees ("paperless office"). A large number of part-time models also make it easier to reconcile work and family life. It goes without saying for AMAG that employees are offered attractive job opportunities after maternity/paternity leave.

Due to the continuing trend towards digitalisation, a bottleneck exists in the availability of IT specialists (especially in the SAP environment), which requires appropriate recruiting measures. Existing recruiting formats have been adapted and supplemented in order to counteract the shortage of skilled workers. For example, a digital talent pool was introduced, which enables interested parties to remain in contact with AMAG. Interested parties can register with the online pool and upload their CVs. This enables them to be informed about current issues and to be contacted by the company if a position becomes vacant.

Thanks to intensive collaboration with universities and technical colleges, as well as the successful recruitment of highly qualified personnel, the number of graduates at AMAG has risen continuously. The ratio of academic degree holders amounted to 10 % in the 2019 reporting year. The supervision of diploma theses and dissertations offers the opportunity to retain potential employees at an early

stage. In the year under review, the Department of Process Metallurgy and Metal Recycling (IME) of RWTH Aachen University and the Technical University Bergakademie Freiberg made student excursions to Ranshofen. Numerous discussions were held with students at career fairs such as ORTE at TU Freiberg, IKOM at TU Munich, Teconomy at Montanuniversität Leoben as well as at Contact in Erlangen. Furthermore, participation at information evenings at the respective universities fosters contact with students.

AMAG is also present in secondary schools such as HTL Braunau and HTL Leoben in order to attract young talent. In 2019, AMAG participated in the "Technical Coaching" at HTL Braunau. The aim is to increase interaction between students and companies, including several weeks of support during the internship and, in addition, a company coach. In 2019, a class partnership was also initiated at HTL Leoben, as part of which a school class is accompanied by AMAG over a five-year period, with lectures being held.

As a measure to recruit production staff, "job speed-dating" in the form of 10-minute job interviews on site in Ranshofen was held in 2019.

In order to offer new employees a structured induction process, comprehensive onboarding measures were launched. The measures range from a short introduction video to the new employee, a welcome folder that familiarises the employee with the strategy, products and internal processes, to introductory training courses that provide insights into the various business units.

Results

At the Ranshofen site, the number of employees in the reporting year increased by 3 % to 1,901 (December 31 reporting date/individuals). The proportion of employees to whom collective bargaining wage agreements apply amounts to 99 % (excluding respective general managers and the plenary Management Board). **(GRI 102-7, 102-41)**

A total of 1,886 employees were permanently employed and 15 employees had temporary employment contracts. At 6.3 %, the staff turnover rate has remained at a low level for years (December 31 reporting date/individuals). This includes all staff departures (excluding individuals starting retirement and employment contracts ending due to expiry or probationary periods concluding). **(GRI 102-8)**

In terms of geographic distribution, most of the workforce is based in Austria. Around 80 % of the employees at the Ranshofen location are resident in Austria, and 20 % in Germany. At senior management level (this corresponds to individuals in the first management level below the Management Board and the management), around 84 % of managers come from Austria. **(GRI 202-2, 405-1)**

The number of individuals newly employed as of December 31, 2019 amounted to 236, including 196 men and 40 women. **(GRI 401-1)**

SUPPLEMENTARY TOPIC: EQUAL OPPORTUNITIES & DIVERSITY

Target

Open approach to diversity and promotion of equal opportunities.

Management approach

Any type of discrimination, especially based on age, gender, skin colour, sexual orientation, background, religion or handicap, is rejected. This expressly implies compliance with the standards defined in the AMAG code of conduct. AMAG aims to offer all its employees equal opportunities and exploit individual differences, with equal opportunities, diversity and inclusion being promoted to this end.

All employees are trained in compliance with AMAG code of conduct. AMAG aligns itself with the UN Charter in this context, as well as with the European Convention on Human Rights. All employees have the opportunity to report suspected discriminatory treatment to the compliance manager, or through a compliance hotline.

It is important to AMAG that no differentiation is made between women's and men's pay. The compensation scheme combines a competitive basic salary with extensive benefits. The bonus system for managers includes performance-related salary components and comprises monetary targets and individual performance contributions.

Central measures

Following a ruling of the Austrian Court of Justice, since 2019 job advertisements have included the third sex (x) for individuals who are not classified as either male or female, in addition to the male (m) and female (w) sex.

AMAG is committed to equal opportunities and supports the involvement of women in technology. Particularly in recruiting activities in the production area, greater attention was paid in 2019 to increasing the proportion of women. Partnerships also exist with schools such as GirlsDay, which aim to increase young women's interest in technical professions.

Results

No cases of discrimination were reported in the year under review. The increased proportion of women shows that the measures to promote women are having an effect. As of December 31, 2019, the proportion of women in the apprenticeship category was 26 % (2018: 30 %), and 14 % (2018: 13 %) of all employees. The proportion of women in management positions stands at 7 % (2018: 5 %). **(GRI 406-1)**

A great number of female graduates from technical colleges and universities were also recruited in the area of research, development and technology. The average age of the workforce in the 2019 reporting year was 37.6 years (2018: 38.1 years).

TOTAL NUMBER OF EMPLOYEES IN RANSHOFEN (DECEMBER 31 REPORTING DATE/INDIVIDUALS)	2019	2018	Change in %
Total	**1,901**	**1,849**	**2.8**
of whom women	**261**	**239**	**9.2**
of whom with permanent employment contract	**258**	235	9.8
of whom with fixed-term employment contract	**3**	4	-25.0
of whom full-time	**179**	163	9.8
of whom part-time	**82**	76	7.9
of whom men	**1,640**	**1,610**	**1.9**
of whom with permanent employment contract	**1,628**	1,588	2.5
of whom with fixed-term employment contract	**12**	22	-45.5
of whom full-time	**1,595**	1,550	2.9
of whom part-time	**45**	60	-25.0
Leasing employees	**22**	**34**	**-35.3**
Individuals with contracts for work and services	**0**	**1**	**-100.0**

(GRI 102-8)

NEW EMPLOYEES AT RANSHOFEN (AS OF DECEMBER 31/INDIVIDUALS)	2019	2018	Change in %
Total	**236**	**227**	**4.0**
of whom women	**40**	**32**	**25.0**
of whom under 30 years	**25**	21	19.0
of whom between 30 and 50 years	**14**	9	55.6
of whom over 50 years	**1**	2	-50.0
of whom men	**196**	**195**	**0.5**
of whom under 30 years	**102**	96	6.3
of whom between 30 and 50 years	**88**	90	-2.2
of whom over 50 years	**6**	9	-33.3

(GRI 401-1)

EMPLOYEES LEAVING RANSHOFEN (AS OF DECEMBER 31/INDIVIDUALS)	2019	2018	Change in %
Total	**180**	**175**	**2.9**
of whom women	**22**	**13**	**69.2**
of whom under 30 years	**15**	6	150.0
of whom between 30 and 50 years	**5**	7	-28.6
of whom over 50 years	**2**	0	0.0
of whom men	**158**	**162**	**-2.5**
of whom under 30 years	**60**	65	-7.7
of whom between 30 and 50 years	**52**	64	-18.8
of whom over 50 years	**46**	33	39.4

(GRI 401-1)

EMPLOYEE COMPOSITION BY DIVERSITY ASPECTS	2019	2018	Change in %
Industrial workers	**64 %**	**64 %**	**-0.5**
of whom women	**3 %**	2 %	32.0
of whom men	**97 %**	98 %	-0.7
of whom under 30 years	**28 %**	30 %	-8.1
of whom between 30 and 50 years	**53 %**	51 %	4.6
of whom over 50 years	**19 %**	19 %	0.4
Salaried employees	**33 %**	**32 %**	**2.6**
of whom women	**34 %**	33 %	2.9
of whom men	**66 %**	67 %	-1.4
of whom under 30 years	**22 %**	20 %	8.9
of whom between 30 and 50 years	**53 %**	53 %	-0.5
of whom over 50 years	**25 %**	27 %	-5.6
Apprentices	**3 %**	**4 %**	**-13.3**
of whom women	**26 %**	30 %	-14.1
of whom men	**74 %**	70 %	6.1
Total employees	**100 %**	**100 %**	**0.0**
of whom with other diversity indicators (registered disabled individuals)	**3 %**	3 %	0.0

(GRI 405-1)

SUSTAINABILITY IN THE VALUE CHAIN

PERFORMANCE:

› Preparations launched for Chain of Custody (CoC) certification for sustainable "ASI Aluminium"
› High scrap utilisation rate of 79 % despite challenging product mix

AMAG'S ROLE IN THE ALUMINIUM VALUE CHAIN

Aluminium is the third most common element and the most common non-ferrous metal in the Earth's crust. The following sections describe the various stages of aluminium production and discuss AMAG's role in the value chain. With its activities, AMAG covers the areas of primary aluminium, recycling foundry alloys and rolled products – each of which have clear strengths in terms of sustainability. **(GRI 102-9)**

1 Bauxite mining, alumina and primary aluminium production: Indirect influence or control by AMAG

Bauxite is the starting material for alumina production. Bauxite deposits are located along the tropical belt, primarily in areas of Australia, West Africa, Jamaica and Brazil, which exhibit high species diversity, i.e. a great variety of plants and animals. Minimising negative impacts on biodiversity is consequently of fundamental importance for sustainable bauxite mining. This requires the needs of local communities to be taken into consideration in land conservation and use.

The Canadian smelter Alouette, in which AMAG holds a 20 % interest, is one of the primary aluminium input material suppliers for the Ranshofen site. Alouette produces high-quality primary aluminium in the form of low-profile sows utilising electrical energy, alumina and petroleum coke. In line with its 20 % interest in the smelter, AMAG is required to supply alumina for primary aluminium production.

Alouette's alumina supply is ensured through direct purchasing from alumina refinery operators or indirectly via traders, taking into consideration environmental and social criteria and compliance with legal regulations. Alouette continuously analyses the quality of the alumina the various alumina refineries supply. Corresponding sampling provides the basis for the approval of a supplying plant. The Atlantic region (especially Brazil) and the Pacific (especially Australia) are the two main alumina production regions relevant to Alouette. In addition to alumina as the raw material for the Alouette smelter, electrical energy is a major production factor, producing approximately 13,300 kWh/tonne of aluminium. By supplying electrical energy from hydropower and continuously optimizing production technology, Alouette sets industry standards in terms of energy use and CO_2 emissions. Around 13.5 % of current annual primary aluminium demand is purchased from the Alouette smelter. The largest proportion of primary aluminium in terms of volume is purchased from suppliers with which long-standing business relationships exist. Only starting material from AMAG-approved smelters is purchased.

AMAG is aware of the effects of bauxite mining and subsequent alumina production. AMAG makes valuable contributions to defining and implementing sustainable standards in the aluminium industry through membership in initiatives such as the ASI, the EA, the GDA and the OEA.

2 Manufacturing semi-finished products – casting and rolling: Direct influence or control by AMAG

The company manufactures recycling foundry alloys and aluminium rolled products at its integrated site in Ranshofen. The rolling slabs required to manufacture rolled products are largely produced at the company's own wrought alloy casthouse. The raw material basis for the casthouses consists of 75 to 80 % aluminium scrap. The rolling mill produces high-quality aluminium strip, sheet and plate for a large number of customers in various industries, such as the transportation industry (with a focus on aviation and automotive), the construction and engineering industry, the sporting goods and electronics industry, and the packaging industry. Here, the topics of energy efficiency and environmental protection are given the highest priority through the use of state-of-the-art production facilities.

3 Product manufacturing and use: Indirect influence or control by AMAG

Close cooperation with customers in a spirit of partnership enables innovative product applications to be launched. Growing customer requirements regarding high environmental standards in recycling and energy efficiency are taken into consideration in this context. AMAG focusses on innovative and sustainable products, which make a special contribution to climate protection during the lifecycle phase. In terms of the product portfolio, it is evident that more than half of the foundry alloys and rolled products are used in the mechanical engineering and transport sectors, which are of particular importance to AMAG. It is precisely in these areas that energy consumption during acceleration and travel is a central challenge, which in many cases can be solved by using optimised aluminium alloys. The increased use of aluminium can reduce weight and thereby reduce fuel consumption, e.g. in vehicles.

4 Recycling: Direct influence or control by AMAG

AMAG regards itself as a specialist in the aluminium recycling area. Thanks to extensive expertise and state-of-the-art infrastructure, almost all aluminium scrap available on the market can be processed, smelted and converted into high-quality products in the form of coils, sheets, plates, liquid aluminium or ingots. AMAG works consistently to close industrial material cycles in cooperation with business partners, whereby aluminium production waste produced by customers is returned to AMAG and thereby retained as a valuable material in the cycle.

In summary, specific environmental impacts and social impacts arise particularly from bauxite mining. Effects on biodiversity as well as waste products such as red sludge and greenhouse gas emissions, which arise between the bauxite mining and electrolysis stages during the production of primary aluminium, are to be taken seriously, but can only be influenced by AMAG to a limited extent. Thanks to energy efficiency measures, a focus on aluminium recycling, and the joining of initiatives and further development of standards for sustainable procurement in the value chain, attempts are made to minimise the negative effects. **(GRI 102-9)**

KEY TOPIC: RAW MATERIALS

The responsible use of raw materials along the value chain forms an integral element of corporate policy. For AMAG, this means greater resource efficiency and the conservation of non-renewable resources for future generations.

Target

Certification according to the "Chain of Custody Standard" of the Aluminium Stewardship Initiative for the sale of sustainable aluminium (product chain certification).

Management approach

AMAG has committed itself to the responsible sourcing of raw materials. The "Responsible Sourcing" process is carried out for all of AMAG's major suppliers and service providers (including scrap, primary metal, rolling slab and alloy metal suppliers, as well as energy suppliers and service providers). The "Compliance rules for AMAG suppliers" document forms the basis for supplier requirements and can be accessed on the AMAG website. All key suppliers and service providers must take note of and comply with the "Compliance rules for AMAG suppliers", which include environmental, social and corporate governance criteria. These rules include compliance with environmental, social and corporate governance criteria. The rules are integrated into the general terms and conditions of purchase. The process includes an assessment and risk evaluation every one to three years to prevent or counteract violations of compliance rules along the supply chain. Written consent is required. Risk reduction measures are defined for suppliers in the "high risk" category. If a supplier violates the compliance rules, remedial action is undertaken.

For the purchase of auxiliary and operating materials, overhead materials, capital goods, services and energy, AMAG makes use of a broad base of suppliers, which are selected and commissioned in a

clearly defined bidding process. The supplier relationships are performance-based and long-term oriented. AMAG gives preference to suppliers whose management systems are certified to ISO 9001/14001/45001 and operate a safety management system in accordance with SCC. Suppliers are evaluated periodically using a uniform system (vendor evaluation). In the case of equal prices and quality, preference is given to suppliers that ensure efficient energy consumption when rendering their services and enable the most energy-efficient use possible.

A compliance check process for suppliers has also been installed. Current sanctions lists are applied to systematically check suspicious or illegal activities. **(GRI 103-1, 103-2, 308-1)**

Central measures

AMAG intends to be certified for the Chain of Custody Standard of the Aluminium Stewardship Initiative. Related preparations commenced in 2019.

AMAG is a founding member of the Aluminium Stewardship Initiative (ASI), which was launched in 2012. This is an association of various stakeholders in the aluminium industry with the aim of making the production of aluminium as sustainable as possible. To this end, an independent, objective certification system has been developed that covers all steps from raw material extraction, through production and use, to the recycling of aluminium. Two standards form the core of the ASI certification program: the "ASI Performance Standard" (certification of sites or activities) and the "Chain of Custody Standard" (product chain certification). In order to achieve and maintain certification, audits are conducted by authorised external auditors. In 2018, AMAG became the first integrated recycling, foundry alloy and rolling mill location to successfully undergo certification in accordance with the Performance Standard. The company will now continue along this path with the preparations for certification according to the Chain of Custody Standard.

As part of the ASI Performance Standard, a responsible procurement process has been implemented for the purchase of raw materials and an assessment of biodiversity at the Ranshofen site has been carried out. Certification according to the Chain of Custody Standard is in addition to the ASI Performance Standard and forms the basis for the sale of so-called "ASI Aluminium". This provides an independent guarantee of the responsible production and procurement of aluminium – addressing bauxite, alumina, primary aluminium and recycled aluminium in the supply chain.

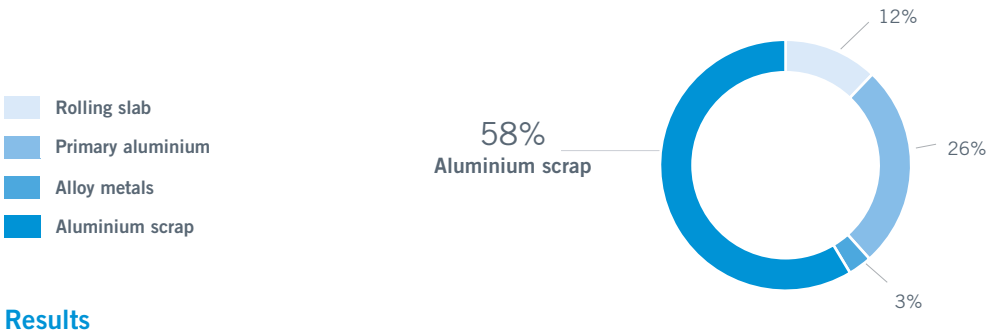
The main focus is on the flow of materials along the value chain to ensure that aluminium is produced and processed in an environmentally compatible and socially responsible manner throughout the entire process chain, from the extraction of the raw material to the high-quality end product. For example, primary aluminium that complies with the Chain of Custody Standard may only derive from ASI-certified bauxite mines and smelters. ASI-compatible secondary aluminium must be so-called "post-consumer" scrap. These are those scrap metals that have already been utilised by the end user or have served their intended purpose. This includes, for example, scrap that is produced when recycling aluminium windows or used cars. "Pre-consumer" scrap forms the counterpart of post-consumer scrap. Such scrap accumulates directly in the production plant and is recycled before the utilisation phase. Examples include offcuts from the production of semi-finished products, sprues from the casthouses or chips from the mechanical processing of semi-finished and finished products. Both types of scrap are processed at AMAG. As part of the implementation of the Chain of Custody Standard, work is currently being carried out with suppliers on this allocation of scrap.

In the external purchase of raw materials, the recyclable material aluminium scrap plays a dominant role with a share of 58 %. In the reporting period, a total of 193,200 tonnes of aluminium scrap were purchased in various forms from external third parties. AMAG has around 198 suppliers of a broad spectrum of aluminium scrap types. A total of 16 main suppliers cover 50 % of total demand. In addition, contracts exist with customers that purchase rolled products for the purchase of production waste from further processing or final production (scrap). **(GRI 301-2)**

The 87,700 tonnes of primary aluminium required for the Ranshofen site in 2019 was purchased from suppliers with which long-standing business relationships exist. Most of this is purchased on the open market at the prices defined on the London Metal Exchange. Moreover, it is also possible to purchase primary aluminium as a starting material directly from the Canadian Alouette smelter in which AMAG holds an interest. Most of AMAG's primary aluminium produced at Alouette is sold to the USA.

In addition to the rolling slabs produced in the casthouse, low-alloy rolling slabs are also purchased from third parties. The purchase of external rolling slabs amounted to 41,000 tonnes in 2019. Alloy metals, which are necessary to achieve the required material properties, are also purchased externally. Magnesium, silicon, manganese, copper and zinc are the most important metal alloys. In 2019, the purchase of alloying metals accounted for 10,700 tonnes at the Ranshofen site. No significant changes occurred to the supply chain structure during the period under review. **(GRI 102-9, 102-10, 103-2)**

Purchase of raw materials in %



Results

Preparations for certification in accordance with the Chain of Custody Standard have started as planned. **(GRI 103-3)**

Next steps

AMAG plans to obtain Chain of Custody Standard certification during the 2020 financial year.

KEY TOPIC: RECYCLING

Aluminium scrap is one of the most economically valuable secondary raw materials. Above all, the low energy requirement which, depending on the scrap utilisation rate, is only 5-10 % that of primary production, proves the sustainability of aluminium recycling. This is particularly true given the ongoing reduction of primary aluminium capacities, such as in the EU area. Recycling also serves as one of the most important factors in establishing the sustainability of aluminium as a material. Aluminium's importance is increasing at a time of shrinking raw material reserves and scarce and expensive energy.

Aluminium's resource efficiency as a sustainable material becomes evident when the material's entire lifecycle is considered – from metal extraction through to processing into semi-finished and finished products for utilisation and full recycling. Recycling conserves resources and makes an important contribution to limiting the increase in greenhouse gases. For this reason alone, it is in the aluminium industry's own interest to utilise existing scrap. At the end of the use phase of aluminium products – whether from the building industry, transport or packaging – it is consequently important to keep these products in the recycling loop by means of appropriate collection systems – end-of-life vehicle recycling, deposit systems or recycling bins. **(GRI 103-1)**

Target

Production growth maintaining a scrap utilisation rate of around 75-80 %.

Management approach

AMAG is an aluminium recycling specialist. Aluminium scrap is the most important raw material utilised at our Ranshofen site. Aluminium recycling consists of three segments: collection, processing and transformation of the scrap into a reusable alloy. Recycling efficiency depends to a great extent on scrap quality and scrap processing expertise. This exceptionally high proportion of recycled material in combination with the broad spectrum of processed scrap types is possible only thanks to our extensive knowledge of the material, production processes that AMAG has tailored accordingly, and our employees' many years of recycling expertise. In order to ensure optimum scrap utilisation, AMAG has consequently realised considerable investments in plant technology, furnace technology, residual material management and scrap processing. Internal material cycles can be closed by various smelting technologies with, for example, dross being directly converted into alloys of the same quality.

As one of the largest aluminium recyclers at one site, AMAG has been pursuing the "alloy-to-alloy" recycling goal for many years. Through targeted separation and adequate processing measures, scrap is re-utilised for analytically identical finished product alloys, thereby improving value creation to a crucial extent. **(GRI 103-2)**

Central measures

- Expanding recycling capacities and expertise in the scrap sorting area
- Expansion of closed-loop relationships with customers
- Expansion of the supplier base in Europe

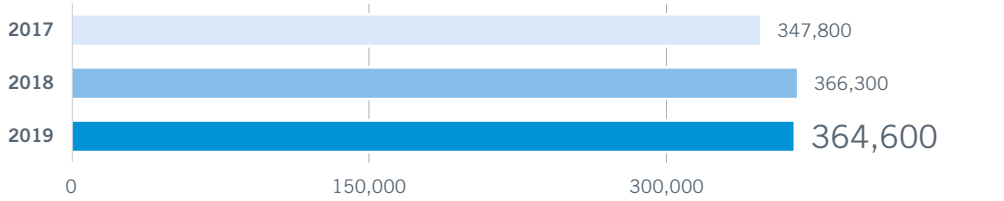
In the 2019 reporting year, recycling activities focussed on the expansion of recycling capacities and competencies in the scrap sorting area. These included optimisation measures for existing furnaces for smelting scrap and the new sensor-based LIBS sorting plant (LIBS = laser-induced breakdown spectroscopy) for the separation of aluminium alloys by type. At this sorting plant, software adaptations to enhance performance, improvements in material feeding and the development of a sampling procedure for sampling were advanced. During the ramp-up of the new tilting drum smelting furnace, improvements were initiated to increase performance, optimise energy consumption and conserve resources.

In order to expand closed-loop relationships, the purchase of scrap from aircraft that were taken out of service was stepped up. In the closed-loop process, aluminium scrap is gathered at the customer's premises, collected by AMAG and processed into high-quality products in Ranshofen. This is an efficient method to optimally reintegrate high-quality scrap into the material cycle. Material efficiency will be increased by closer integration into the customer's supply chain through joint recycling projects and initiatives. Contact was established with recyclers of decommissioned aircraft, requirements were specified, and new suppliers were qualified for the purchase of aviation scrap. First sample quantities are expected in 2020. Work was also carried out on expanding the scrap supplier base and additional suppliers were taken on and qualified.

In addition, research and development work is being significantly intensified in the recycling area, as part of which not only is ongoing optimisation achieved along the entire process chain – from scrap characterisation and smelting technology through to the final semi-finished product – but new recycling alloys are also developed. In order to increase the use of scrap for specific alloys and to better understand the influence of alloying elements, trace elements, and impurities in their interaction, increased efforts were made in the area of the "science of dirty alloys". The use of organically contaminated scrap for higher value products forms a key element in maintaining the high scrap utilisation rate. Although the composition of many scrap metals makes them suitable as feed material for primary alloys, they cannot be used in conventional smelting furnaces due to their degree of contamination and organic content (in the form of foils, paints, coatings etc.). In addition to plant improvements and additional aggregates, work is currently underway to improve the company's ability to predict the alloy composition even more accurately on the basis of data obtained from scrap sampling. Dissertations, which were initiated and conducted in the context of the science and technology advisory board in the last ten years, complement the company's internal research and development in this area.

The energy efficiency topic also plays a special role, as the scrap energy content for the smelting process, waste heat utilisation and the optimisation of input materials are continuously improved as part of R&D projects.

Scrap utilisation rate at the Ranshofen site in t



Results

In 2019, the utilisation of scrap (purchased including recycling scrap from our own production) amounted to around 364,600 tonnes (2018: 366,300 tonnes). This corresponds to a scrap utilisation rate of 79 %. Such scrap comprises both external scrap AMAG has purchased and internally recycled scrap. **(GRI 103-3, 301-2)**

Next steps

AMAG focusses on the expansion of closed-loop relationships with customers and is working on the expansion of its scrap supplier base and the acceptance and qualification of further suppliers.

ENVIRONMENTAL PROTECTION

PERFORMANCE:

- "Optimal Energy Utilisation through Heat Recovery" flagship project receives the Upper Austria Energy Globe award in the "Air" category; expansion project launched
- 100 % electricity mix from renewable energy
- Further progress in reducing emissions
- New construction of an intermediate waste storage facility for central waste collection
- Rainwater drainage further expanded
- Establishment of flower meadows and reforestation of native deciduous species

As a sustainable company, AMAG works on continuously improving its environmental performance. Its environmental management system includes compliance with all legal regulations and official requirements as well as the systematic evaluation of relevant environmental aspects and effects. The continuous improvement of operational environmental protection by avoiding or reducing environmental pollution forms an essential component. Periodic audits of defined company areas as well as the training of employees ensure the effectiveness of the management system.

KEY TOPIC: ENERGY

Aluminium manufacturing is generally very energy-intensive. A distinction is drawn between primary and secondary aluminium. Primary aluminium is produced from bauxite and subsequently from alumina by harnessing significant energy input. Aluminium scrap is utilised in secondary aluminium production. When remelting scrap, just 5 % of the energy needed for primary production is required.[4] The Ranshofen plant produces recycling foundry alloys (for external sales to the foundry industry) and wrought alloys in the form of rolling slabs as starting material for the company's own rolling mill. The rolling mill produces high-quality aluminium strips, sheet and plate. Here, the topic of energy efficiency and environmental protection is given the highest priority through the use of state-of-the-art production facilities. **(GRI 103-1)**

Target

Continuous improvement of energy-related performance, taking into consideration the Energy Efficiency Act, which prescribes energy efficiency measures amounting to 0.6 percent of the previous year's energy consumption.

Management approach

AMAG endeavours to exploit aluminium products' energy-saving potential through a high level of recycling and low energy consumption during production. The casthouses and rolling mills are the main energy consumers at the Ranshofen production site. Natural gas is utilised in the casthouses to melt and temper aluminium. The foundry alloy casthouse produces recycling foundry alloys for the processing industry, whereas the rolling slab foundry produces exclusively for its own rolling mills. Significant energy savings have been achieved over the past years thanks to the utilisation of waste heat from the furnaces to preheat combustion air using regenerative burners. In the rolling mill, most of the electricity consumed is harnessed to drive the mill stands, and electricity and natural gas utilised in the heat treatment of aluminium strips and plates.

The certification of the environmental and energy management system in accordance with ISO 14001 and ISO 50001, in addition to the CIP system, contributes to continuous improvement and resource conservation. An AMAG-wide energy and environmental programme aggregates targets and actions to reduce air emissions, wastewater, waste, and energy and resource consumption. The programme is continuously monitored and new objectives are added annually. Furthermore, state-of-the-art facilities are operated in order to minimise emissions as far as possible. The environmental and energy management system is presented in a management manual defining the structural and process organisation, as well as responsibilities. Related responsibility lies with the Management Systems department, whose head reports to the Chief Operating Officer.

The Energy Management department focusses on systematically boosting energy efficiency, achieved through consistent improvement of processes and plants as well as heat recovery. Energy management forms an integral element of the management system. The AMAG Management Board defines the

4) See European Aluminium, https://www.european-aluminium.eu/advocacy/circular-economy/

energy strategy, which forms the framework for setting energy targets, and appoints the energy officer responsible for the introduction, realisation and continuous improvement of energy management.

Energy consumption by area (plants, processes, systems) and influencing factors such as product mix are analysed constantly as part of the energy management system. Based on this, possibilities to enhance energy efficiency are identified in collaboration with the respective specialist managers. The energy evaluation also takes into consideration past appraisals as well as future energy consumption. AMAG employees also make valuable contributions to environmental protection and efficient energy utilisation as part of the continuous improvement process (CIP).

Before purchasing investments with a significant bearing on energy consumption, the company first reviews them in relation to energy-relevant criteria. In the case of investment projects, the energy officer performs this role as part of the relevance test. AMAG purchasing guidelines set out requirements for the purchasing of energy and energy-relevant purchasing criteria for facilities and products. New plants (such as smelting or casting furnaces) are state-of-the-art or exceed existing standards. **(GRI 103-2)**

Central measures

- Implementation of the "Optimal Energy Utilisation through Heat Recovery" flagship project, making waste heat from the casting plants usable for heating purposes
- Optimising the hall heating from the new cold rolling mill by means of heat recovery
- Energy savings through more efficient hall lighting (LED instead of conventional lamps)
- Increase of energy efficiency through process and plant optimisation
- Awareness raising of employees through training and workshops
- Incentive scheme for suggested improvements to save energy through the continuous improvement process

The heat recovery project, launched in 2015, which reuses waste heat from casting plants to heat halls and office buildings, was successfully completed in 2019. For this project, AMAG received the Upper Austria Energy Globe 2019 award in the "Air" category. This heat recovery project utilises waste heat from the casting process, thereby reducing AMAG's total heating requirements by up to 35 %. The utilisation of the thermal energy from the cooling water in the aluminium slab casting process is at the heart of the project. A total of 17,000 MWh of energy can be saved annually, corresponding to the annual energy requirements of around 700 households. This avoids 4,500 tonnes of CO_2 per year and also permanently reduces emissions of carbon monoxide and nitrogen oxides.

The heat recovery project was expanded to include connection of the rolling mill east and south areas to the hot water network and integration of the compressor station. The aim is to achieve additional energy savings in heating by operating the heat pumps more efficiently, especially in the transition period. The expansion will enable further savings of 2,000 MWh per year. This sustainable environmental investment not only saves natural gas but also cuts CO_2 emissions. In the new cold rolling mill, heat recovery measures were also implemented that enable savings in natural gas consumption of around 3,000 MWh in four-shift operation, depending on the product mix.

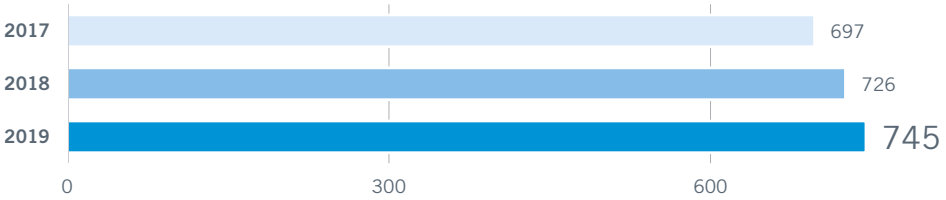
In order to reduce electricity consumption for compressed air generation, new compressed air meters were installed on hot and cold rolling mill equipment in the 2019 reporting year, enabling compressed air consumption to be measured accurately. The meters help to identify and quantify potential savings and ensure that deviations (e.g. due to leaks) are detected even more quickly. Other energy-saving measures included the conversion of conventional lighting in production halls to more efficient LED lamps.

In order to boost energy efficiency in the process optimisation area, improvements were made to reduce the required homogenisation of more than 2,000 tonnes of rolling slabs. In order to make savings in the most energy-intensive process step, the heating and smelting of aluminium in the casthouse, the waste heat flows were quantified in a scientific study and the potential for their use was determined and assessed. In the course of the work, process improvements were also identified and implemented, as a consequence of which 25 % less natural gas is required per year for drying alloy metals. The proposed measures will be followed up.

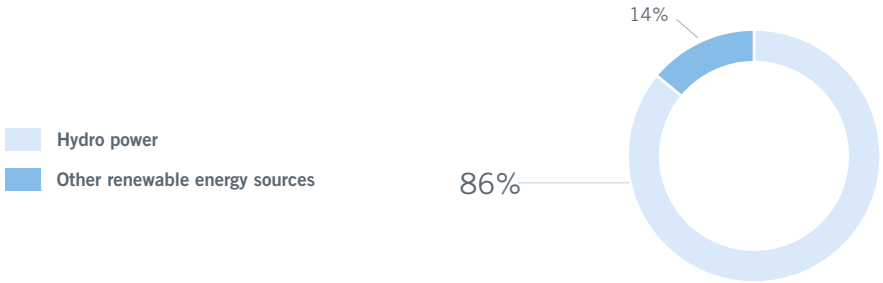
Training courses and increased communication in the energy and environment area once again contributed to raising employee awareness in the year under review. To this end, focus workshops were held to push ahead with energy efficiency measures and initiate further improvements. The interdisciplinary teams elaborated optimisation potentials, which resulted in efficiency measures to be implemented. In addition, accompanying information campaigns on environmental protection (including working materials, waste) were carried out.

With these savings measures, AMAG is making a significant contribution to the fulfilment of the Austrian Energy Efficiency Act, which prescribes annual energy savings equivalent to 0.6 percent of the previous year's energy consumption.

Energy consumption in GWh



Electricity mix in %



Results

The total energy consumed at the Ranshofen site amounted to approximately 745,200 MWh in 2019 (2018: 726,000 MWh). This is calculated as the consumption of fuel from non-renewable sources (natural gas, diesel, heating oil and propane) and electricity. In 2019, fuel consumption from non-renewable sources amounted to around 499,000 MWh (2018: 484,500 MWh). AMAG's total electricity consumption in 2019 amounted to 246,200 MWh (2018: 241,500 MWh). The respective energy quantities are calculated from the actual measured fuel quantities multiplied by the respective conversion factors.[5]

Compared to the previous year, total energy consumption increased by 3 %. Firstly, this increase is due to the increased conversion factor for the energy content of natural gas, which was redefined for 2019 by the Federal Ministry as part of the national greenhouse gas inventory. Furthermore, more natural gas was needed in the casthouse sector for smelting, casting and homogenising aluminium. In the rolling mill, natural gas and electricity consumption also rose, due, among other factors, to shifts in the product portfolio towards higher-strength and thereby more energy-intensive products, e.g. owing to the required heat treatment

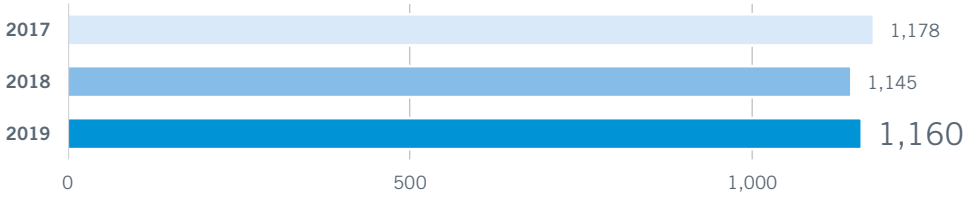
In relation to energy sources in the electricity mix, AMAG relies on the utilisation of renewable energy sources in order to act in a manner that is compatible with climate protection. In 2019, for example, AMAG purchased a total of 86 % of its electricity from hydropower. The share of wind energy and electricity from solid biomass and photovoltaics amounted to 14 %. As a consequence, no indirect CO_2 emissions are generated from electricity production.

Specific energy consumption in relation to production volume of 1,160 kWh/t in 2019 was higher than the previous year's level of 1,145 kWh/t. The reason for this is that the total energy consumption has increased more strongly than the production volume. **(GRI 302-1)**

For the indicator of specific energy consumption, the total energy consumption was divided by the annual production. The energy volume includes all energy sources that AMAG consumes (electricity, natural gas, diesel, extra-light heating oil, propane). The annual production volume in tonnes was applied as the denominator. The specific energy consumption relating to the production volume amounted to 1,178 kWh/tonne in the 2017 year defined as the basis. The year 2017 was selected as the base year as a large part of the AMAG 2020 expansion project had already been commissioned by this time. **(GRI 302-3, 103-2)**

5) Standards, methods and assumptions applied: Lower combustion heat natural gas: 10.22 kWh/Nm³ (2019), 10.11 kWh/Nm³ (until 2018); lower combustion heat diesel: 9.90 kWh/l, lower combustion heat extra-light heating oil: 10.20 kWh/l, lower combustion heat propane gas: 12.78 kWh/kg (Source: standard factors for fuels from the national greenhouse gas inventory to apply Level 2A in Austria)

Specific energy consumption in kWh/t



At 26,100 MWh, heating energy consumption was below the level of the previous year (2018: 28,300 MWh). Energy in the form of renewable fuels (wood chips, biodiesel), and cooling or steam energy is not purchased. Heating is generated only partly through heat recovery plants from process waste heat, with the remaining requisite heating being covered by fuel combustion.

NEXT STEPS

Updating the energy and environmental program and identifying new potential for energy and environmental measures.

KEY TOPIC: EMISSIONS

The extraction and processing of aluminium produces gaseous, liquid and solid emissions. In order to minimise the effects of climate change, greenhouse gas emissions must be drastically reduced. AMAG regards global climate protection as an absolute necessity. The effects of climate change threaten society as a whole, and at industry level they entail financial risks. To this end, the EU Commission has published scenarios for decarbonisation, i.e. for the conversion of energy systems away from fossil, carbon-containing energy sources to CO_2-neutral, renewable energy sources. These reflect the objectives of the Paris Climate Agreement (reduction of global warming to below 2°C compared to pre-industrial levels, preferably to 1.5°C) and indicate a reduction range of 80 to 100 % compared to 1990.[6]

Innovations and legal conditions are seen as important levers for further improvements. At EU level, CO_2 pricing systems such as emissions trading with certificates serve to reduce greenhouse gases. The EU Emissions Trading Scheme (EU ETS) is a cornerstone of EU climate policy. In order to mitigate the effects of climate change, the European Union has set itself the goal of achieving a greenhouse gas reduction target of 43 % by 2030 compared to 2005.[7] Companies participating in emissions trading receive a certain quantity of certificates for the emission of carbon dioxide (CO_2). The allocation of emission allowances is limited in order to save greenhouse gases and create incentives to implement reduction measures. Companies can either implement reduction measures themselves or buy emission rights from others.

Emission allowances for the energy sector will be auctioned, while for industry partially free allocations will be held to avoid “carbon leakage” (relocation of investment and production and thereby emissions to other regions with less stringent requirements).

Taking industrial growth and innovation into consideration, AMAG relies on highly efficient plants to reduce its CO_2 emissions. Without policy decisions that make the increased use of renewable resources and investments in appropriate technologies economically feasible, however, the project of greenhouse gas neutrality cannot be implemented. **(GRI 103-1)**

Target

Reduction of specific CO_2 emissions and the impact of business activities on the environment.

Management approach

Climate-relevant emissions generally correlate with energy consumption. Any new plant or portfolio change that could potentially harm protective interests and cause emissions must be approved by the regulator. As part of the licensing procedure, AMAG consults experts in order to estimate operating plant emissions and their effects.

6) Source: Directorate-General for Climate Action (European Commission): Going climate-neutral by 2050

7) Source: Federal Environment Agency, https://www.umweltbundesamt.at/umweltsituation/luft/treibhausgase/

If emissions are expected, limits based on relevant legal bases (e.g. laws) are finally specified in the permit decision. In relation to CO_2 emissions, AMAG casting GmbH, AMAG service GmbH and AMAG rolling GmbH are subject to EU emissions trading. Third parties verify the annual emission reports. The following principles are adhered to in this context:

- Efficient energy utilisation through the use of suitable technologies and process optimisation
- Transparent calculation and testing of greenhouse gas emissions in compliance with all international and national requirements
- Securing cost-efficient energy supplies through active energy management
- Systematic and regular monitoring of legal requirements and in-house processes

By contrast with greenhouse gases with global impact, further air emissions tend to exert local effects. Compliance with the limits is ensured by the utilisation of exhaust gas purification systems. Controlling is implemented by means of continuous measuring systems at the furnaces in the casthouse and in the rolling mill, as well as by performing individual measurements. A total of 118 measuring points are in place at present on the plant premises at which gaseous emissions such as carbon monoxide, nitrogen oxides, sulphur dioxide and organic carbon, as well as dust and metallic dust constituents are measured. The levels are recorded as half-hourly averages and the regulator is informed if limits are exceeded. Besides the greenhouse gas CO_2, the most important AMAG air emissions include nitrogen oxide (NO_x), carbon monoxide (CO), organic carbon compounds and dust. Nitrogen oxides arise when burning natural gas at high temperatures in the furnace plants. Carbon monoxide arises mainly due to incomplete combustion.

Central measures

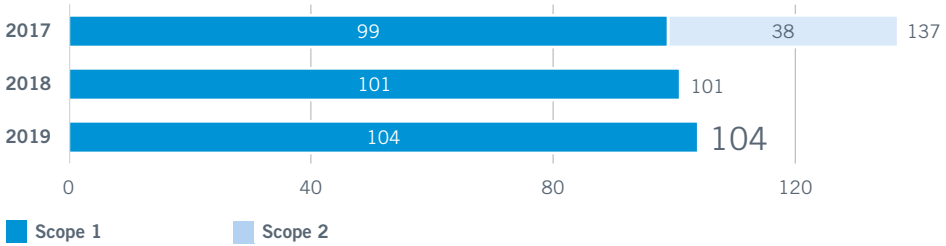
- Implementation of the “Optimal Energy Utilisation through Heat Recovery” flagship project
- Expansion by connecting the rolling mill east and south areas to the hot water network and integration of the compressor station
- Transport: Optimising logistics processes

Contributions to the reduction of greenhouse gases include the purchase of renewable energy. Numerous energy efficiency measures also contribute to reducing specific CO_2 emissions from processes and plants. The integrated location in Ranshofen with the local proximity of the individual production sites to each other offers advantages in waste heat utilisation. This enables energy to be recovered in one place and fed back into the grid elsewhere. In addition to the heat recovery project completed in 2019, further projects of this kind are being progressed.

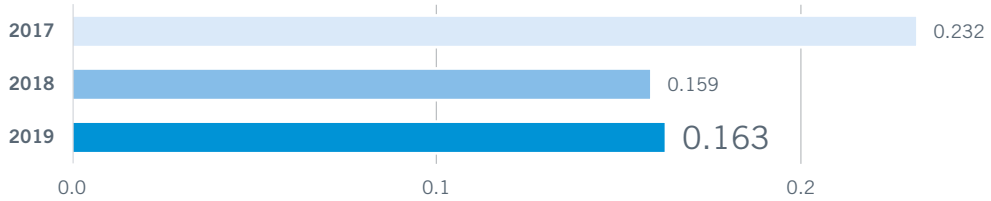
AMAG is also committed to material efficiency, in which recycling management is promoted, particularly through so-called closed-loop recycling, and value is placed on improved material efficiency. A portion of the production waste generated by the customer is returned to AMAG during the course of closed-loop recycling and thereby kept in circulation as valuable material.

During the transportation of products and materials, AMAG endeavours to reduce the negative impact on the environment by optimising logistics processes (e.g. making use of the most modern transport systems, such as transferring transportation to rail, internal transport with electric vehicles). The factory premises have a connection to the public rail network through an extensive internal rail infrastructure. In the 2019 reporting year, in the course of creating 50 new truck parking spaces to relieve the traffic situation, the railway bridge was also renovated, thereby taking the increasing importance of rail transport into consideration. Around 196,600 tonnes of goods were transported by rail in 2019. This corresponds to around 8,000 truck journeys saved, thereby making a significant contribution to environmental protection and traffic relief in the region. As part of the environmental impact assessment for the casthouse expansion submitted in 2019, an analysis of the transport volume was conducted and is currently being examined by the authorities.

Direct (Scope 1) and indirect (Scope 2) CO_2 emissions in thousands of tonnes



Specific CO_2 emissions/production volume in tonnes CO_2/t



Results

In categorising the CO_2 footprint, the division of emissions into three so-called "scopes" is particularly relevant. Scope 1 emissions derive especially from the gas-fired melting and heat treatment of aluminium alloys, the temperature control of fluids used in building heating systems, and the diesel used for the vehicle fleet. Scope 2 emissions arise when generating the electricity consumed. These are measured based on data from electricity suppliers about the CO_2 intensity of their electricity generation. Scope 3 covers all other greenhouse gas emissions caused by the organisation's outsourced operations.

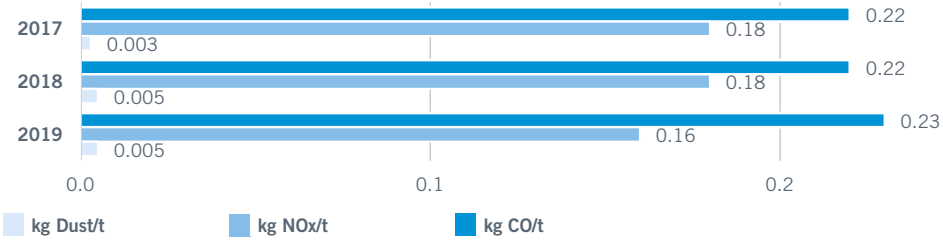
In 2019, direct greenhouse gas emissions (Scope 1) amounted to 104,400 tonnes (2018: 101,000 tonnes). No Scope 2 emissions were generated in 2019 thanks to the purchase of electricity from hydropower and other renewable sources. The CO_2 emissions are calculated from the actually measured fuel volumes applying the standard factors from the national greenhouse gas inventory.[8] Specific CO_2 emissions (Scope 1 + 2) in relation to production volume (tonnes of CO_2/t) grew to 0.163 CO_2/t in 2019 (2018: 0.159 CO_2/tonne). **(GRI 305-1, 305-2, 305-4)**

For reasons of materiality, only upstream emissions from the purchase of primary aluminium, rolling slabs and metal alloys are included in the calculation of Scope 3 emissions. The factor of 8.6 tonnes CO_2eq. per tonne of aluminium used in Europe, as used in the European Aluminium's Environmental Profile Report, was applied for the calculation.[9] This covers direct processes and auxiliary processes, thermal energy, electricity and transport. In 2019, Scope 3 emissions amounted to 1,200,000 tonnes of CO_2eq. **(GRI 103-2, 103-3, 305-3)**

For nitrogen oxides, specific emissions amounted to 0.16 kg NOx/t, while total emissions in 2019 stood at 100 tonnes (2018: 111 tonnes). Specific carbon monoxide emissions increased to 0.23 kg CO/t compared to the previous year (2019 total emissions: 148 tonnes). Specific dust emissions remained stable at 0.005 kg dust/t (2019 total emissions: 3.3 tonnes).

No significant cases of a limit being exceeded were registered in the year under review. The annual volume of emitted pollutants is calculated by multiplying the results of individual measurements by the gas consumption or the operating hours of the respective plant. **(GRI 305-7)**

Emissions of air pollutants per tonne of production in kg/t



8) The location-based Scope 2 emission factor from total domestic electricity production amounted to 0.000248 t CO_2/kWh in 2018. (Source of emission factors: Federal Environment Agency [UBA], August 2018). The market-based Scope 2 emission factor amounted to 0 t CO_2/kWh in 2018 (Source: electricity suppliers). In 2019, location-based Scope 2 emissions amounted to 61,110 tonnes CO_2. CO_2 is the greenhouse gas included in the calculation. The total annual energy consumption in 2017 (697,400 MWh) represents the current energy basis. Standards, methods and assumptions applied: Natural gas: 0.00204608 t CO_2/Nm³, diesel: 3,15436 t CO_2/t, heating oil: 3.20250 t CO_2/t, propane gas: 2.94400 t CO_2/t (Source: standard factors for fuels from the national greenhouse gas inventory to apply Level 2A in Austria)

9) See European Aluminium, https://european-aluminium.eu/resource-hub/environmental-profile-report-2018/

SUPPLEMENTARY TOPIC: WATER

Target

Efficient and economical water utilisation.

Management approach

At the Ranshofen headquarters, the water supply for pumping groundwater is ensured by two service water wells and one drinking water well. Volumes conveyed are calculated from measurements taken directly at the tapping point. Most of the operational service water is utilised for cooling in the casting, rolling and heat treatment processes. Service water withdrawal is consensus-based. The cooling and quenching water is discharged into the existing cooling and rainwater sewer and from there – also within the framework of an existing discharge consensus – into the River Inn. Rainwater is largely drained away on AMAG's premises or directly fed into the River Inn via the rainwater canal, while domestic wastewater is fed into the Braunau sewage treatment plant.

Groundwater withdrawal is accompanied by extensive monitoring, including groundwater level measurements. Due to the drying up of individual wells in AMAG's nearby communities, a groundwater exploration study was conducted in 2016 by the GUT engineering office on behalf of the Upper Austrian government. The study arrived at the conclusion that – irrespective of large water withdrawals – the reduced precipitation of recent years, especially in winter, was responsible for the low groundwater levels. Likewise, a diploma thesis from the Upper Austrian University of Applied Sciences points to sharp fluctuations in the distribution of precipitation, increased evaporation and rising groundwater temperatures in the course of global radiation as causes of low levels of groundwater.

In the context of the current environmental impact assessment (still under review) for the expansion of the casthouse's production and recycling capacities, a regional citizens' initiative has expressed concerns about the increased withdrawal of service water. With regard to the withdrawal of service water required in the course of the expansion, reference is made to the decision received in 2017 to reissue the water law permit, which provides sufficient reserves for the project. For this reason, no request for an increase in the withdrawal rate was made in the context of this expansion.

Water emissions are monitored continuously. To this end, all operational wastewater is collected in a sewer in which essential parameters are continuously monitored via probes. In the event of an overflow, the water is automatically diverted to a separate reservoir. In addition to ongoing measurement, daily samples are collected and analysed by accredited test centres as part of internal and external monitoring. **(GRI 303-2, 303-1)**

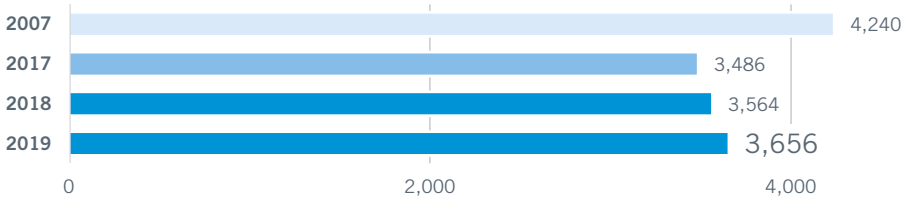
Central measures

For many years, measures have been implemented as part of sustainable rainwater management. To this end, numerous seepage reservoirs and seepage troughs for rainwater have been created on the plant site. The drainage systems are designed as soil filter or lawn troughs. The total area of the realised or planned drainage possibilities extends to around 4 hectares. Around 128 hectares of roof and other areas are drained via these seepage areas. The construction of rainwater seepage reservoirs reduces the volume of rainwater that was previously discharged into the River Inn via a collection channel. As a consequence, a large volume of rainwater from various roof and open spaces on the factory premises is cleaned in a controlled manner and drains away on site. The rainwater drainage is very similar to the natural water cycle: by passing through the seepage reservoirs and troughs, the water is cleaned by a specially installed soil filter. The rainwater treated in this way is fed directly into the body of water on the plant site. The construction of drainage facilities thereby makes a positive contribution to groundwater formation and flood protection. In the 2019 reporting year, preparations were made for the construction of a further, larger drainage reservoir; construction is scheduled to start in 2020.

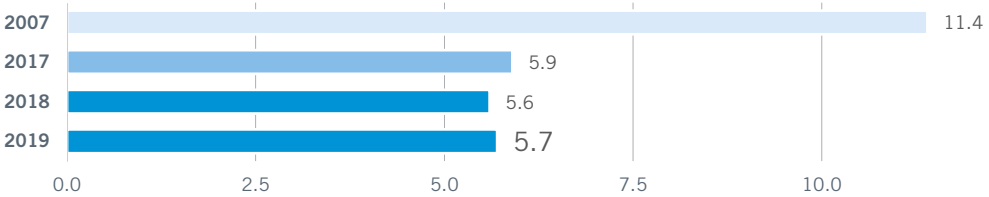
Results

The expansion of closed-loop cooling systems has made it possible to keep water consumption stable, despite rising production volumes in recent years. The wastewater volume, less evaporation losses, corresponds to the volume of drinking and service water withdrawn. Total service water withdrawal in 2019 amounted to 3,656,000 m^3 (2018: 3,564,000 m^3). For the purpose of multi-year comparison, the total service water withdrawn in 2007 was added to the bar chart below. Specific service water withdrawn in 2019 amounted to 5.7 m^3/t (2018: 5.6 m^3/t). Drinking water withdrawal amounted to 99,400 m^3. **(GRI 303-3)**

Total service water withdrawal in thousands of m³



Specific service water withdrawal in m³/t



Next steps

Construction of a further rainwater seepage reservoir, the largest to date.

SUPPLEMENTARY TOPIC: WASTE

Target

Avoidance or reduction of waste.

Management approach

In the manufacture of products, as well as in the performance of production processes and other activities, attention is paid to environmentally sound waste management. A particular focus is placed on disposal of hazardous waste (such as used oil, emulsions, workshop waste and filter dust) in compliance with statutory requirements. Waste managers have been appointed for the collection of hazardous waste, and individuals have been appointed with responsibility for non-hazardous waste. Waste is recorded entirely according to waste type and volume for the purpose of traceability in accordance with the Waste Documentation Ordinance, and is handed over to licensed companies for disposal and treatment within the framework of the legal provisions.

As part of the electrolysis operation at the Ranshofen site, which was discontinued in 1992, various types of waste were sent to landfill. AMAG continuously implements the aftercare of this landfill, which is recorded in the register of contaminated sites. The leachate produced in the landfill is treated on the plant premises, and the groundwater in the vicinity of this landfill is monitored regularly. The company is also aware of other former landfills that are included in the register of potentially hazardous sites. In addition, AMAG owns a disused landfill in Furth im Walde, Germany, which is now in the renaturation stage. AMAG is required to submit annual reports to the relevant authorities on the environmental state of the site and precautionary measures taken.

Central measures

In order to improve waste management, work has begun on the construction of a new waste storage facility in which the types, quantities, origins and location of waste are recorded centrally. The central waste collection improves logistics and the incoming inspection of the delivered waste.

In order to improve material efficiency, measures were initiated to reduce scrap. Dross as a by-product of aluminium smelting is processed as far as possible in a pure form and re-utilised in the smelting furnaces.

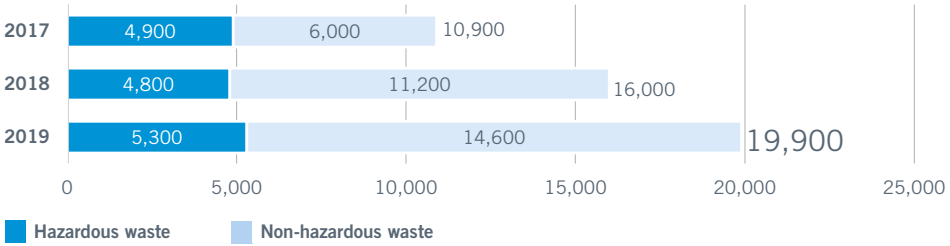
Results

The volume of waste generated in 2019 was 19,900 tonnes, of which 5,300 tonnes were classified as hazardous and 14,600 tonnes as non-hazardous.[10] The specific waste volume in relation to production volume amounted to 31 kg/t in 2019 (2018: 25 kg/t). In the case of hazardous waste, an

10) Waste types designated with a "g" in the 2016 waste list pursuant to Section 1 (1) are regarded as hazardous waste (Austrian Official Gazette [BGBL] II 2005/89; BGBL II 2008/498)

increase occurred in filter dust, in particular. In the case of non-hazardous waste, the increase compared to the previous year results from higher amounts of contaminated soils.

Hazardous and non-hazardous waste in t



The figures do not include:

- Waste metal generated during production, as this is recycled and returned to the internal materials cycle
- Construction waste on works premises, most of which is assessed in accordance with the guidelines for recycling construction materials of the Austrian Construction Material Recycling Association (BRV) and re-utilised on-site

Salt slag

Salt slag is the most significant type of waste in terms of volume at AMAG. The recycling of contaminated scrap requires the application of special salts to provide protection against oxidation and to remove and separate the oxidic and non-metallic contaminants. This generates salt slag, all of which is recycled by specialist companies. Delivery to the recyclers is by rail. As a consequence, no waste is left over for disposal after processing. The oxidic residue is processed and utilised in the cement industry, for example. **(GRI 306-2)**

Next steps

Completion of the new waste storage facility.

SUPPLEMENTARY TOPIC: BIODIVERSITY

Target

Promotion of biodiversity at the Ranshofen site.

Management approach

AMAG currently owns around 300 hectares of land. The industrially built-up area amounts to around 100 hectares. A total of 178 hectares form part of the company's own forestry operation, which in turn forms part of the Lachforst forest complex and is managed under the supervision of a forest warden. This entails special requirements – as does the proximity to the nature reserves "Unterer Inn" and "Buchenwald" only a few kilometres away, the fauna-flora-habitat area (FFH area) "Auwälder am unteren Inn" and the "Salzachmündung" bird sanctuary in Bavaria, which are subject to stringent nature conservation guidelines. In its construction activities, AMAG endeavours to minimise as far as possible its interventions into nature, and protect animals and plants in their habitat.

Central measures

By maintaining green spaces on the company premises, a contribution is made to the preservation of biodiversity. AMAG's forestry operations are not regarded as commercial forests, where the focus is on economic returns. Rather, the aim is to achieve sustainable management that continuously promotes the forest's ecological value. Open spaces are designed according to their nature conservation and open space design potential. They provide valuable habitats for plants and animals. The preservation of green spaces thereby forms one of the basic requirements of biodiversity-promoting and climate-adapted green space management. Work is underway at present on a green space maintenance concept which, in addition to economic aspects, includes an optimised contribution to the promotion of biological diversity.

In the course of forest inspections and recommendations for further forest development by an external expert on forests and biodiversity, work has also begun on the installation of experimental plots for

forest management. Spruce is currently the main tree species in the AMAG forest, accounting for a share of around 65 percent. For some years now, reforestation has been realised in a targeted manner with native deciduous tree species and with tree species that are better adapted to the new climatic conditions, in order to continuously reduce the proportion of spruce. In the 2019 reporting year, afforestation of approximately 4.2 hectares of land was carried out in the forestry operation. An area of 0.7 hectares was temporarily deforested for the extension of the northern entrance, with reforestation planned for 2020. **(GRI 304-1)**

Results

In the course of the current reforestation, a mixed base of around 20 species of native deciduous trees and trees adapted to the new climatic conditions (brown oak, red oak, black walnut, silver fir, giant fir, Nordmann fir, larch, copper beech, maple) is being established. In addition, work is being carried out in the area of the north entrance to create a structured forest edge. Maintaining or increasing a certain proportion of dead wood – a decisive factor in securing biodiversity in the forest ecosystem – is one of the objectives of AMAG forest management. In the 2019 reporting year, the creation of flower meadows with indigenous plants was started on an area of more than 1.5 hectares. The species-rich green spaces function both as a natural habitat for insects and birds on the site premises and as a means of allowing rainwater to drain away. AMAG thereby makes an important contribution to the promotion of biological diversity in built-up areas.

Next steps

Implementing the biodiversity action plan.

HANDLING INCIDENTS

Along with monitoring environmental effects of normal operating activities as part of certified environmental management, processes regulating the handling of divergent conditions have also been implemented. Corresponding environmental incident and crisis management regulates responsibilities and measures in the event of unforeseen operating circumstances.

The primary objective is to prevent the inadvertent release of materials, and thereby rule out potential harm to people and the environment. In the year under review, no such significant releases of substances, no fines and no non-monetary sanctions for non-compliance with environmental laws and regulations occurred. **(GRI 307-1)**

REPORT PROFILE

With its 2019 non-financial statement (sustainability report), AMAG has now been informing its stakeholders – including employees, customers, business, public, financial and research partners – since 2013 on a continuous basis about goals, measures and progress in relation to sustainable corporate development. This also complies with the obligation to prepare a non-financial statement in the management report (see Section 267a of the Austrian Commercial Code [UGB]). This non-financial statement, which is published annually, also contains further information on sustainability activities that go beyond the legal requirements. The previous non-financial statement was published on February 27, 2018. The non-financial statement relates to the 2019 financial year (January 1 to December 31, 2019), with the previous annual data from 2018 and 2017 being utilised for comparative purposes. **(GRI 102-50, 102-51, 102-52)**

CONTENT REQUIREMENTS

Determining the reporting contents and reporting quality is based on the principles of stakeholder inclusion, materiality, the sustainability context, and completeness.

AMAG's stakeholders were involved in selecting the report's contents. The reported information was selected based on the results of the materiality analysis in accordance with GRI guidelines. Accordingly, the report covers all those sustainability aspects that either reflect important economic, ecological or social effects of the organisation or could exert considerable influence over AMAG stakeholders.

The completeness of the non-financial statement refers to the treatment of the significant topics and how they are demarcated. The content of this report reflects AMAG's relevant and essential issues in relation to sustainable development. Accordingly, sustainability aspects are taken up that have a high economic, ecological or social impact or are of high stakeholder interest. The report is consequently addressed to all stakeholders. **(GRI 102-46)**

ACCORDANCE

The sustainability reporting was prepared in accordance with GRI Standards: Core Option, to ensure a high degree of transparency to shareholders, and in comparison with other companies. The GRI index of contents lists all topics on which AMAG corresponds to GRI standards. The information published in this report has been substantively reviewed by an independent third party, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., in order to obtain limited assurance on the basis of ISAE 3000 (Revised).

In order to improve reading flow and avoid redundancies, a few individual elements from this non-financial statement, which are required by the GRI Standards but not by the Sustainability and Diversity Improvement Act (NaDiVeG), are placed outside the Group Management Report in the 2019 Annual Report. This applies, among other matters, to the GRI index of contents, the Management Board's statement, and information on the management structure.

This non-financial statement complies with the requirements of the Sustainability and Diversity Improvement Act (NaDiVeG). Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. was commissioned as auditor of the 2019 consolidated financial statements and management report. The Management Board instructed the relevant staff from the respective specialist areas to make available the complete and correct documents and information required for the audit. **(GRI 102-54, 102-55, 102-56)**

SCOPE OF REPORT

The disclosures in the non-financial statement relate exclusively to the headquarter operations in Ranshofen, Austria, and consequently the production site for high-quality recycling foundry alloys and aluminium rolled products.

Detailed information about the ecological and social aspects of the 20 % interest in the Alouette smelter held through Aluminerie Alouette Inc. is not presented. In this connection, please refer to the Sustainable Development Report published by Alouette. For reasons of materiality, the sales locations employing a total of 38 staff (see the company profile in the management report), as well as other participating interests are also excluded from our observations. **(GRI 102-45)**

The shareholdings as of December 31, 2019 as well as the companies included in the consolidated financial statements are presented in section D Consolidation principles.

CHANGES TO SIZE AND STRUCTURE

In the 2019 reporting year, no significant changes occurred to the size, structure, ownership or supply chain of the company. **(GRI 102-10)**

CONTACT POINT

Should you have any questions relating to the content of this report or seek dialogue concerning AMAG and its sustainability management, please contact our Communications and Sustainability department (email: sustainability@amag.at). **(GRI 102-53)**

ECONOMIC ENVIRONMENT

ECONOMIC TRENDS

The global economic environment in 2019 was characterised by increasing trade conflicts, especially between the USA and China. The economy was also affected by weaker demand for automobiles.

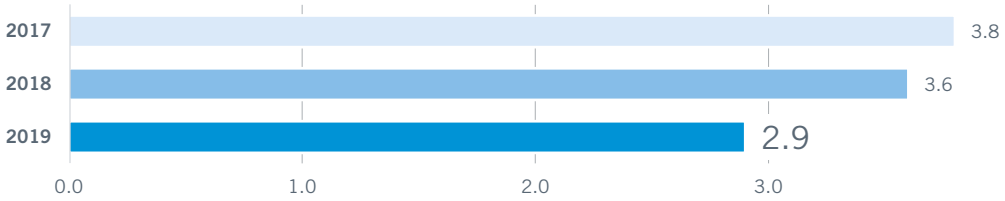
According to the IMF,[11] global economic growth in 2019 was 2.9 %, following an increase of 3.6 % in the previous year.

Economic growth in the Eurozone slowed from 1.9 % in the previous year to 1.2 %. In Germany, the growth rate slowed from 1.5 % to 0.5 %, and in France from 1.7 % to 1.3 %. Austria's economic growth amounted to 1.7 %, after 2.4 % in the previous year, according to estimates by the Austrian Institute of Economic Research (Wifo).[12]

The US economy also showed signs of a slowdown, with economic growth decreasing from 2.9 % to 2.3 %.

The economy in the group of emerging and developing countries expanded by 3.7 % in 2019, compared with an increase of 4.5 % in the previous year. For China, the IMF calculated growth of 6.1 % (2018: 6.6 %).

Real global economic growth in %



DEMAND FOR ALUMINIUM PRODUCTS

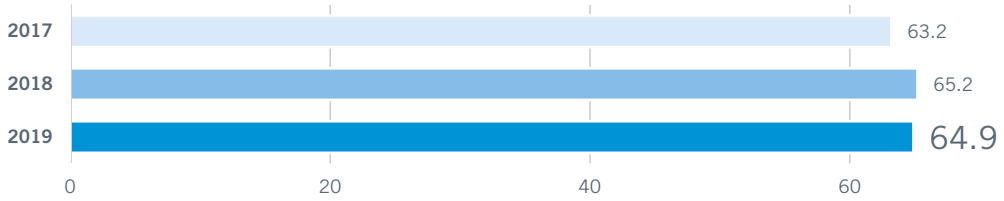
The AMAG Group's Metal and Rolling divisions operate worldwide. Global consumption of primary aluminium and rolled products is of central importance as a consequence.

Global demand for primary aluminium reduced slightly by 0.4 % from 65.2 to 64.9 million tonnes, according to calculations by the CRU market research institute.[13] The main reasons for this are the weaker economy and trade disputes.

Worldwide demand for aluminium rolled products grew in 2019, reaching a new all-time high of 28.1 million tonnes. The highest growth was recorded in the transport sector. The aviation industry required more rolled products than in the previous year, and in the automotive sector the increasing use of aluminium sheet for outer body applications also led to rising demand despite the slump in car sales.

In the recycling foundry alloys area, CRU's latest estimate is that global demand is likely to have reduced by around 2 % to 17.5 million tonnes in 2019,[14] mainly due to the weaker performance of the automotive industry.

Global demand for primary aluminium in millions of tonnes



11) See International Monetary Fund, World Economic Outlook, January 20, 2020
12) See Wifo December 2019 economic forecast
13) See CRU, Aluminium Market Outlook, October 2019
14) See CRU, Aluminium Casthouse Shapes Market Outlook, July 2019

PRICE TRENDS OF ALUMINIUM AND RAW MATERIALS

The Metal Division's earnings reflect LME aluminium price trends. For the Casting and Rolling divisions, the risk from aluminium price fluctuations is almost completely hedged. In these two divisions, fluctuations in the aluminium price are reflected in both revenue and the cost of sales, with a largely neutral effect on profit and loss.

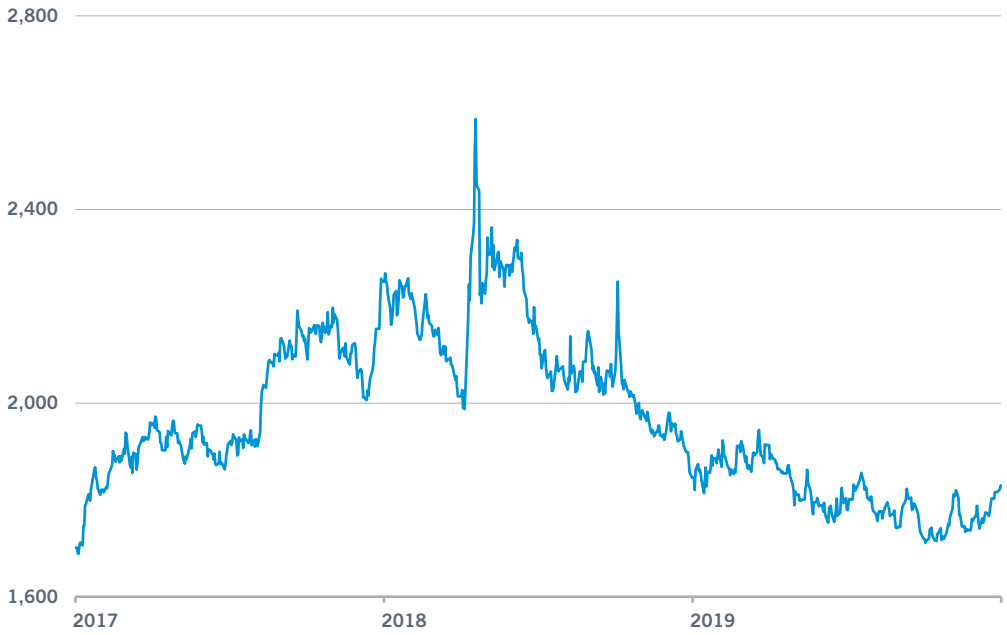
In 2019, the price of aluminium (3-month LME) tended to fall in comparison with the previous year, especially due to the weaker economy and trade conflicts. It traded in a relatively narrow range between 1,711 USD/t (October 3, 2019) and 1,945 USD/t (March 20, 2019). The year-average aluminium price of 1,811 USD/t was down by 14.4 % compared with the previous year.

The premiums that are added to aluminium prices are determined, in particular, by the location of delivery, supply and demand, as well as trade restrictions. Although the premium in the USA reduced somewhat over the course of the year, it is significantly higher than in other regions due to the import tariffs imposed on aluminium. In Europe, the premium level also decreased compared to the previous year.

The price situation for alumina, the raw material required for primary aluminium production, normalised over the course of 2019, after special effects in the previous year led to a very sharp price increase. In 2019, the price of alumina reduced on average by 29.5 % compared to the previous year. The raw materials petroleum coke and pitch also became cheaper.

Aluminium scrap is the most important raw material in terms of volume for the Ranshofen site. In this case, the price, adjusted for the aluminium price component, has for the most part decreased slightly.

Aluminium price (3-month LME) in USD/t



CURRENCY MARKET TRENDS

Especially trends in the US dollar (USD) and Canadian dollar (CAD) can have an impact on business performance.

The Metal Division includes the 20 % interest in the Canadian smelter Alouette. The US dollar is the main currency for the primary aluminium business. Sales of primary aluminium are realised in US dollars, as is the purchase of raw materials, such as alumina. The electricity for Alouette is also priced in US dollars. In addition, costs in Canadian dollars are incurred at this location. A weakening of the Canadian dollar against the US dollar improves the cost structure and strengthens the position in international competition.

As part of consolidation, the results and balance sheet of the Alouette investment are converted from USD to EUR. Changes in the EUR/USD exchange rate can have a significant translation effect here.

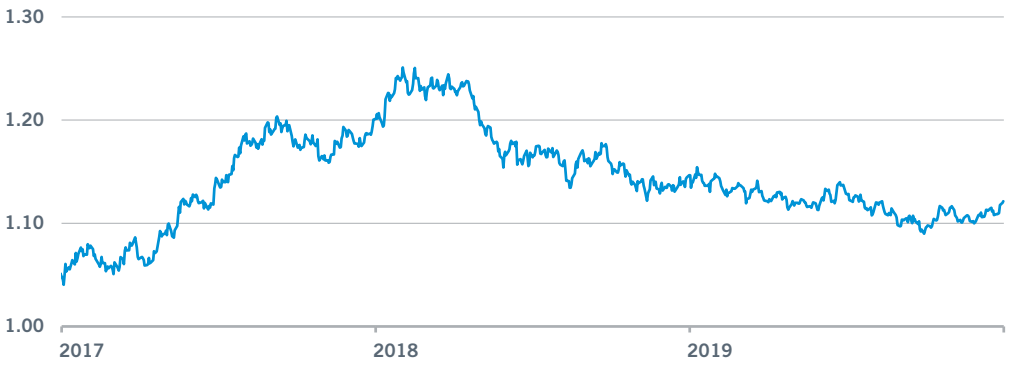
In the Casting Division, currencies play a subordinate role thanks to the focus on Central Europe.

In the Rolling Division, currency fluctuations can lead to changes in competitiveness.

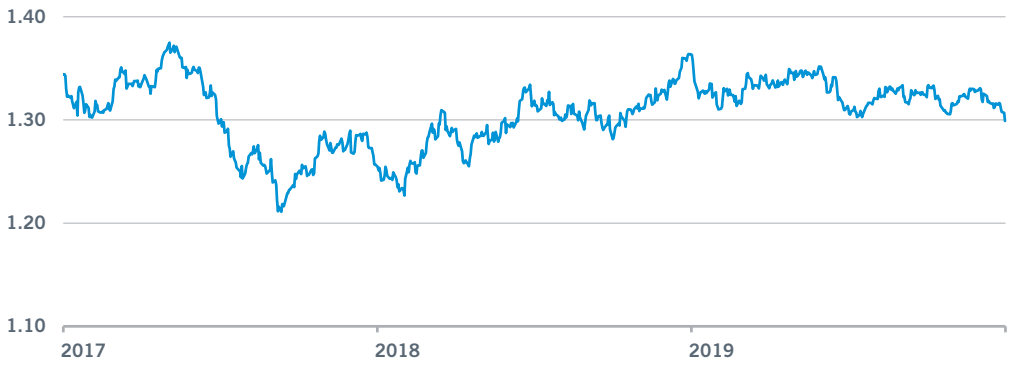
Over the course of 2019, the euro increasingly depreciated against the US dollar (USD). At 1.12, the average ratio for the year was 5.2 % below the previous year's average of 1.18. At the end of the year, EUR/USD was trading at 1.12, compared with 1.15 at the end of 2018.

The CAD weakened somewhat on average against the USD. The USD/CAD exchange rate in 2019 averaged 1.33, compared with 1.30 in the previous year. The USD/CAD exchange rate at the year-end was 1.30 (December 31, 2018: 1.36).

EUR/USD exchange rate



USD/CAD exchange rate



REVENUE AND EARNINGS TRENDS

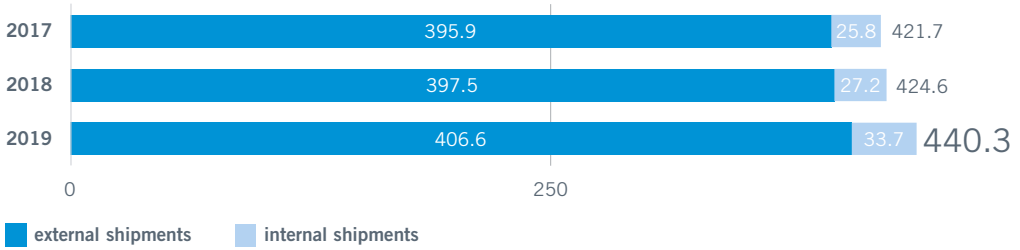
SHIPMENTS AND REVENUE

In the 2019 financial year, the AMAG Group continued on its growth course and increased total shipments by 3.7 % to 440,300 tonnes. All divisions reported higher volumes. Shipments of primary aluminium (Metal Division) rose by 2.8 % to 118,100 tonnes thanks to higher production volumes. In the Casting Division, shipments of recycling foundry alloys increased by 7.9 % to 93,800 tonnes. In the Rolling Division, shipments of aluminium rolled products reached a new record level of 228,400 tonnes, up 2.5 % compared to the previous year.

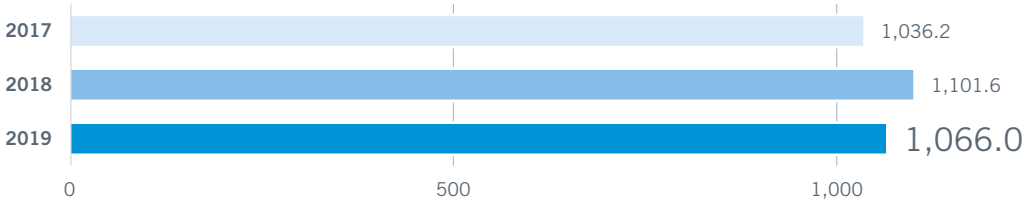
The AMAG Group's external shipment volume increased by 2.3 % year-on-year, from 397,500 tonnes to 406,600 tonnes.

Revenue decreased by 3.2 % to EUR 1,066.0 million. The main reasons for this decline were the 14 % lower average price of aluminium and the lower price level. Higher shipment volumes and the lower EUR/USD exchange rate had a positive effect on revenue.

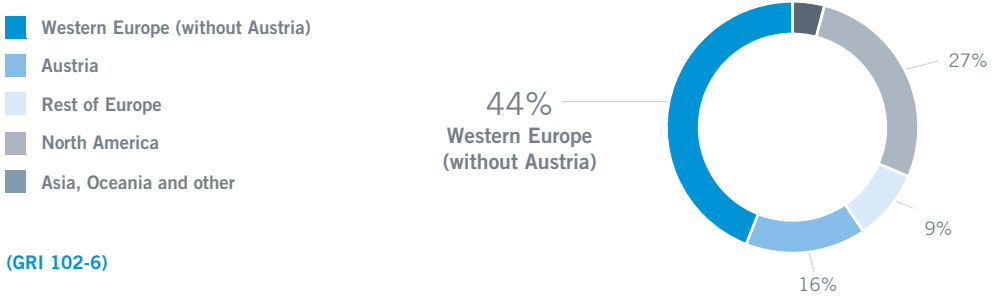
Shipments in thousands of tonnes



REVENUE IN EUR MILLION

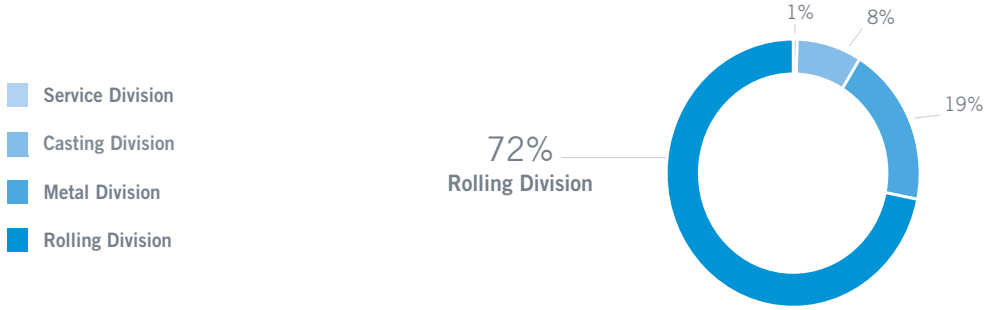


Group revenue by regions in %



(GRI 102-6)

Group revenue by division in %



RESULTS OF OPERATIONS

The market environment in 2019 was characterised by weaker economic growth and by trade conflicts. The AMAG Group nevertheless reported a positive earnings trend and at EUR 143.0 million, earnings before interest, taxes, depreciation and amortisation (EBITDA) slightly exceeded the previous year's level (2018: EUR 141.0 million).

Positive effects on earnings were achieved thanks to more favourable raw material and energy costs as well as higher shipment volumes. The lower aluminium price and the lower price level had a negative effect on EBITDA.

The Metal Division's earnings contribution improved from EUR 23.0 million in the previous year to EUR 34.5 million, particularly thanks to lower raw material and energy costs as well as the lifting of US tariffs on aluminium imports from Canada.

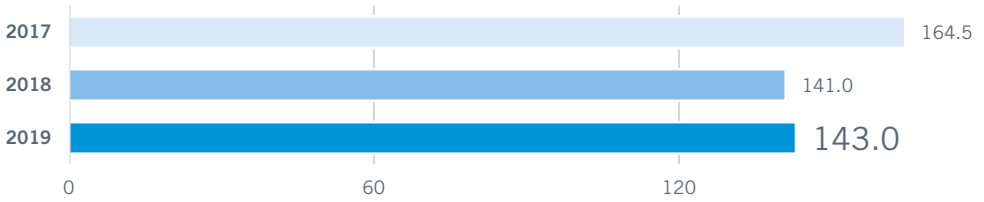
Due to the introduction of IFRS 16, the Management Board decided to undertake an intersegment reclassification of the building values, including corresponding depreciation, for the production-relevant buildings. These buildings and their values were still reported in the Service Division in the previous year and have now been allocated to the Casting and Rolling divisions. Earnings, segment assets and net investments in the affected segments changed accordingly. The previous year's segment reporting was not adjusted. As a consequence, the Casting and Rolling divisions' EBITDA grew by EUR 1.7 million and EUR 14.2 million respectively. By contrast, EBITDA in the Service Division reduced by EUR 15.9 million compared with the previous year.

Overall, EBITDA in the Casting Division was EUR 7.4 million, compared with EUR 7.8 million in the previous year. The main reason for this reduction was a lower price level, especially due to the weakening of the automotive sector.

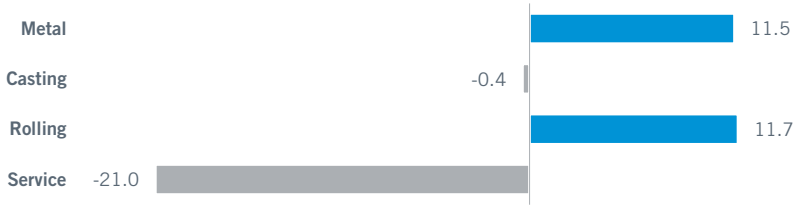
In the Rolling Division, EBITDA of EUR 107.3 million was higher than the previous year's EUR 95.6 million. In addition to the intersegment reclassification described above, higher shipment volumes and an improved product mix exerted a positive effect. The main negative factor was the lower price level due to the weaker economy in relevant sales markets.

The Service Division's EBITDA decreased from EUR 14.7 million to EUR -6.4 million, mainly owing to the intersegment reclassification.

EBITDA in EUR million



Change in EBITDA compared to 2018 in EUR million



In the statement of profit and loss prepared according to the cost of sales method, the cost of sales decreased by 5.3 % to EUR 903.5 million year-on-year, mainly due to lower aluminium prices and more favourable raw material costs.

Other income includes, among other items, the cost of maintenance and infrastructure services passed on, income from currency translation as well as research & development grants. Overall, other income decreased by 21.7 % year-on-year to EUR 12.6 million.

Selling and distribution expenses increased by 10.5 %, from EUR 57.0 million to EUR 63.0 million. In addition to higher logistics costs due to the increase in volumes, this figure also includes expenses for US import tariffs on aluminium.

Administrative expenses rose, particularly due to higher personnel expenses, from EUR 23.2 million to EUR 28.5 million.

The AMAG Group further advanced its activities in the research and development area. Expenses in this area rose from EUR 15.1 million to EUR 15.5 million.

Share of profit of associates amounted to EUR 0.3 million in the 2019 financial year (2018: EUR 0.4 million).

Depreciation and amortisation of EUR 81.9 million was slightly above the level of the previous year (2018: EUR 80.3 million).

The operating result (EBIT) of EUR 61.1 million was slightly higher than in the previous year (2018: EUR 60.6 million).

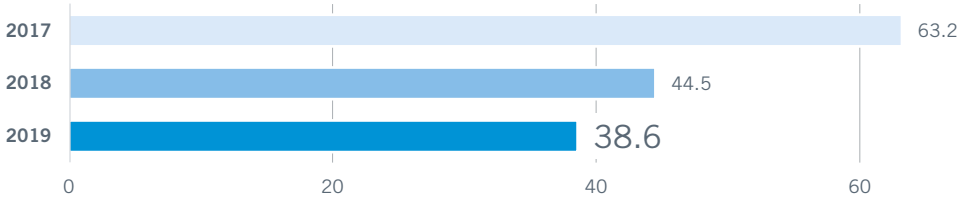
The net financial result stood at EUR -10.1 million, after the previous year's EUR -5.6 million, which is attributable to higher interest expenses and valuation effects on derivatives.

Current tax expenses of EUR 14.8 million and income from deferred taxes of EUR 2.5 million led to an income tax expense of EUR 12.4 million for the 2019 financial year (2018: EUR 10.5 million).

Net income after taxes amounted to EUR 38.6 million in 2019, compared with EUR 44.5 million in the previous-year period. The decline is mainly due to the deterioration in the net financial result and income taxes.

Taking into consideration a year-on-year unchanged number of AMAG shares, earnings per share amount to EUR 1.10 in 2019 (2018: EUR 1.26).

Net income after taxes in EUR million



CONSOLIDATED STATEMENT OF INCOME, CONDENSED IN EUR MILLION	2019	2018	Change in %
Revenue	**1,066.0**	1,101.6	-3.2
Cost of sales	**-903.5**	-954.2	5.3
Gross profit	**162.5**	**147.4**	**10.3**
Other income	**12.6**	16.1	-21.7
Selling and distribution expenses	**-63.0**	-57.0	-10.5
Administrative expenses	**-28.5**	-23.2	-22.7
Research and development expenses	**-15.5**	-15.1	-2.7
Other expenses	**-7.3**	-7.8	6.9
Share of profit of associates	**0.3**	0.4	-32.4
Earnings before interests and taxes (EBIT)	**61.1**	**60.6**	**0.7**
EBIT margin in %	**5.7**	5.5	-
Net financial income (expenses)	**-10.1**	-5.6	-78.8
Earnings before taxes (EBT)	**51.0**	**55.0**	**-7.3**
EBT margin in %	**4.8**	5.0	-
Income taxes	**-12.4**	-10.5	-18.0
Net income after taxes	**38.6**	**44.5**	**-13.2**

DIVIDEND

The Management Board will propose to the Shareholders' Annual General Meeting to be held on April 15, 2020, a year-on-year unchanged dividend of EUR 1.20 per share.

STRUCTURE OF ASSETS AND CAPITAL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The total assets of the AMAG Group of EUR 1,501.7, million as of the end of 2019 were below the previous year's level (2018 year-end: EUR 1,561.2 million).

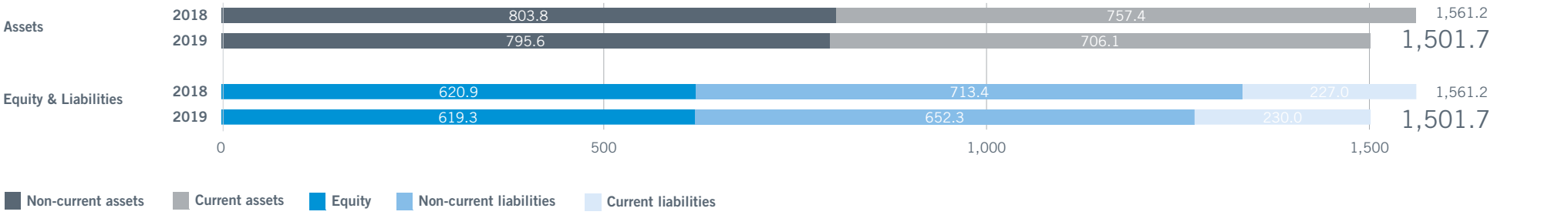
While non-current assets hardly changed, current assets decreased significantly from EUR 757.4 million to EUR 706.1 million. The reduction is mainly due to lower cash and cash equivalents, but trade receivables and other current assets also decreased compared to the end of 2018.

The equity of the AMAG Group of EUR 619.3 million remained almost unchanged compared to the previous year-end amount of EUR 620.9 million. Net income after taxes, positive effects from the hedging reserve and currency translation were offset by the equity-reducing effects of the revaluation of defined benefit plans and the dividend payment of EUR 42.3 million.

Non-current liabilities decreased from EUR 713.4 million to EUR 652.3 million due to the reclassification to current liabilities. Current liabilities remained almost unchanged at EUR 230.0 million (December 31, 2018: EUR 227.0 million). The amounts of the loan repayments and the reclassification from long-term to short-term liabilites were almost identical.

CONSOLIDATED BALANCE SHEET, CONDENSED IN EUR MILLION	2019	2018
Intangible assets, property, plant and equipment	749.2	757.2
Investments in associates	1.8	1.8
Other non-current assets and deferred taxes	44.7	44.9
Non-current assets	**795.6**	**803.8**
Inventories	257.0	256.6
Trade receivables	117.6	126.1
Current tax assets	0.1	6.5
Other current assets	64.1	72.4
Cash and cash equivalents	267.3	295.9
Current assets	**706.1**	**757.4**
ASSETS	**1,501.7**	**1,561.2**
Equity	**619.3**	**620.9**
Non-current liabilities	**652.3**	**713.4**
Current liabilities	**230.0**	**227.0**
EQUITY AND LIABILITIES	**1,501.7**	**1,561.2**

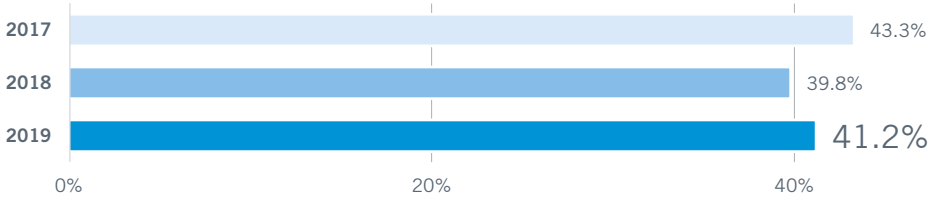
Balance sheet structure in EUR million



EQUITY RATIO

The equity ratio expresses the relationship between equity and the sum of equity and liabilities. This ratio stood at 41.2 % as of the end of 2019, slightly above the level as of the previous year's reporting date (December 31, 2018: 39.8 %). The reason for this increase is the contraction of the balance sheet, while equity remained virtually unchanged.

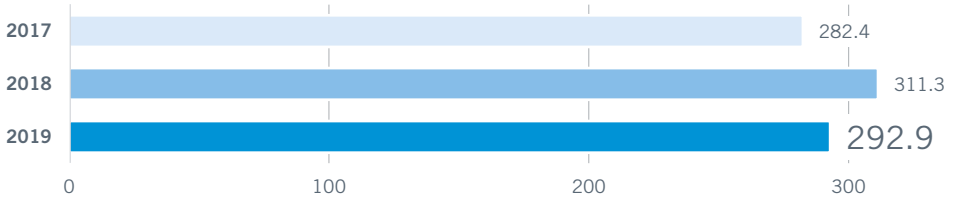
Equity ratio in EUR million



NET FINANCIAL DEBT

Net debt is calculated from the balance of cash and cash equivalents and loans receivable, less borrowings. Thanks to the positive change in cash flow, net financial debt decreased from EUR 311.3 million at the end of the previous year to EUR 292.9 million.

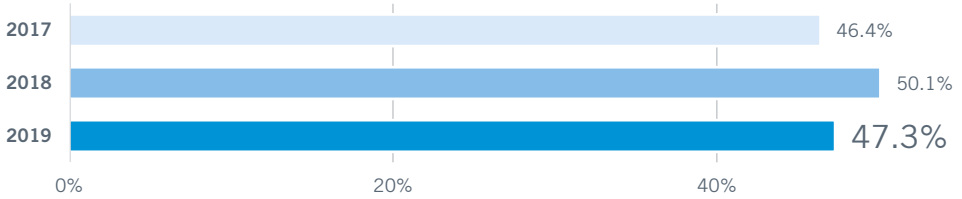
Net financial debt in EUR million



GEARING

Gearing represents the ratio between net financial debt and equity. Compared to the 2018 year-end, it reduced from 50.1 % to 47.3 % due to the lower net financial debt.

Gearing in %



CASH FLOW

The AMAG Group recorded a significant increase in cash flow from operating activities in the 2019 financial year, up from EUR 94.3 million to EUR 139.9 million. This was mainly thanks to the change in working capital and year-on-year lower tax payments.

Cash flow from investing activities amounted to EUR -76.4 million (2018: EUR -82.8 million). Free cash flow improved from EUR 11.5 million in the previous year to EUR 63.5 million in the 2019 reporting year.

Cash flow from financing activities stood at EUR -93.4 million in 2019. Thereof, EUR -42.3 million accounted for dividend payments as in the previous year and EUR -42.6 million (previous year: EUR -111.5 million) for loan repayments.

CONSOLIDATED CASH FLOW STATEMENT, CONDENSED IN EUR MILLION	2019	2018	Change in %
Cash flow from operating activities	**139.9**	94.3	48.3
Cash flow from investing activities	**-76.4**	-82.8	7.7
Free cash flow	**63.5**	11.5	453.8
Cash flow from financing activities	**-93.4**	113.2	-182.5

Cash flow from operating activities in EUR million

Free cash flow

INVESTMENTS

Capital expenditure in 2019 amounted to around EUR 72.7 million (2018: EUR 72.6 million), thereby slightly below the level of depreciation and amortisation of EUR 81.9 million.

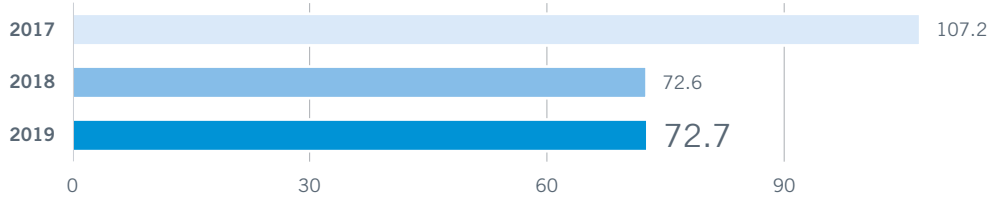
Of the investments realised in 2019, EUR 71.5 million were attributable to property, plant and equipment and EUR 1.2 million to intangible assets.

Around EUR 11.7 million of the investments continued to relate to the "AMAG 2020" expansion project. A large part of this related to the new rolling slab high-bay warehouse. This investment will increase work safety and reduce in-house forklift transportation.

In the Canadian Alouette smelter, investment activity focused above all on pot relining activities.

In 2019, the AMAG Group invested in the new research and development building at its headquarters in Ranshofen, which will open in 2020. In addition, a continuous heat-treatment furnace was modernised and various investments were realised in the areas of R&D and Safety & Environment as well as replacement investments.

Investments/additions to non-current assets in EUR million



The new rolling slab high-bay warehouse

KEY FINANCIAL PERFORMANCE INDICATORS

RETURN ON CAPITAL EMPLOYED

Return on capital employed (ROCE) is defined as the ratio between net operating profit after tax (NOPAT) and average capital employed, expressed as a percentage.

In other words, ROCE measures the profitability of the business based on average capital employed during the financial year.

Average capital employed comprises the total of average equity and average net debt (long-term and short-term interest-bearing financial liabilities, less liquid assets and short-term securities).

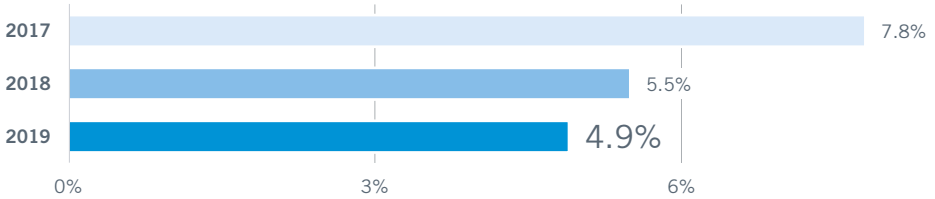
The AMAG Group's return on capital employed in 2019 amounted to 4.9 %, compared with 5.5 % in the previous year. In addition to the lower earnings, the decrease also reflects the growth in the average capital employed.

RETURN ON EQUITY

Return on equity describes the ratio between net income after taxes and average equity, expressed as a percentage. It shows the profitability in relation to average equity employed during the financial year.

ROE reduced from 7.2 % in the previous year to 6.2 % in the 2019 reporting year, which is attributable to the lower net income after taxes.

ROCE in %



CALCULATION OF ROCE AND ROE IN EUR MILLION	2019	2018
Net income after taxes	**38.6**	44.5
Net interest income (expenses)	**-9.0**	-7.1
Taxes on interest income	**2.2**	1.8
NOPAT	**45.4**	**49.9**
Equity*	**620.1**	614.4
Non-current interest-bearing financial liabilities*	**518.3**	446.0
Current interest-bearing financial liabilities*	**65.8**	84.1
Cash and cash equivalents**	**-282.0**	-233.4
Capital employed*	**922.1**	**911.1**
ROCE in %	**4.9**	**5.5**
Net income after taxes	**38.6**	44.5
Equity*	**620.1**	614.4
ROE IN %	**6.2**	**7.2**

*) Year-average
**) Year-average cash and cash equivalents

SEGMENT REPORTING

METAL DIVISION

ECONOMIC ENVIRONMENT

Global demand for primary aluminium in 2019 was significantly influenced by generally weaker economic growth and by trade disputes, especially between the USA and China. In May 2019, US import tariffs on deliveries from Canada were lifted.

Global demand in 2019 proved unable to continue the past years' upward trend and, according to estimates by the CRU market research institute, at 64.9 million tonnes remained at around the same level as the previous year (65.2 million tonnes).[15]

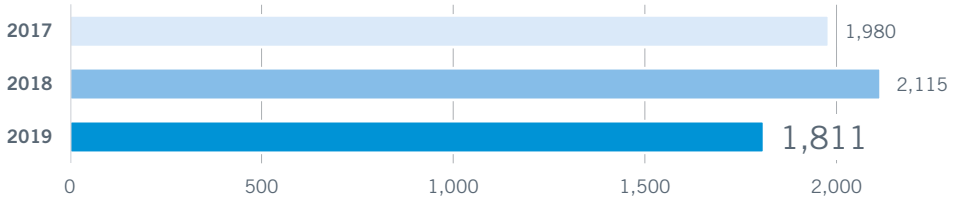
Demand in China was up by 0.9 % year-on-year to 36.1 million tonnes. This corresponds to approximately 56 % of global demand. In Europe and North America, global demand declined slightly year-on-year by 1.5 % and 1.7 % respectively.

Worldwide production of primary aluminium in 2019 stood at around 63.7 million tonnes (2018: 63.9 million tonnes). As a consequence, primary aluminium production in 2019 continued to be lower than the demand. According to CRU estimates, global stocks decreased from 11.9 to 10.7 million tonnes. Primary aluminium stocks at LME-registered warehouses increased from 1.3 to 1.5 million tonnes compared with the end of the previous year.

The price of aluminium (3-month LME) failed to maintain the level of 2018. The year-average of 1,811 USD/t was 14.4 % below the previous year's 2,115 USD/t. At the end of 2019, the price of aluminium was 1,830 USD/t (December 31, 2018: 1,846 USD/t).

At the same time, however, the cost of raw materials also decreased significantly. The price of alumina, which had been driven up by several special effects in 2018, normalised during the course of 2019. At an average of 333 USD/t, it stood 29.5 % below the average for the previous year.[16]

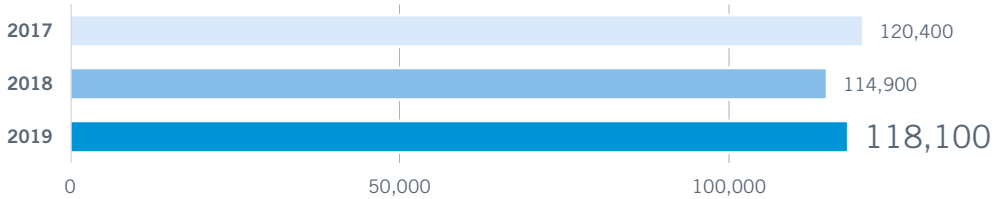
Average aluminium price in USD/t



FINANCIAL YEAR 2019

Following the completion of the increased level of pot relining activities in the first half of 2019, production and, as a consequence, shipment volumes rose in 2019 compared with the previous year. Overall, they grew by 2.8 % to 118,100 tonnes. Of this, around 1,200 tonnes were delivered intragroup to Ranshofen (2018: 1,900 tonnes).

Shipments in tonnes



15) See CRU, Aluminium Market Outlook, October 2019

16) Source: Bloomberg

2019 EARNINGS TRENDS

Revenue in the financial year under review amounted to EUR 741.0 million, compared with EUR 785.6 million previously. The lower aluminium price was the main reason for this reduction.

Of the total revenue, EUR 534.7 million was attributable to intragroup revenue. This consisted mainly of deliveries of input materials – including primary aluminium, scrap and rolling slabs – to the cast-house and rolling mill.

The Metal Division's EBITDA rose year-on-year from EUR 23.0 million to EUR 34.5 million, despite the lower aluminium price. This growth occurred mainly thanks to more favourable raw material and energy costs. In particular, the price of alumina, the main raw material, reduced significantly and returned to a normal level by historical standards. The Metal Division also benefitted in the second half of the year from the lifting of US import tariffs on deliveries from Canada. At EUR -0.4 million, the result from portfolio hedging was below the previous year's level (2018: EUR 0.4 million).

The operating result (EBIT) improved from EUR -0.5 million to EUR 10.3 million.

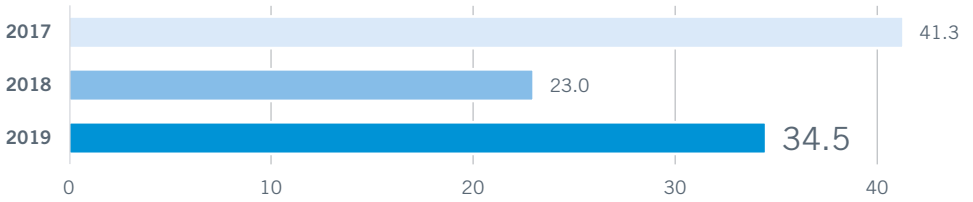
INVESTMENTS

Capital expenditure on property, plant and equipment and on intangible assets in the Metal Division amounted to EUR 23.8 million (previous year: EUR 19.1 million), and related mainly to new refractory linings for smelter cells.

EMPLOYEES

The number of employees (full-time equivalents) reduced year-on-year to an average of 183 employees (2018: 188 employees).

EBITDA in EUR million



KEY FIGURES FOR THE METAL DIVISION IN EUR MILLION	2019	2018	Change in %
Revenue	**741.0**	785.6	-5.7
thereof, internal revenue	**534.7**	569.3	-6.1
EBITDA	**34.5**	23.0	50.0
EBITDA margin in %	**4.7**	**2.9**	**-**
EBIT	**10.3**	-0.5	-2,356.0
EBIT margin in %	**1.4**	-0.1	-
Investments	**23.8**	19.1	24.3
Employees*	**183**	188	-2.6

*) The percentage of AMAG's employees from the 20% stake in the Alouette smelter is around 180 employees and is included in the calculation of the number of employees.

CASTING DIVISION

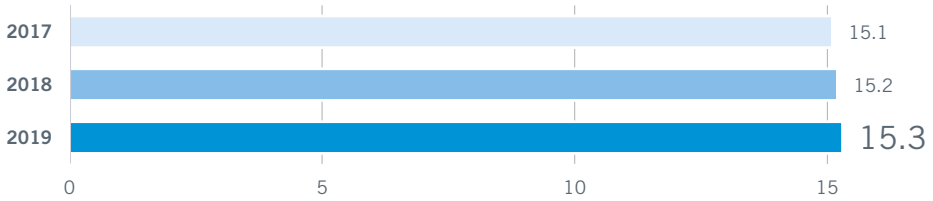
ECONOMIC ENVIRONMENT

According to estimates by the CRU market research institute, global demand for recycling foundry alloys decreased by 2.0 % year-on-year to 17.5 million tonnes. In Europe, demand rose by 1.5 % to 3.5 million tonnes.[17]

The relevant market for the Casting Division is essentially Germany and Austria as well as other neighbouring countries. The automotive sector (including its respective supply industry) comprises the division's largest customer. As a consequence, the relevant economic environment is primarily shaped by European automotive industry trends.

Global demand for automobiles in 2019 was down year-on-year, due in particular to lower demand in China. In the USA, new registrations of passenger cars and light commercial vehicles decreased from 17.4 to 16.7 million units.[18] In the European Union, new passenger car registrations rose slightly by 1 % from 15.2 to 15.3 million units.[19]

New EU car registrations in millions



According to the latest CRU forecasts,[20] worldwide production of passenger cars and commercial vehicles decreased by 3.8 % to 93.2 million units. In Germany, the most important market for the Casting Division, automotive production reduced by 9 % to 4.7 million units due to weaker demand internationally.[21]

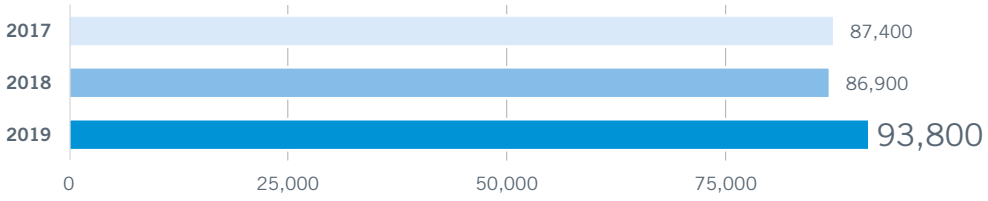
FINANCIAL YEAR 2019

In the 2019 financial year, the Casting Division benefitted on a full-year basis from its new state-of-the-art melting furnace. Shipment volumes grew from 86,900 to 93,800 tonnes, representing an increase of 7.9 %.

About 61,300 tonnes of this was sold to external customers in the form of ingots, sows and liquid aluminium.

In addition, the Casting Division made a valuable contribution to the supply of primary materials for the Rolling Division through intragroup deliveries of around 32,500 tonnes. As a consequence, additional recycled aluminium was successfully reintroduced into the value cycle to produce high-quality aluminium rolled products. The Casting Division made a significant contribution to keeping the scrap used at the Ranshofen site at the high level of the previous year.

Shipments in tonnes



17) See CRU, Aluminium Casthouse Shapes Market Outlook, July 2019
18) Source: Bloomberg
19) See ACEA (European Automobile Manufacturers Association), press release of January 16, 2020
20) See CRU, Aluminium Market Outlook, October 2019
21) See VDA (German Association of the Automotive Industry), press release of January 6, 2020

2019 EARNINGS TRENDS

Revenue reduced year-on-year from EUR 114.2 million to EUR 99.4 million, mainly reflecting the year-on-year lower price level.

EBITDA during the 2019 financial year amounted to EUR 7.4 million, compared with EUR 7.8 million in the previous year, with the lower margin level being the main reason for this decline. The higher shipment volume and the shifts deriving from the intersegment reclassification of building values including corresponding depreciation for production-related buildings exerted a positive effect on earnings.

The operating result (EBIT) of EUR 5.0 million was also down on the previous year's EUR 6.1 million due to margins.

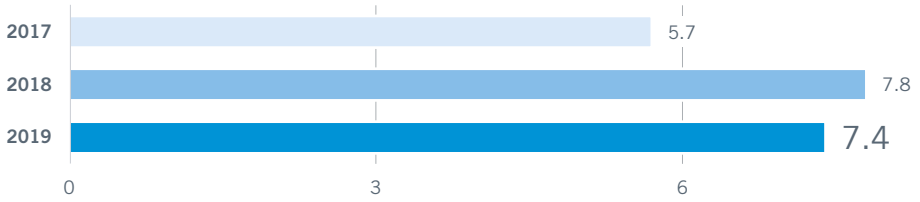
INVESTMENTS

In the Casting Division, capital expenditure on property, plant and equipment in 2019 of EUR 4.2 million was higher than in the previous year (2018: EUR 3.6 million) and primarily related to investments in aluminium recycling. Shifts due to the intersegment reclassification amounted to EUR 0.5 million.

EMPLOYEES

The average number of employees of 123 stood approximately at the previous year's level (124 employees).

EBITDA in EUR million



KEY FIGURES FOR THE CASTING DIVISION IN EUR MILLION	2019	2018	Change in %
Revenue	**99.4**	114.2	-12.9
thereof, internal revenue	**11.5**	8.7	32.6
EBITDA	**7.4**	7.8	-5.2
EBITDA margin in %	**7.4**	**6.8**	**-**
EBIT	**5.0**	6.1	-18.6
EBIT margin in %	**5.0**	**5.4**	**-**
Investments	**4.2**	3.6	19.0
Employees	**123**	124	-0.4

ROLLING DIVISION

ECONOMIC ENVIRONMENT

Global demand for aluminium rolled products continued on its upward trend in 2019, reaching a new record level of 28.1 million tonnes, despite weaker global economic indicators. Compared to the previous year, it thereby rose by 2.0 %.[22]

Attractive growth was recorded in the transport sector in 2019, where global demand rose by 3.1 % to 4.7 million tonnes. Firstly, demand from the aviation industry rose. Secondly, demand benefitted from the growing trend towards lightweight construction in the automotive sector. Even though worldwide passenger car sales weakened year-on-year, demand for aluminium sheet for the automotive industry rose by 10.1 % to 1.7 million tonnes due to the substitution of steel sheet by aluminium sheet in outer body applications.

In the large-volume packaging industry, global demand rose by 2.6 % to 14.3 million tonnes. Demand in other sectors was affected by the weakening economy. As in the previous year, worldwide demand in the construction industry was around 3.7 million tonnes. In mechanical engineering, global demand also remained largely stable year-on-year at 2.2 million tonnes.

Demand trends in core markets varied. In Western Europe, demand remained at around the same level as in the previous year at 4.2 million tonnes due to the economic situation. In North America, however, it rose by 4.3 % to 6.2 million tonnes. In the Asian region, demand was up 1.2 % on the previous year. Demand in China grew by 1.7 % to 10.2 million tonnes.

The introduction of US import tariffs has caused a significant shift in the international aluminium rolled product flows. Exports from China to the USA fell significantly due to high punitive tariffs. Instead, Chinese producers are partly shifting to the European market, which has led to price reductions, especially in the distribution sector and for standard products.

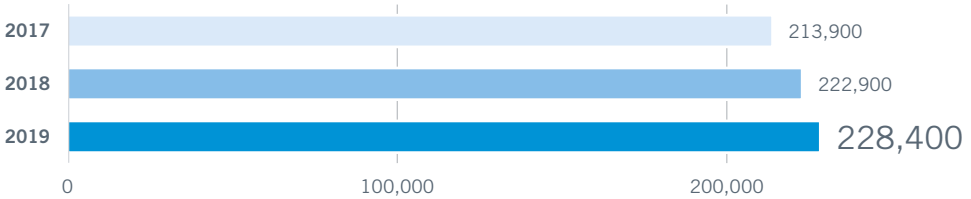
FINANCIAL YEAR 2019

The ramp-up of the new cold rolling mill and the additional finishing plants was successfully continued in 2019, although economic trends, especially in the second half of the year, led to a weakening of new order intake and consequently to lower shipment growth than originally expected.

Overall, shipment volumes increased by 2.5 % from 222,900 tonnes to 228,400 tonnes compared to the previous year.

Global demand for aluminium rolled products in millions of tonnes

Shipments in tonnes



22) See CRU, Aluminium Rolled Products Market Outlook, November 2019

The Rolling Division achieved significant growth in aviation product volumes. Shipments of aluminium sheet for the automotive industry also increased considerably compared with 2018. The Rolling Division recorded declines in standard products and in the distribution sector, as well as in brightening qualities.

The rolling slab casthouse, which was also expanded as part of the expansion programme, produces roughly 300,000 tonnes of rolling slabs. Accordingly, a large proportion of the primary material required for rolled products was produced in-house, mainly from aluminium scrap.

2019 EARNINGS TRENDS

Revenue reported a slight decrease compared with the previous year, from EUR 892.4 million to EUR 880.3 million. The higher shipment volume was more than offset by the lower aluminium price and the trend towards lower price levels.

EBITDA rose year-on-year from EUR 95.6 million to EUR 107.3 million. The main reasons for this increase were the higher shipment volume and EBITDA shifts from the Service Division to the Rolling Division in the amount of EUR 14.2 million due to the intersegment reclassification of building values including corresponding depreciation for production-related buildings. A lower price level and positive valuation effects in the previous year had a negative impact on the year-on-year earnings comparison.

Depreciation and amortisation rose from EUR 42.5 million in the previous year to EUR 50.0 million in 2019, particularly as a result of the change in accounting regulations for leased properties.

The operating result (EBIT) of EUR 57.2 million was 7.7 % above the previous year's level.

EBITDA in EUR million

INVESTMENTS

Investments in the Rolling Division decreased from EUR 38.5 million to EUR 35.9 million compared with the previous year. Of this amount, around EUR 8.3 million continued to relate to the "AMAG 2020" expansion project, primarily in connection with the construction of the new rolling slab high-bay warehouse. In addition, a continuous heat-treatment furnace was modernised and various investments were realised in the areas of R&D and Safety & Environment as well as replacement investments. Shifts due to the intersegment reclassification amounted to EUR 5.3 million and mainly concerned the expansion of the R&D building.

EMPLOYEES

The year-average number of employees (full-time equivalents) was 1,531, compared with 1,500 in the previous year.

KEY FIGURES FOR THE ROLLING DIVISION IN EUR MILLION	2019	2018	Change in %
Revenue	**880.3**	892.4	-1.4
thereof, internal revenue	**114.2**	118.6	-3.7
EBITDA	**107.3**	95.6	12.2
EBITDA margin in %	**12.2**	**10.7**	**-**
EBIT	**57.2**	53.1	7.7
EBIT margin in %	**6.5**	**6.0**	**-**
Investments	**35.9**	38.5	-6.7
Employees	**1,531**	1,500	2.0

SERVICE DIVISION

Through providing infrastructure and services, the Service Division makes an important contribution to the AMAG Group's sustainable corporate success, profitability and continued growth. Besides managing the Group, the division's scope of responsibility also includes waste disposal, as well as measures aimed at waste prevention and recycling. The works services function comprises site infrastructure services such as security guards and messengers.

The facility management function is responsible for around 300 ha of ground area. Thereof, the industrial built-up area amounts to around 100 ha.

In 2019, the supplies function provided a procurement volume of 246 GWh (previous year: 242 GWh) of electric energy and approximately 48 million m³ of natural gas (previous year: around 47 million m³).

2019 EARNINGS TRENDS

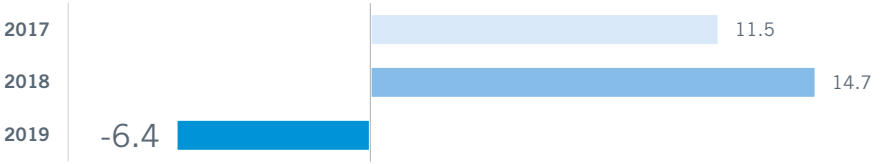
Revenue amounted to EUR 65.8 million in 2019 (previous year: EUR 82.3 million), and included services for the other divisions as well as for entities outside the Group. The decline is due, in particular, to the loss of rental income as a result of the intersegment reclassification of building values including corresponding depreciation for production-related buildings.

The Service Division's EBITDA was significantly influenced by the shift of earnings to the Casting and Rolling Divisions due to the reclassification described above. At EUR -6.4 million, it was well below the previous year's figure of EUR 14.7 million.

INVESTMENTS

At EUR 8.8 million, capital expenditure was below the previous year's level (previous year: EUR 11.4 million) and, in addition to infrastructure measures and modernisation, related mainly to construction activities for the research and development centre in Ranshofen. Shifts due to the intersegment reclassification amounted to EUR -5.8 million.

EBITDA in EUR million



EMPLOYEES

The average number of employees of 163 was above the previous year's level (147 employees).

KEY FIGURES FOR THE SERVICE DIVISION IN EUR MILLION	2019	2018	Change in %
Revenue	**65.8**	82.3	-20.0
thereof, internal revenue	**60.1**	76.4	-21.4
EBITDA	**-6.4**	14.7	-143.4
EBITDA margin in %	**-9.7**	**17.8**	**-**
EBIT	**-11.6**	2.0	-692.5
EBIT margin in %	**-17.6**	**2.4**	**-**
Investments	**8.8**	11.4	-22.8
Employees	**163**	147	10.7

RISK AND OPPORTUNITY REPORT

A formalised risk management system designed to identify, assess and manage all of the significant risk exposures for AMAG Group and its environment forms an integral element of the AMAG Group's business activities. The AMAG Group aims to identify risks at an early juncture and proactively counter them where possible, in order to limit them to the greatest extent. At the same time the Group seeks to capitalise on the business opportunities on hand. A balanced approach to opportunity and risk management is one of the Group's key success factors.

RISK MANAGEMENT SYSTEM

Risk management is geared to ensuring a sustained positive trend in our financial position and performance as well as long-term growth in the AMAG Group's value, and to minimising negative influences on the environment. This system relies primarily on

- Groupwide standards and instructions to regulate operational processes with a view to identifying, analysing, assessing and communicating risks, and actively managing risks and opportunities,
- active hedging of specific risks (volatility in the aluminium price and in exchange rates),
- covering certain risks under a comprehensive insurance strategy.

Risks are managed based on these standards and instructions, and concern all levels of the management hierarchy. Strategic and operative risks are reviewed annually, and any requisite business policy adjustments are implemented as part of an institutionalised process. Moreover, the standards and instructions, and the scope and amount of insurance cover, are subject to ongoing review and updated whenever necessary.

In addition, external auditors conduct evaluations on a case-by-case basis in selected corporate areas to determine the effectiveness of the internal control system.

INTERNAL CONTROL SYSTEM

The AMAG Group's internal control and risk management systems are based on the Internal Control and Enterprise Risk Managing Frameworks – internationally recognised standards established by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission – and on ISO 31000:2010. The objective is for the relevant managers to identify and manage potential risks.

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM RELATING TO THE FINANCIAL ACCOUNTING PROCESS

As a matter of principle, the establishment of appropriate internal controlling and risk management systems in relation to the financial accounting process and financial reporting is the responsibility of the respective management. The AMAG Group has established Groupwide mandatory standards for the management of its most important business risks, and for the financial accounting and reporting process. The standards are implemented by the management teams within the companies, and augmented where necessary.

The integrated financial accounting and reporting for the Ranshofen site is performed centrally. Appropriate organisational measures ensure compliance with statutory requirements, and that entry in the books of accounting and other records is complete, correct, timely and proper. The entire process from procurement through to payment is governed by stringent regulations and guidelines, which aim to ensure that all associated risks are avoided.

These measures and regulations require functional separations, regulations relating to signing authorities, joint signatory powers for payments restricted to a limited number of persons, and system-supported checks for the deployed software (SAP). The financial accounting systems are largely based on standard software, and protected against unauthorised access.

A standardised financial reporting system has been established throughout the AMAG Group. The management is updated on all important matters, including additional company-specific information

where required. The AMAG Austria Metall AG Supervisory Board is informed at its Supervisory Board meetings, which occur at least every quarter, about current business progress, and also annually about the Group's operative planning and medium-term strategy, with these being approved by the Supervisory Board. The Supervisory Board is also informed directly in special cases. In addition, the audit committee meetings confer about the internal controlling system, the risk management system and anticorruption measures.

PERSONNEL RISKS

Employees form a key element in AMAG's success thanks to their expertise and commitment. In order to secure and strengthen this factor, investments in occupational safety ("consistently safe") and the promotion of health enjoy a very high priority. Various measures are in place in the accident prevention area, such as job evaluation and safe structuring, preventative measures and ongoing staff training. The AMAG Group prides itself on its performance-based rewards system, its training and continuing education programmes (such as the Alu-Academy), its early identification and promotion of talent, and its attractive incentive system for managers. The company takes very seriously the protection of its employees' data.

Based on analyses of future qualification requirements, especially in connection with the expansion project, corresponding HR measures and recruitment activities (such as AMAG job speed-dating) have been strengthened.

Above and beyond this, a focus has been placed on further areas to strengthen the employer brand in order to position AMAG as an attractive employer.

OPERATIONAL RISKS

Production-related risks

At various stages in the value chain, the AMAG Group's operating companies are exposed to the risk of interruption of operations and risks relating to quality and occupational safety. Such risks are largely avoided thanks to comprehensive procedures established in production, quality management and occupational safety, including as part of our continuous improvement process (CIP), which encourages employees to assume personal responsibility. The risks of plant breakdown and interruption of energy supply at AMAG are also countered with systematic preventative maintenance and regular risk-based maintenance (RBM), as well as a regular evaluation of technical plant risk and setting appropriate measures. Furthermore, modernisation and replacement investments are planned on a long-term basis. The investments in the new hot rolling and cold rolling mills as well as the enhancement of casting capacities have increased the redundancy of state-of-the-art plants at the Ranshofen site. New plants for the manufacturing of our products are qualified continuously. Emergency plans have been prepared for important products that enable quick transitioning to a replacement manufacturing route in the case of a plant standstill. Machine breakdown insurance provides additional security. The supply of technical gases at the site is secured by long-term contracts or procurement from several suppliers.

Technological development risks

In technologically advanced sectors such as aviation, automotive engineering and sport, the risk exists of aluminium being displaced by the development of alternative lightweight materials offering comparable properties, such as carbon fibre composites, plastics, magnesium and advanced steels. Equally, some disruptive manufacturing processes such as 3D printing and technical upheaval in individual customer sectors might affect relevant markets. This risk potential is countered by ongoing market observation and joint development work with customers, as well as by continuously improving the properties of aluminium materials within the framework of alloy development and optimisation. At the same time, work is being done within the framework of partnerships on tapping new application areas for aluminium alloys, and on actively establishing applications of relevance to AMAG in potentially disruptive technologies.

Failure mode and effects analyses (FMEAs) are conducted to identify potential error sources in product development, and to minimise risk accordingly.

To ensure that the company maintains its legal freedom of action, the "Intellectual Properties" environment (patents, utility models) is continuously automated and manually monitored. If necessary, appropriate steps will be taken.

Equally, technological developments in the digitalisation area are monitored constantly. In recent years, activities in this area have been continuously expanded by hiring a digitalisation coordinator and by defining a digitalisation strategy with the three focus areas of "operational excellence", "product leadership" and "proximity to partners". Topics of importance to AMAG in the Digitalisation Compass are included and implemented accordingly (e.g. Smart Factory, Digital Partner Excellence).

Natural hazard risks

Appropriate measures are taken to minimise natural hazard risks.

- Fire prevention: Structural, technical and organisational fire protection measures are implemented depending on the potential danger: e.g. company fire brigade, fire compartments, fire alarm system, CO_2 extinguishing systems, sprinkler systems, conclusion of fire insurance policies as well as carrying out crisis exercises
- Flood and other natural hazard risks: Ongoing improvement of preventative measures (e.g. expanding the rainwater percolation)

Environmental risks

The danger of environmental risks occurring, e.g. relating to water, waste, soil contamination and air emissions, is minimised by strict compliance with legal and official requirements and compliance is monitored by the environmental management system certified to ISO 14001.

Conventional energy sources such as diesel and natural gas release air emissions when they are combusted, which can exert a negative impact on the environment and the climate. More restrictive climate policies can increase the costs of fossil energy and electricity, or lead to the introduction of additional CO_2 fees. Measures to boost energy efficiency are implemented, and planned legislative changes are monitored to minimise such risk and the burden placed on the environment. Past pollution from earlier use of the Ranshofen site has been made safe and rectified by prompt implementation of remedial measures. The expected costs are otherwise covered by provisions. Primary materials bearing pollution risks are exhaustively examined at the time of delivery, and rejected where required.

Information processing and security risks

The Group's primary focus in this sensitive area is on data security, systems compatibility and effectiveness, access protection, manipulation and malware protection, and operating reliability. The head of the IT area is responsible for Groupwide control of IT activities based on the Group's IT directive.

This directive is structured to ensure that IT services meet requirements in relation to availability, reliability, disaster tolerance and response time, and that personnel and product resources are deployed effectively and efficiently in providing IT services.

Security and user authorisation systems have also been implemented. Back-up computer centres are available to reduce the risk of a system failure caused by defective hardware, data loss or data manipulation. The data protection guidelines comply with the legal requirements of the General Data Protection Regulation.

IT security training sessions are also held regularly to raise employee awareness about such risks (e.g. cyber attacks). Furthermore, regular external cyber-attack tests are conducted in order to check the efficacy of the measures implemented. In the 2019 financial year, a cyber and crime insurance policy was also taken out.

AMAG takes data protection very seriously. Additional measures to avoid data misuse have already been implemented. Moreover, ISO 27001 information security management certification is being prepared.

Risks arising from insufficient supervisory systems and fraudulent activities

An extensive internal control system in order to identify risks at an early stage, and to monitor and avoid them, has been established. This system provides all of the instruments and procedures required for the avoidance and timely identification of risks, and for appropriate responses to any risk incidents.

BUSINESS RISKS

Procurement risks

To manufacture products, raw and auxiliary materials are required from external sources that may be subject to price and availability risks.

Alumina is required for primary aluminium production. The AMAG Group is responsible for supplying the Canadian Alouette smelter with alumina in accordance with its 20 % interest. In addition to the price, the availability of alumina is also a significant risk, which is mitigated by a sufficient number of suppliers and the qualification of several alumina refineries. When selecting suppliers, care is taken – as far as is possible in the light of their industrial structure and size – to ensure that suppliers act responsibly in order to minimise the environmental and social impact of bauxite mining.

The chief risk for the casthouses is a potential shortage of ample scrap metal of sufficient quality. This risk is minimised through long-term contracts with professional metals dealers (regular suppliers with business relationships established over many years) and major collection points, and by internationally diversified sourcing. The company is gradually expanding the deployment spectrum through continuous investments in new sorting technologies, to further secure scrap supplies. The additional primary metal required is a liquid commodity, available in the form of ingots or sows. AMAG purchases from recognised international suppliers with which the company maintains long-standing business relationships. AMAG also has the option to purchase primary aluminium for the Ranshofen site directly from the Alouette smelter.

The rolling mill sources most of its rolling slabs, which utilise a high proportion of recycled materials, from AMAG's own casthouse in Ranshofen. To ensure proper and full supply of the primary metal requirements, recognised international suppliers were selected on the basis of a competitive tender.

Compliance rules for AMAG suppliers include descriptions of codes of conduct connected with the special responsibility in relation to society, shareholders, employees and business partners. Suppliers for the Ranshofen site are correspondingly obligated to comply with such rules. Suppliers are assessed on a regular basis.

Market environment and sales risks

As an internationally operating company, the AMAG Group is exposed to macroeconomic risks, which can influence price and demand, among other things. Examples of such risks include global economic trends, the political situation in individual sales regions, international trade restrictions and the introduction of customs tariffs. The development of the global market environment is continuously monitored and appropriate measures initiated as required.

The AMAG Group's broad product range ensures its independence from a few sales regions, customer sectors and major customers. In 2019, the top 10 customers accounted for 31 % of Group revenue. Long-term agreements with key customers assist in the endeavour to minimise sales risks. At the same time, the Group is extending the product range and sales markets in attractive premium segments that require innovative solutions and top quality. The new hot and cold rolling mills, which expanded the product range towards larger dimensions, also made positive contributions in this context. Meeting the highest standards, particularly those of the automotive and aviation industries, is of crucial importance. The Rolling Division supplies to sectors entailing low-to-medium cyclical risk, such as the packaging and sports equipment industries, although it also has customers in cyclical industries such as construction, aviation, automotive, and automotive suppliers. Flexibility is maintained through forward-looking planning and alternative production routes.

The focus on premium products and a wide range of customer sectors ensures a balanced portfolio. Relations with large customers are supported by joint development projects and high-quality customer service. Liquid aluminium supplies and the development and improvement of new alloys together with customers make an important contribution to greater customer loyalty in the Casting Division. Regular surveys test customer satisfaction. Aluminium price risks and currency risks are minimised by active hedging.

Project risks

Risks emanating from large-scale projects are supervised at regular project supervisory meetings. A particular focus is on deadlines and costs, and on ensuring that the technical progress of the project is running to schedule. Commissioning and ramp-up planning, the obtaining of the qualifications required for the new plants, and sales and purchasing risks connected with additional production volumes continue to be monitored. The ongoing search for ways to minimise risks and implement risk-reducing measures forms a key task for project supervisors.

Competitive and capital market risks

The AMAG Group is committed without reservation to fair competition, fair and legally compliant contracts with its business partners, as well as compliance with capital market regulations. This commitment takes the form of appropriate rules and regulations (anti-trust guidelines, issuer compliance guidelines and anti-corruption guidelines), and the code of conduct.

AMAG's compliance structure is divided into separate compliance areas. For example, respective compliance officers support the organisation through ongoing training measures, and supervise compliance with internal regulations. A compliance hotline also exists to report any compliance offences.

Research and development risks

The general increase in applications for intellectual property rights, driven especially by the aluminium industry's continuing consolidation, poses a risk to development work.

As a consequence, when planning development activities, and in addition to continuous checks, it is essential to review the current patent right situation and to evaluate and document the present status of research in Austria and abroad, in order to establish the extent of related risk, including implications for AMAG. Internal technical risks and the effects of the respective project on the company's financial performance must be presented when submitting a project proposal. An R&D steering group consisting of senior management and an external group of renowned experts regularly reviews project proposals and the progress of existing projects, and the patent rights that can be derived from them for AMAG.

Furthermore, joint research activities are always conducted with customers in all areas of relevance for AMAG, in order to minimise the risk of errors. In order to further minimise risk, the company conducts patent monitoring with external lawyers through all relevant databases as well as personal research conducted by AMAG staff, patent lawyers and members of the scientific advisory council. If third-party industrial property rights are relevant to the AMAG Group, it endeavours in advance either to license them at a favourable price or, if this proves impossible, to lodge corresponding appeals.

Legal risks

The AMAG Group is exposed to various legal risks due to its business activities. The Group has a specialised legal department that examines and appraises legal risks in-house or through recourse to external lawyers, depending on requirement and jurisdiction. When structuring contracts, risks are mitigated through implementing liability limits.

Risks arising from potential losses due to product liability are minimised through quality assurance measures. Moreover, any residual risks are covered by liability insurance policies. The AMAG Group has standard terms and conditions of sale for customers, and standard purchasing conditions for suppliers. As a rule, these are also utilised by the individual operating companies.

Compliance with legal obligations is monitored continuously. This is done, for example, in the course of internal audits carried out as part of the management systems implemented (e.g. in the area of environmental law and employee protection), as well as through regular external reviews.

Financial risks

As an aluminium producer and processor, the AMAG Group is principally exposed to metal price risks and currency risks. Aluminium is traded in US dollars on the LME. Without appropriate hedging measures, the volatility of aluminium prices and the US dollar exchange rate would exert a direct impact on profitability. The Group's mandatory guidelines – its metal management guidelines and financial management guidelines – set out procedures to record and hedge these two main risks.

In order to stabilise results from the AMAG interest in the Alouette smelter, the sales prices of parts of our production can be hedged on a rolling basis by forward sales and options. Besides the current market situation, estimates of future aluminium price trends and attendant production costs comprise key decision-making criteria in this context. As a general rule, aluminium price volatility risks in Ranshofen are hedged.

The AMAG Group's metal management function registers all LME-related aluminium purchases and stocks centrally as well as all of the operating companies' LME-related aluminium sales, and constantly calculates the aluminium position's aluminium price risk exposure. The "metals book" – an SAP application developed at AMAG – comprises an important tool in managing exposure. Open aluminium positions are hedged against metal price risk through contracts with brokers and investment banks. As a consequence, the underlying transactions' market price risk is fully offset by countervailing hedge movements. All underlying and hedge transactions in the metals book are marked to market daily. As cast alloys and LME prices are largely insufficiently price-correlated, cast alloy sales are hedged by physical purchases of input materials. The position is monitored continuously.

The premiums for primary aluminum in addition to the aluminum price affect AMAG on both the purchasing and sales side. These premiums can develop differently in individual regions. The metal management in the AMAG group regularly measures and evaluates the premium status. If necessary, hedging transactions can also be carried out for these premiums.

Potential margin requirements associated with hedging (liquidity risks) are covered with liquid funds. Counterparty risks on derivatives with a positive market value are limited by the careful selection of international banks and brokers, and a limit policy for risk diversification.

The AMAG Group operating companies utilise credit insurance and banking collateral such as guarantees and letters of credit in order to limit default risk on receivables.

Financing and investment activities, the hedging of such activities, and foreign currency management are managed centrally for the entire Group. Working capital financing is based on short-term liquidity planning. Centralised daily euro pooling serves the purpose of financial equalisation within the Group. Medium and long-term corporate financing occurs on the basis of preview and budget data. Interest-rate risks pertaining to variable rate financing facilities can be hedged proportionally by way of swaps and caps.

Counterparty risks relating to bank balances are actively managed by setting deposit limits for each bank, and – where available – by making recourse to credit ratings and the regular monitoring of CDS spreads.

To the extent that receipts and payments in the same foreign currency do not provide a natural hedge against exchange rate risk, AMAG proportionally hedges major foreign currency exposures through forward currency transactions and, where required, options.

AMAG operates a payment process fully integrated into SAP. Manipulation risk in payment transactions is minimised through eliminating possibilities to intervene manually at interfaces. All billing and payment approvals occur according to a multiple control principle secured through technical systems.

RISKS FROM THE INTEREST IN ALUMINERIE ALOUETTE INC.

The significant arrangements relating to the joint operation of the Alouette smelter are set out in a consortium agreement. In the case of significant decisions regarding Alouette's business, resolutions with 90 % approval are required. With the present ownership structure, or even with a change in structure, the risk exists of conflicting interests among shareholders.

Pursuant to the existing consortium agreement, obligations exist that are of essential importance for current production operations. A failure to satisfy such obligations could result in a loss of co-determination rights, implying liability on the part of AMAG for potential losses. This applies, for example, with respect to the procurement of share of AMAG's share of the alumina required for production.

The sales price for the primary aluminium produced at Alouette is mainly defined by the price on the London Metal Exchange, which the AMAG Group is consequently unable to influence. This

investment's long-term and sustainable success and profitability requires a beneficial cost position on an international comparison. The long-term electricity contract agreed since 2017, cost-optimised production, and logistical advantages through direct access to deep-sea harbours represent important cornerstones of this smelter's long-term competitiveness. Strategic hedging instruments can also be deployed to reduce the risk of loss and the volatility of results.

Due to IFRS accounting standards, the electricity price formula for the new electricity contract generates an embedded derivative whose recognition might temporarily affect the level of equity reported by AMAG Group.

As far as operative risks are concerned, a proprietary risk management system and an extensive insurance concept also exist for the smelter. The risk of damages from events such as the loss of production owing to electrical power outages caused by bad weather is largely covered. Operative risks such as occupational safety, the useful life of the refractory linings of electrolytic cells, electricity outages within the company's own operations, as well as personnel risks, are monitored constantly and minimised through corresponding measures. As far as electricity supplies are concerned, even greater supply security for electric power has existed since the end of 2015 thanks to the construction of a redundant power line.

BUSINESS OPPORTUNITIES

The AMAG Group concentrates systematically on premium products in attractive market niches across a broad spectrum of industrial sectors. The business positioning with primary aluminium from Alouette and high-quality recycling foundry alloys and rolled products from Ranshofen offers a balanced mix of stability and growth.

The integrated site with foundries and rolling mills, and its geographic proximity to strong industrial regions foster further technological development and make intensive customer service easier. The re-acceptance and recycling of aluminium fabrication waste (closed loop recycling) and liquid aluminium supplies additionally bolster customer loyalty. As a leading supplier of innovative products, the AMAG Group responds flexibly and rapidly to customers' requests on a customised basis. Thanks to the unique alloy and product diversity at a single site, our customers are offered both innovative and customised products for very varied application areas. The AMAG Group also stands out clearly from its competitors with its extensive certifications in the areas of quality, sustainability and occupational safety. The achieved certification according to the Performance Standard of the Aluminium Stewardship Initiative (ASI) is an important proof of the company's responsible production and procurement of aluminium.

AMAG distinguishes itself by producing a very high proportion of specialty products compared to the overall sector. The innovative strength will continue to be augmented in the coming years by expanding research and development activities. The employees' high level of specialist and technical expertise plays an important role in this context. AMAG also makes recourse to an extensive network of renowned universities and research institutions.

Its outstanding technological capabilities in casting and rolling, cladding, and the surface and heat treatment of rolled products, open ups opportunities for the AMAG Group to further expand in attractive growth sectors, such as automotive, aviation, packaging, construction, engineering applications and high-strength materials for sports industry applications, as well as braze clad materials and cathode sheets.

With the expansion of the Ranshofen plant, the capacity and product portfolio of aluminium rolled products was significantly expanded to larger dimensions (width, thickness). New markets can be tapped and existing customer relationships expanded as a consequence. During the past few years, the AMAG Group has received important approvals from many customers. Productivity enhancement will improve the cost position and competitiveness in the global market. Additional growth potentials are being tapped by investing in extending the vertical range of manufacture and investments in the foundry plant park.

The AMAG Group ascribes a high priority to the digitalisation of processes. An appropriate framework for the integration of forward-looking digital technologies has already been created. The opportunities offered by digitalisation are being actively seized. The digitalisation strategy is closely coordinated with the information processing and security department.

Considerable potential also exists for successful growth in marketing high-quality products worldwide. For this reason, the international distribution network has been expanded consistently over the past years.

The two casthouses at Ranshofen offer the smelting technologies for almost all types of scrap, high-level skills and expertise in scrap sorting, as well as a special plant for scrap processing. The Ranshofen Recycling Centre has been consistently expanded over recent years.

A long-term trend towards greater sustainability has been observable for some years. The target of reducing CO_2 emissions plays an especially important role worldwide here. The AMAG Group is very well positioned in the industry thanks to harnessing hydroelectric power at the Alouette smelter in Canada, renewable energy sources for electricity consumption at the Ranshofen site and the high recycling share. New sales opportunities arise thanks to this good net CO_2 impact. The AMAG Group will also benefit from the growing trend towards lightweight design in the automotive area. The deployment of aluminium rolled products in the automotive industry will increase significantly over the coming years in order to reduce weight and consequently car emissions.

The Alouette smelter in which AMAG owns a 20 % interest commands an advantageous cost position on a sector comparison. The electricity price is based on the market price for aluminium in US dollars. This significantly improves the risk associated with fluctuations in aluminium prices and exchange rates. **(GRI 102-11)**

Corporate governance report

The corporate governance report of AMAG Austria Metall AG can be downloaded at www.amag-al4u.com > Investor Relations > Corporate Governance.

DISCLOSURES PURSUANT TO SECTION 243A (1) UGB

The following disclosures are made pursuant to Section 243a of the Austrian Commercial Code (UGB):

The share capital of AMAG Austria Metall AG amounts to EUR 35,264,000, and is divided into 35,264,000 nil par shares, each corresponding to EUR 1 of the share capital. All the shares confer the same rights and obligations. No shares exist that carry special control rights. Each share grants one vote at the general meeting of shareholders. No differing classes of shares exist. **(GRI 102-5)**

The Management Board is aware of the following agreements between shareholders:

- Investment agreement between BC Industrieholding GmbH and Raiffeisenlandesbank Oberösterreich Aktiengesellschaft dated April 1, 2015: On the basis of this participation agreement with Raiffeisenlandesbank Oberösterreich Aktiengesellschaft, a further 5,818,560 shares and an equal number of voting rights in AMAG are to be attributed to B&C Industrieholding GmbH.
- Investment agreement between B&C Industrieholding GmbH and Esola Beteiligungsverwaltungs GmbH dated February 12, 2019: Due to the conclusion of this participation agreement, a further 1,451,349 shares (corresponding to approximately 4.12 % of the share capital and voting rights) are attributable to B&C Privatstiftung pursuant to Section 133 Z 1 and Z 7 BörseG 2018.

Direct or indirect holdings in the company representing ten percent or more of its capital are comprised as follows as of the end of 2019: **(GRI 102-5)**

B&C Industrieholding GmbH	52.7 %
Raiffeisenlandesbank Oberösterreich AG	16.5 %
AMAG Arbeitnehmer Privatstiftung	11.5 %

The voting rights attaching to the shares held in AMAG Austria Metall AG by AMAG Arbeitnehmer Privatstiftung (the AMAG Employees' Private Foundation) are exercised by the latter's management board, which has three members. The manner in which these voting rights are exercised requires the approval of the Foundation's advisory board, however. Decisions are taken at joint meetings of the Foundation's management board and advisory board. Approval is passed with a simple majority. The advisory board consists of three members who are nominated by the Group works council. The chair of the management board has a casting vote. The employees at the Austrian site are the Foundation's beneficiaries.

Amendments to the company's articles of incorporation require a simple majority of the votes cast and the capital, unless the law prescribes a greater majority. Supervisory Board members can be recalled before the end of their term of office by a simple majority.

Loans as part of one promissory loan note issued, eight bilateral loan agreements as well as three committed credit lines contain change-of-control clauses that grant the lending banks a right of termination in the case of a change of control at AMAG Austria Metall AG. Apart from the aforementioned agreements, AMAG Austria Metall AG has entered into no other material agreements that would come into effect, be modified or terminate as a result of a change of control at AMAG Austria Metall AG due to a takeover bid.

All Management Board members' contracts contain change of control clauses. The severance payment claim in such a case is limited to the remaining term of the Management Board contract, albeit to a maximum of two years' total remuneration.

Approved share capital

Pursuant to Section 4 (5) of the articles of incorporation of AMAG Austria Metall AG, the company's Management Board is authorised until May 12, 2020 to increase, with Supervisory Board approval, the company's share capital by up to EUR 17,500,000.00 (seventeen million five hundred thousand euros) through issuing 17,500,000 (seventeen million five hundred thousand) ordinary bearer shares (nil par value shares) in one or several tranches, including under full or partial exclusion of subscription rights, against cash or non-cash capital contributions, and to determine the issue amount, which cannot amount to less than the proportional amount of the ordinary shares in the share capital to date, as well as other issue terms by way of agreement with the Supervisory Board (Approved Capital 2015). Statutory subscription rights can be granted to the shareholders by transferring the new shares to a bank or a syndicate of banks with the obligation that they be offered to shareholders according to their subscription rights (indirect subscription rights). The Supervisory Board is authorised to approve amendments to the articles of incorporation resulting from the issue of shares from authorised capital.

Convertible bond issue

With a resolution of the AGM of AMAG Austria Metall AG on April 16, 2015, the Management Board was authorised pursuant to Section 174 of the Austrian Stock Corporation Act (AktG) for a period of five years from the date of the passing of this resolution, consequently until April 16, 2020, to issue, with Supervisory Board approval, convertible bonds that also grant or comprise the conversion and/or

subscription right to up to 17,500,000 nil par value ordinary bearer shares (nil par shares) of the company with a proportional amount in the share capital of up to EUR 17,500,000, including under full or partial exclusion of subscription rights, in one or more tranches (Convertible Bond 2015). The issue price and the conversion ratio must be calculated in a recognised pricing process (basis on which the issue amount is calculated) in accordance with the interests of the company, existing shareholders and convertible bond subscribers, as well as generally accepted finance-mathematical methods, and the company's quoted share price, including by making recourse to expert third parties. The Management Board, with Supervisory Board assent, is to determine the issue amount and all other issue terms, as well as the potential (including partial) exclusion of subscription rights for shareholders in relation to the convertible bonds. The issue amount of the convertible bonds cannot lie below the proportional amount in the share capital. The Management Board is additionally authorised to grant statutory subscription rights, with Supervisory Board approval, in such a manner that the convertible bonds are to be offered by a bank or a syndicate of banks with the obligation that they be offered to shareholders in accordance with their subscription rights. The servicing of the conversion and/or subscription rights can occur through conditional capital or treasury shares, or a combination of these.

Conditional capital

The company's share capital is increased conditionally pursuant to Section 159 (2) Clause 1 of the Austrian Stock Corporation Act (AktG) by up to EUR 17,500,000.00 through issuing up to 17,500,000 ordinary nil par value ordinary bearer shares (nil par value shares) for issuing to holders of convertible bonds, for which the Management Board was authorised by the Shareholders' General Meeting of April 16, 2015 (Convertible Bond 2015) (Conditional Capital 2015). The conditional capital increase can be implemented only to the extent that holders of these convertible bonds utilise their exchange and/or subscription rights in relation to the company's shares. The issue price and conversion ratio must be calculated in a recognised pricing process (basis on which the issue amount is calculated) in accordance with the interests of the company, existing shareholders and convertible bond subscribers, as well as generally accepted finance-mathematical methods, and the company's quoted share price; including by making recourse to expert third parties; the issue amount cannot lie below the proportional amount in the share capital. The newly issued shares from the conditional capital increase are to be dividend-entitled to the same extent as already existing shares in the company. The Supervisory Board is authorised to approve amendments to the articles of incorporation resulting from the issue of shares from conditional capital.

Share repurchase

At the Shareholders' Annual General Meeting of AMAG Austria Metall AG on April 17, 2018, the Management Board was authorised, in each case with Supervisory Board approval, to purchase the company's ordinary bearer shares in an extent of up to 10 % of the company's share capital during a validity period of 30 months from April 17, 2018, whereby the lowest consideration cannot lie more than 20 % below, and the highest consideration cannot lie more than 10 % above, the average stock market closing price of the last three stock market days before the purchase of the shares. Trading in treasury shares is excluded as the purpose of the purchase. The authorisation can be exercised wholly or in part, or in several partial amounts, and in pursuit of one or several objectives, by the company, a subsidiary (Section 189a of the Austrian Commercial Code [UGB]), or for the company's account by third parties. The purchase may be realised through the stock market in compliance with the statutory requirements, by way of a public offer or in any other legally permissible, appropriate manner, especially also off-bourse, or from individual shareholders willing to sell and also under exclusion of the proportionate disposal right that can be associated with such a purchase (reverse exclusion of subscription rights). The Management Board is also authorised to determine the respective repurchase conditions. Furthermore, the Management Board was authorised to withdraw, without a further resolution by the Shareholders' General Meeting, treasury shares purchased on the basis of the resolution pursuant to Section 1 of this agenda item. The authorisation can be exercised wholly or in several partial amounts, and in pursuit of one or several objectives, by the company, a subsidiary, or for the company's account by third parties. Furthermore, the Management Board is authorised, with Supervisory Board approval, pursuant to Section 65 (1b) of the Austrian Stock Corporation Act (AktG), for a period of five years from April 17, 2018, to determine for the disposal of treasury shares another legally permissible type of disposal than through the stock market or a public offering, including under exclusion of shareholders' repurchase rights (subscription rights exclusion), and to determine the terms of the disposal. The authorisation can be exercised wholly or in part, or in several partial amounts, and in pursuit of one or several objectives, by the company, a subsidiary (Section 189a of the Austrian Commercial Code [UGB]), or for the company's account by third parties.

OUTLOOK

ECONOMIC OUTLOOK

Economists at the IMF[23] expect the economy to recover slightly in 2020 compared with 2019, based particularly on the assumption that the economy in emerging and developing countries will improve. Downside risks to the global economy are associated mainly with trade disputes, geopolitical tensions and the UK's withdrawal from the European Union.

Overall, the IMF expects global economic growth of 3.3 % in 2020, following an increase of 2.9 % in 2019.

For industrialised countries, the IMF assumes that growth of 1.6 % in 2020 will be mainly unchanged compared with 2019 (1.7 %). Slightly weaker growth in the USA (2.0 % after 2.3 % in 2019) and Japan (0.7 % after 1.0 % in 2019) is expected to be offset by slightly improved growth in the Euro-zone (1.3 % after 1.2 % in the previous year). For Germany, the IMF expects a recovery in growth momentum from 0.5 % to 1.1 %. The Austrian economy is expected to grow by 1.2 % in 2020, according to the Austrian Institute for Economic Research (Wifo). [24]

IMF forecasts anticipate that the economy in the group of emerging and developing countries will expand by 4.4 % in 2020 (2019: +3.7 %). This improvement is based especially on the assumption of a recovery in Brazil, India, Mexico, Russia and Turkey. For China, the IMF forecasts growth momentum to remain virtually unchanged (6.0 % after 6.1 % in 2019).

ALUMINIUM MARKET OUTLOOK

The attractive market prospects for aluminium form a good basis for the AMAG Group's growth track.

According to current estimates by the CRU market research institute, attractive growth in demand for primary aluminium, recycling foundry alloys and aluminium rolled products can be expected worldwide over the next five years.

MEDIUM-TERM MARKET OUTLOOK UP TO 2024

Global demand for primary aluminium[25] is set to expand by 2.1 % per year to reach 72.1 million tonnes by 2024, according to recent CRU forecasts. For Europe, the CRU anticipates annual growth of 1.0 %, with demand thereby increasing from 9.1 million tonnes in 2019 to 9.5 million tonnes in 2024. In North America, demand is expected to grow by 1.4 % p.a. Annual growth rates of 2.2 % are forecast for China.

Global demand for recycling foundry alloys is expected to grow by around 1.6 % per year over the next five years, according to CRU estimates. In Europe, the market is also anticipated to grow by an average of 1.6 % annually.[26]

The CRU is even more optimistic for aluminium rolled products.[27] Global demand is expected to grow by 3.3 % annually in the coming years. This implies global demand of 33.1 million tonnes for the year 2024 (2019: 28.1 million tonnes). In the core markets of Western Europe and North America, attractive annual growth rates of 2.1 % and 2.7 % respectively are also forecast. In Asia, demand is expected to expand by 3.9 % annually.

The transportation industry will continue to be the biggest growth driver in demand for aluminium rolled products in the coming years. The CRU expects growth rates of 5.7 % p.a. in this sector over the next five years. Above all, demand for aluminium sheet for the automotive industry is expected to rise sharply. The CRU anticipates an increase from 1.7 million tonnes in 2019 to 2.8 million tonnes in 2024. This corresponds to an annual growth rate of 10.7 %. However, further demand growth can also be expected in other areas such as in the packaging, construction and engineering industries. The CRU expects annual growth rates of 2 to 3 %.

23) See International Monetary Fund, World Economic Outlook, January 20, 2020
24) See Wifo economic forecast December 2019
25) See CRU, Aluminium Market Outlook, October 2019
26) See CRU, Aluminium Casthouse Shapes Market Outlook, July 2019
27) See CRU, Aluminium Rolled Products Market Outlook, November 2019

MARKET OUTLOOK FOR 2020

For 2020, the CRU forecasts that global demand for primary aluminium will increase by 1.8 % to 66.1 million tonnes. Especially due to cyclical factors, demand in Europe (-0.1 %) and North America (-0.7 %) is anticipated to decline marginally. The CRU forecasts further growth for the remaining regions. Demand in China is forecast to rise by 2.9 % to 37.2 million tonnes. At 4.9 %, global production growth is anticipated to outstrip demand in 2020. As a consequence, CRU expects a market surplus of 0.7 million tonnes in 2020.

Global demand for recycling foundry alloys is forecast to increase by 2.9 % in 2020, according to calculations by the CRU market research institute. Demand in Europe is also expected to grow by 2.9 %.[28]

Demand for aluminium rolled products is forecast to increase by 2.3 % to 28.7 million tonnes in 2020. Growth of 1.0 % is expected for the core market of Western Europe. In North America, demand is anticipated to decrease by 0.2 %, mainly due to the expected reduction in stocks.[29]

Analysed by industry, the CRU expects global demand for transport to grow by 2.3 % to 4.8 million tonnes. Demand in the large-volume packaging industry is forecast to increase significantly by 3.3 % to 14.8 million tonnes. The CRU anticipates growth rates of around 2 % for the construction, mechanical engineering and consumer goods sectors.

THE 2020 BUSINESS TREND OUTLOOK

The AMAG Group is well positioned for a successful future. Attractive market growth, its investments in future growth and its solid balance sheet represent a good starting position.

The economic environment will exert a decisive influence on the AMAG Group's business growth and development in 2020. In this context, trade disputes and the deterioration of the economic situation may constitute factors of uncertainty, as well as the performance of the automotive industry, which is currently undergoing considerable structural change.

In the Metal Division, the AMAG Group is very well positioned with its investment in the largest smelter in North and South America, and in 2020 will also benefit from its good cost position and sustainable production utilising hydroelectric power. Business growth in 2020 will be influenced mainly by the future price trends for primary aluminium, alumina and the premium level in the USA.

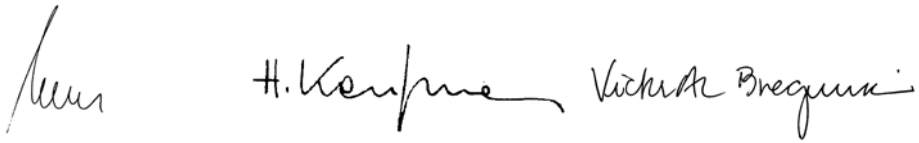
Business performance in the Casting Division will primarily depend on automotive industry trends in Western and Central Europe. The current margin level, as in 2019, stands at a low level in a multi-year comparison.

In the Rolling Division, the growth course is to be continued in 2020. Shipments are expected to increase again compared to 2019. The general economic situation and automotive industry performance will play an important role in demand and price trends.

For the reasons outlined above, it is still too early to give an earnings forecast at this point in time. The Management Board is convinced that the AMAG Group will continue to benefit from the growth course the Group is pursuing.

Ranshofen, February 11, 2020

The Management Board



Mag.
Gerald Mayer
Chief Executive Officer,
Chief Financial Officer

Priv.-Doz. Dipl.-Ing.
Dr. Helmut Kaufmann
Chief Operating Officer

Victor Bregunccci, MBA
Chief Sales Officer

28) See CRU, Aluminium Casthouse Shapes Market Outlook, July 2019

29) See CRU, Aluminium Rolled Products Market Outlook, November 2019

CORPORATE GOVERNANCE

SUPERVISORY BOARD REPORT

Dear ladies and gentlemen,

In the 2019 financial year, the Supervisory Board performed with great care the tasks incumbent upon it according to the law and the company's articles of incorporation, and in compliance with the Austrian Corporate Governance Code. The Management Board reported regularly to the Supervisory Board both verbally and in written form, promptly and comprehensively on all material developments within the company, its business policy, on the financial position and performance, investments, and other fundamental issues relating to corporate management and planning.

Between meetings, the Management Board constantly informed the Supervisory Board about important matters, with resolutions concerning matters of urgency being passed by way of written circular. Current specific topics and projects were discussed in regular conversations between the Management Board and the Supervisory Board Chairman. Individual issues were dealt with in detail in the committees set up by the Supervisory Board, which in turn reported to the full Supervisory Board on their activities.

MAIN TOPICS OF THE MEETINGS

The Supervisory Board of AMAG Austria Metall AG met on February 27, April 10, June 12, September 18, October 30 and November 27, 2019, in accordance with the obligations imposed by law and the articles of incorporation. These meetings included discussions with the Management Board on the course of business as well as the Group's current performance and strategic development. Regular reports were made on the ramp-up of the large-scale "AMAG 2020"investment, which was commissioned in 2017. Investments for the continuous development of the site were also approved. In particular, a concept for the further strategic orientation of the company was developed by the Strategy Committee and approved by the Supervisory Board. In addition, the Supervisory Board was concerned with the company's personnel development as well as with matters in relation to research & development and digitalisation. At the meeting on February 27, 2019, Victor Bregunccci was appointed as the new Chief Sales Officer from June 1, 2019 until May 31, 2022. The rules of business procedure for the Management Board and the organisational structure were adjusted accordingly. At the meeting on June 12, 2019, the founding of the company coilDNA GmbH was approved. Future business policy, and future financial position and performance trends, were agreed as part of the planning for 2020, as well as the medium-term planning through to 2024. The Supervisory Board also concerned itself with the issuer compliance officer's annual activity report, as well as with the Supervisory Board's self-assessment and with the audit of the non-financial statement. In addition, a strategic option was discussed in detail at the extraordinary meeting held on October 30, 2019.

The Supervisory Board of AMAG Austria Metall AG was reconstituted at the April 10, 2019 meeting. Both the Chairman of the Supervisory Board and his deputies were newly elected. The members of the Audit, Nomination, Remuneration and Strategy committees, as well as the Committee for Urgent Matters, were also newly elected.

SUPERVISORY BOARD AND COMMITTEES

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

The Remuneration Committee of the Supervisory Board of AMAG Austria Metall AG held three meetings during the 2019 reporting year. Representatives of the auditor also attended these meetings to report on their activities. In addition, specific accounting topics were discussed in the auditor's presence. Along with examining and preparing the approval of the separate and consolidated annual financial statements, the Audit Committee also concerned itself with additional tasks pursuant to Section 92 (4a) of the Austrian Stock Corporation Act (AktG). In particular, the functioning and efficacy of the internal controlling, auditing and risk management system were critically scrutinised and monitored. The results were subsequently discussed with the plenary Supervisory Board.

The Nomination Committee of AMAG Austria Metall AG met once during the year under review, and discussed the appointment of Victor Bregunccci as the new Chief Sales Officer as well as the election proposals to the Supervisory Board, and made corresponding proposals for resolutions.

The Remuneration Committee of AMAG Austria Metall AG met twice during the reporting year. Target agreements with the Management Board were dealt with in depth. The Remuneration Committee was also concerned with structuring of the Management Board agreement for Victor Bregunccci.

The Strategy Committee met three times during the year under review, and concerned itself particularly with market-related topics and the further strategic development of AMAG Austria Metall AG. The strategy concept that has been developed was subsequently discussed and approved by the entire Supervisory Board.

CORPORATE GOVERNANCE

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

AUDIT AND APPROVAL OF THE 2019 ANNUAL FINANCIAL STATEMENTS

The Management Board prepared the separate annual financial statements, the separate management report, the consolidated financial statements according to International Financial Reporting Standards (IFRS), the Group management report as of December 31, 2019, including the non-financial statement, and the disclosures required pursuant to Section 245a of the Austrian Commercial Code (UGB), which Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (appointed pursuant to Section 270 UGB) audited and awarded an unqualified audit opinion. The Supervisory Board, in the auditor's presence, examined in the meaning of Section 96 AktG the separate and consolidated annual financial statements, the management report and Group management report, including the non-financial statement, as well as the corporate governance report and the proposal for the distribution of profit with the audit findings, and approved them on February 26, 2020. The Supervisory Board concurs with the Management Board's proposal for the application of profits, whereby a dividend of EUR 1.20 per dividend-entitled share is to be distributed. The separate annual financial statements have thereby been adopted pursuant to Section 96 (4) AktG.

THANKS

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

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

Ranshofen, February 26, 2020

Dipl.-Ing. Herbert Ortner

Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

DECLARATION CONCERNING THE AUSTRIAN CORPORATE GOVERNANCE CODE

The Austrian Corporate Governance Code provides domestic stock corporations with a framework for the management and supervision of companies. The Code aims to establish corporate governance and controlling that is oriented towards responsibility, as well as towards sustainable and long-term value creation. This in turn is intended to create a high degree of transparency for all stakeholders in the company.

The Code is publicly accessible at www.corporate-governance.at. The Code is based the guidelines of the Austrian Stock Corporation Act (UGB), the Stock Exchange Act and the Capital Market Act, European Union recommendations on tasks of supervisory board members and remuneration of management board members, and the principles of the OECD guidelines on corporate governance. It is based on a voluntary commitment. The Code was last revised in January 2018.

The Management and Supervisory Boards of AMAG Austria Metall AG recognised and implemented the Code in the 2019 financial year. AMAG Austria Metall AG is consequently committed to adhering to the Austrian Corporate Governance Code in its latest version.

The Corporate Governance Code contains the following rules:

- "L rules" (= legal), these are legally prescribed measures
- "C rules" (comply or explain), where a failure to comply must be explained
- "Our rules" (recommendations) are recommendations that AMAG Austria Metall AG largely follows

AMAG Austria Metall AG adheres to all "L rules" and "C rules".

Pursuant to Rule 62 of the Austrian Corporate Governance Code, compliance with the Code's provisions should be evaluated externally on a regular basis, in other words, at least every three years. The last evaluation was conducted for the 2017 financial year. In accordance with Rule 62 of the Austrian Corporate Governance Code, the next external evaluation is planned for the 2020 financial year.

MANAGEMENT AND SUPERVISORY BOARDS' WORKING METHODOLOGIES

AMAG Austria Metall AG is a public stock corporation established under Austrian law with a Management Board and a Supervisory Board as its management bodies (dualistic system).

The Management Board consisted of three members at the end of 2019. The Supervisory Board appoints the members of the Management Board.

The Management Board conducts business based on the law, the Austrian Corporate Governance Code, the bylaws and the rules of business procedure. These set out regulations for the collaboration between the Management Board members and the allocation of responsibilities. The Management Board members constantly exchange information with each other. At Management Board meetings, they discuss the current course of business, make decisions, and pass resolutions. Meetings are to be held at regular intervals, if possible at least every two weeks.

The Management Board informs the Supervisory Board about all relevant issues relating to financial and strategic business development. This includes the risk position and risk management of the company and significant Group companies. Information is provided promptly and comprehensively at regular meetings. Moreover, ongoing coordination occurs between the Supervisory Board Chairman and the Management Board Chairman (CEO).

The Supervisory Board supervises the company's Management Board and supports it in the executive management of the company, especially in relation to decisions of fundamental significance.

COMPOSITION OF THE MANAGEMENT BOARD

In 2019, the following changes were made to the AMAG Austria Metall AG Management Board team. As of March 1, 2019, Mag. Gerald Mayer, previously Chief Financial Officer, took over as Management Board Chairman (Chief Executive Officer) of AMAG Austria Metall AG. On June 1, 2019, the team was expanded to include the new Sales Director Victor Breguncci, MBA.

	Mag. Gerald Mayer Chief Executive Officer, Chief Financial Officer	**Priv.-Doz. Dipl.-Ing. Dr. Helmut Kaufmann** Chief Operating Officer	**Victor Breguncci, MBA** Chief Sales Officer
Year of birth	› 1971	› 1963	› 1975
First appointed as Management Board member	› March 1, 2019: Appointment as Management Board Chairman (Chief Executive Officer) › February 18, 2011: Appointment as Chief Financial Officer › November 2007: Initial appointment to the predecessor company Austria Metall AG	› February 18, 2011: Appointment as Chief Operating Officer › September 2007: Initial appointment to the predecessor company Austria Metall AG	› June 1, 2019: Appointment as Chief Sales Officer
End of the current term of office	› December 31, 2022	› December 31, 2022	› May 31, 2022
Allocated Group functions	› Strategy, M&A, Organisation › Personnel › Communications › Investor Relations/Issuer Compliance › Purchasing › Legal › Controlling › Financial Accounting/Tax › Financial Management › Metals Management	› Production Rolling/Casting › Research/Corporate Technology › Innovation Management › Management Systems › AMAG Service GmbH › Information Technology	› Strategic Sales Development › Sales Rolling/Casting › Supply Chain Management › Marketing › Market Monitoring and Development
Supervisory board mandates at other companies	› none	› none	› none

COMPOSITION OF THE SUPERVISORY BOARD

At the AGM on April 10, 2019, Dr. Wolfgang Bernhard, Dipl.-Betriebswirt Peter Edelmann and Mag. Thomas Zimpfer were newly elected to the Supervisory Board of AMAG Austria Metall AG. The previous members Dr. Josef Krenner, Dr. Hanno M. Bästlein and Dr. Franz Gasselsberger resigned from the Supervisory Board of AMAG Austria Metall AG.

At the constitutive meeting of the Supervisory Board, Dipl.-Ing. Herbert Ortner was appointed as the new Chairman of the Supervisory Board.

All Supervisory Board members participated in at least half of the meetings.

SUPERVISORY BOARD MEMBERS AS OF DECEMBER 31, 2019

Dipl.-Ing. Herbert Ortner (1968)
Supervisory Board Chairman
First appointed: April 17, 2018
Mandate duration: until the AGM that passes a resolution concerning the discharge for FY 2020
Supervisory board mandates at other listed companies: -

Dipl.- Betriebswirt Peter Edelmann (1959)
First Deputy Supervisory Board Chairman
First appointed: April 10, 2019
Mandate duration: until the AGM that passes a resolution concerning the discharge for FY 2020
Supervisory board mandates at other listed companies: Lenzing AG (Chairman), Semperit AG Holding (Chairman until January 9, 2020)

Dr. Heinrich Schaller (1959)
Deputy Supervisory Board Chairman
First appointed: May 16, 2012
Mandate duration: until the AGM that passes a resolution concerning the discharge for FY 2020
Supervisory board mandates at other listed companies: voestalpine AG (First Deputy Chairman), Raiffeisen Bank International AG (Deputy Chairman)

Dr. Wolfgang Bernhard (1960)
Supervisory Board member
First appointed: April 10, 2019
Mandate duration: until the AGM that passes a resolution concerning the discharge for FY 2021
Supervisory board mandates at other listed companies: -

Mag. Patrick F. Prügger (1975)
Supervisory Board member
First appointed: May 16, 2012
Mandate duration: until the AGM that passes a resolution concerning the discharge for FY 2021
Supervisory board mandates at other listed companies: Lenzing AG, Semperit AG Holding

Prof. Dr. Sabine Seidler (1961)
Supervisory Board member
First appointed: May 16, 2012
Mandate duration: until the AGM that passes a resolution concerning the discharge for FY 2022
Supervisory board mandates at other listed companies: -

Dipl.-Ing. Franz Viehböck (1960)
Supervisory Board member
First appointed: April 16, 2015
Mandate duration: until the AGM that passes a resolution concerning the discharge for FY 2022
Supervisory board mandates at other listed companies: -

Mag. Thomas Zimpfer (1983)
Supervisory Board member
First appointed: April 10, 2019
Mandate duration: until the AGM that passes a resolution concerning the discharge for FY 2021
Supervisory board mandates at other listed companies: -

WORKS COUNCIL DELEGATES

Martin Aigner (1968)
Supervisory Board member
Delegated: January 1, 2017

Max Angermeier (1958)
Supervisory Board member
Delegated: April 14, 2011

Robert Hofer (1977)
Supervisory Board member
Delegated: December 31, 2011

Günter Mikula (1966)
Supervisory Board member
Delegated: August 1, 2014

(GRI 405-1)

DISCLOSURES ON THE INDEPENDENCE OF SUPERVISORY BOARD MEMBERS

The Supervisory Board determines the criteria for its independence. This is based on Annex 1 of the Corporate Governance Code. All Supervisory Board members confirmed that they consider themselves independent (Rule 53). This applies to all Supervisory Board members elected by the Shareholders' General Meeting.

Rule 54 is not applicable to AMAG at present. The reason for this is the low free float of less than 20 %.

SUPERVISORY BOARD COMMITTEES

The articles of incorporation authorise the Supervisory Board to form committees from among its members. They also define their tasks and rights. Furthermore, they can delegate to the committees the right to take decisions. The employee representatives on the Supervisory Board are entitled to delegate members to the Supervisory Board's committees. This is based on Section 110 (1) of the Austrian Work Organisation Act (ArbVG). This does not apply to committees that handle relationships between the company and its Management Board members.

AUDIT COMMITTEE

The Audit Committee performs the tasks assigned to it in accordance with Section 92 (4a) AktG. It is responsible for the auditing and preparation of the adoption of the separate annual financial statements, the proposal for distributing profit, the management report, the corporate governance report and the examination of the risk management system. It is also required to examine the consolidated financial statements. Furthermore, it makes a proposal for the election of the auditor of the financial statements, checks and monitors its independence, and approves and controls the provided non-audit services.

Members of the Audit Committee as of December 31, 2019:

- Mag. Patrick F. Prügger (chair and finance expert)
- Dipl.-Ing. Herbert Ortner (deputy chair)
- Dr. Heinrich Schaller
- Mag. Thomas Zimpfer
- Max Angermeier
- Robert Hofer

NOMINATION COMMITTEE

The tasks of the Nomination Committee include succession planning, the submission of proposals to the Supervisory Board for filling vacant Management Board mandates and the submission of proposals to the Annual General Meeting for filling vacant Supervisory Board mandates. The committee is also required to give its agreement to appointing and dismissing Group companies' CEOs.

Members of the Nomination Committee as of December 31, 2019:

- Dipl.-Ing. Herbert Ortner (chair)
- Dipl.-Betriebswirt Peter Edelmann (deputy chair)
- Dr. Heinrich Schaller
- Dipl.-Ing. Franz Viehböck
- Max Angermeier
- Robert Hofer

STRATEGY COMMITTEE

The Strategy Committee's tasks include discussing the corporate strategy, current strategy implementation controlling, and strategy process controlling.

Members of the Strategy Committee as of December 31, 2019:

- Dipl.-Ing. Herbert Ortner (chair)
- Mag. Thomas Zimpfer (deputy chair)
- Dr. Heinrich Schaller
- Dr. Wolfgang Bernhard
- Max Angermeier
- Robert Hofer

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for drafting and concluding as well as amending and terminating employment agreements with Management Board members. In addition, it is responsible for the preparation and review of the remuneration policy for Management Board and Supervisory Board members and for monitoring the implementation of the remuneration policy for Management Board members. Furthermore, it controls the processing and execution of Management Board contracts.

Members of the Remuneration Committee as of December 31, 2019:

- Dipl.-Ing. Herbert Ortner (chair)
- Dipl.-Betriebswirt Peter Edelmann (deputy chair)

COMMITTEE FOR URGENT MATTERS

The Committee for Urgent Matters is authorised to make decisions. The precondition for this is that the decision cannot be postponed until the next ordinary Supervisory Board meeting.

Members of the Committee for Urgent Matters as of December 31, 2019:

- Dipl.-Ing. Herbert Ortner (chair)
- Dipl.-Betriebswirt Peter Edelmann (deputy chair)
- Dr. Heinrich Schaller
- Mag. Thomas Zimpfer
- Max Angermeier
- Robert Hofer

(GRI 102-18)

NUMBER AND MAIN FOCUSES OF SUPERVISORY BOARD AND COMMITTEE MEETINGS

The tasks of the Supervisory Board are set out in both the company's articles of incorporation and the law. The Supervisory Board performed its duties at six ordinary meetings, including one constitutive meeting. The AMAG Group's current business and financial position was reported on on an ongoing basis at these meetings. Furthermore, the Supervisory Board discussed the ramp-up of the "AMAG 2020" expansion project and further investments for continuous site development. In addition to planning for the 2020 financial year and the medium-term planning up to 2024, other focus topics of the Supervisory Board meetings included AMAG's future strategic orientation, digitalisation issues and research & development.

The Supervisory Board also approved the appointment of Victor Breguncci as AMAG's new Chief Sales Officer as of June 1, 2019. At the Supervisory Board's constitutive meeting, Mr. Herbert Ortner was appointed as the new Chairman of the Supervisory Board. The committees' members were also newly appointed.

The Audit Committee held three meetings. At these, the committee focused on the preparation and examination of the company's consolidated and separate financial statements, the audit results for 2018 and the auditor's planning for 2019. Further topics included the effectiveness and functioning of the internal control system, risk management and specific financial accounting issues.

The Nomination Committee met once in 2019 and concerned itself with the appointment of Victor Breguncci as the new Chief Sales Officer and the election proposals to the Supervisory Board.

The Remuneration Committee convened twice during the 2019 financial year. Focus areas included agreeing targets with Management Board members and the structuring of the Management Board agreement for Victor Breguncci.

The Strategy Committee held three meetings in 2019. The main focus was on AMAG's future strategic orientation.

REMUNERATION REPORT FOR THE MANAGEMENT AND SUPERVISORY BOARDS

MANAGEMENT BOARD REMUNERATION

The Management Board's remuneration is regulated in the Management Board contract. The total compensation consists of an ongoing fixed salary, a short-term variable (performance-based) component ("Short-Term Incentive" or "STI") and a long-term variable (performance-based) component ("Long-Term Incentive" or "LTI").

For the Management Board contracts in force in 2019, the financial target figures of Group EBITDA and Group ROCE form the assessment basis for the STI. In addition to the financial targets, non-financial criteria are assessed annually by the Remuneration Committee, which can influence the bonus amount determined by +/- 20 %. The prerequisite for a bonus entitlement is the achievement of a threshold value for at least one of the two financial targets. Payment is made in cash at the end of the respective financial year. The STI can amount to a maximum of around 100 % of the fixed remuneration. The STI target value is an absolute amount.

The LTI is granted on a rolling basis, i.e. in annual tranches. The assessment period for each tranche amounts to three years. Financial performance criteria include the average consolidated net income after taxes, the average consolidated ROCE and, in the case of a significant free float of more than 20 %, the total shareholder return. The prerequisite for a bonus entitlement is the achievement of a threshold value for at least one of the two targets. Payment is made in cash after the end of the three-year assessment. The amount of the LTI is limited to between 110 % and 145 % of the fixed compensation for the corresponding period. The LTI target value is an absolute amount. If a member of the Management Board resigns from his or her position on the Management Board before the end of the term of appointment, or if the Management Board member is recalled from office on serious grounds in the meaning of Section 75 AktG, all claims under current LTI tranches of the current contract period will lapse. The LTI therefore also serves as an effective retention tool.

A defined contribution pension scheme exists for all Management Board contracts. The company bears the costs for D&O insurance (directors & officers insurance). The contracts include a change of control clause that regulates payments in the event of the early termination of a Management Board member's contract due to a change of control. The severance payment claim in such a case is limited

to the remaining term of the Management Board contract, albeit to a maximum of two years' total remuneration.

Management Board remuneration in the 2019 financial year

The current remuneration of the Management Board includes the fixed remuneration and the short-term variable component (STI). In total, the current remuneration of the Management Board in 2019 amounted to EUR 2,450.2 thousand (2018: EUR 2,388.6 thousand). Of this amount, 64 % was fixed and 36 % variable compensation.

At the end of 2018, a liability of EUR 600 thousand existed for the long-term variable remuneration component from previous years. This was paid out in equal parts to Mag. Gerald Mayer and Dr. Helmut Kaufmann in January 2019. In the 2019 financial year, a liability of EUR 408.3 thousand was recognised for the long-term variable compensation component (LTI).

For the period from March 1, 2019 to December 31, 2019, a consultancy agreement with Dipl.-Ing. Helmut Wieser was in place with a fee of EUR 860 thousand, which is not included in the Management Board's current remuneration. The scope of services under this contract primarily included support for the Management Board in establishing and intensifying contacts with key decision-makers as well as advice on sales issues.

Expenses for pensions for Management Board members amounted to a total of EUR 164.0 thousand (2018: EUR 123.0 thousand). This is included in the reported current fixed remuneration. A defined benefit pension commitment also existed for Dipl.-Ing. Helmut Wieser due to previous work for AMAG. For this purpose, around EUR 365.5 thousand was recognised directly in equity in the 2019 financial year.

ONGOING MANAGEMENT BOARD REMUNERATION IN EUR THOUSAND (EXPENSED)

	2019			2018		
	Ongoing fixed compensation	Short-term variable compensation (STI)	Sum	Ongoing fixed compensation	Short-term variable compensation (STI)	Sum
Dipl.-Ing. Helmut Wieser*	**136.3**	**-**	**136.3**	616.9	451.3	1,068.2
Mag. Gerald Mayer	**634.1**	**360.0**	**994.1**	463.1	197.1	660.2
Priv.-Doz. Dipl.-Ing. Dr. Helmut Kaufmann	**550.2**	**300.0**	**850.2**	463.1	197.1	660.2
Victor Breguncci, MBA**	**252.9**	**216.7**	**469.6**	-	-	-
SUM	**1,573.6**	**876.7**	**2,450.2**	**1,543.1**	**845.5**	**2,388.6**

*) Management Board mandate until February 28, 2019 **) Management Board member since June 1, 2019

SUPERVISORY BOARD REMUNERATION

Section 13 of the articles of incorporation regulates the remuneration for the Supervisory Board members. The articles of incorporation are published on the company's website. At the AGM on April 10, 2019, the Supervisory Board's remuneration for both the 2018 and 2019 financial years was approved.

The Supervisory Board's remuneration for the 2019 financial year will now be paid out during the current financial year. For the 2018 financial year, the payment totalled EUR 645.0 thousand. For the 2019 financial year, a total of EUR 677.0 thousand was paid out. Attendance fees are included in all cases.

REMUNERATION FOR MEMBERS OF THE SUPERVISORY BOARD FOR THE 2019 FINANCIAL YEAR IN EUR THOUSAND	Financial year 2019	Financial year 2018
Dr. Hanno M. Bästlein	37.3	137.0
Dr. Wolfgang Bernhard	45.8	-
Dipl.-Bw. Peter Edelmann	58.5	-
Dipl.-Ing. Gerhard Falch	-	10.0
Dr. Franz Gasselsberger, MBA	9.5	36.0
Dr. Josef Krenner	42.3	157.0
Dipl.-Ing. Herbert Ortner	151.0	47.0
Mag. Patrick F. Prügger	84.0	83.3
Dr. Heinrich Schaller	99.0	93.0
Prof. Dr. Sabine Seidler	42.0	38.0
Dipl.-Ing. Franz Viehböck	45.0	43.8
Mag. Thomas Zimpfer	62.8	-
SUM	**677.0**	**645.0**

DIVERSITY CONCEPT AND PROMOTION OF WOMEN

Respect, diversity and inclusion form integral and indispensable elements of the corporate culture of AMAG Austria Metall AG, and are taken into consideration in appointments to all functions. For Supervisory Board appointments proposed to the Shareholders' General Meeting and when nominating Management Board members, attention is paid to a balance in relation to qualifications and diversity, as these contribute significantly to the professionalism and effectiveness of the work of the Supervisory and Management Boards. Along with specialist and personal qualifications, this approach also includes aspects such as age structure, origin, gender, education and experience. A diversity concept in written form was approved as of February 7, 2018.

The results of Works Council elections at the individual Group companies form the decision-making basis for the delegation of workforce representatives. The d'Hondt method was applied to calculate the election results for the Group Works Council.

The proportion of women employed in Ranshofen rose to 14 % in the 2019 financial year. The proportion of women apprentices stood at 26 %. The non-financial statement in the Group management report presents more information on the topic of equal opportunities and diversity. AMAG is committed to equal opportunities, and rejects any type of discrimination, especially based on age, gender, skin colour, sexual orientation, background, religion or handicap. **(GRI 405-1)**

COMPLIANCE

Compliance forms a central element of good corporate governance and comprises a basic prerequisite for sustainable corporate performance and success. AMAG operates a comprehensive compliance system, which is described in detail in the non-financial statement in the Group management report.

CHANGES AFTER THE REPORTING DATE

No changes occurred to reportable matters between the reporting date and the date when the corporate governance report was prepared.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2019

ASSETS IN EUR THOUSAND	Section H	December 31, 2019	December 31, 2018
Intangible assets	1	**8,858**	9,105
Property, plant and equipment	1	**740,299**	748,089
Investments in associates	2	**1,767**	1,761
Other non-current assets and financial assets	3	**34,948**	38,116
Deferred tax assets	4, I10	**9,721**	6,738
Non-current assets		**795,594**	**803,810**
Inventories	5	**256,997**	256,551
Trade receivables	6	**117,577**	126,127
Current tax assets	I10	**55**	6,507
Other current assets	7	**64,118**	72,377
Cash and cash equivalents	8	**267,322**	295,871
Current assets		**706,069**	**757,433**
TOTAL ASSETS		**1,501,663**	**1,561,243**

EQUITY AND LIABILITIES IN EUR THOUSAND	Section H	December 31, 2019	December 31, 2018
Share capital	9	**35,264**	35,264
Capital reserves	9	**377,661**	377,661
Retained earnings	9	**206,368**	207,949
Equity		**619,293**	**620,874**
Non-current provisions	10, 11	**109,465**	92,300
Interest-bearing non-current financial liabilities	12	**483,319**	553,254
Other non-current liabilities and grants	13	**59,553**	67,837
Deferred tax liabilities	14, I10	**7**	0
Non-current liabilities		**652,345**	**713,392**
Current provisions	10, 11	**13,206**	15,711
Interest-bearing current financial liabilities	12	**77,123**	54,440
Trade payables	15	**73,050**	89,966
Current tax liabilities	I10	**10,331**	75
Other current liabilities and grants	13	**56,315**	66,785
Current liabilities		**230,025**	**226,977**
TOTAL EQUITY AND LIABILITIES		**1,501,663**	**1,561,243**

The following notes to the consolidated financial statements form an essential part of the consolidated balance sheet.

CONSOLIDATED INCOME STATEMENT FOR THE 2019 FINANCIAL YEAR

ACCORDING TO THE COST OF SALES METHOD IN EUR THOUSAND	Section I	1-12/2019	1-12/2018
Revenue	**1**	**1,065,972**	**1,101,564**
Cost of sales	2, 4, 6	**-903,463**	-954,198
Gross profit		**162,509**	**147,366**
Other income	3	**12,584**	16,072
Selling and distribution expenses	2, 4, 6	**-63,003**	-57,027
Administrative expenses	2, 4, 6, 7	**-28,458**	-23,193
Research and development expenses	2, 4, 5, 6	**-15,534**	-15,125
Other expenses	2, 4, 6	**-7,293**	-7,835
Share of profit of associates	8	**262**	387
Earnings before interest and taxes (EBIT)		**61,067**	**60,645**
Net interest result		**-8,991**	-7,148
Other financial result		**-1,079**	1,516
Net financial income (expenses)	**9**	**-10,070**	**-5,632**
Earnings before taxes (EBT)		**50,996**	**55,013**
Income taxes	10	**-12,354**	-10,471
Net income after taxes		**38,642**	**44,541**
thereof:			
Attributable to the equity holders of the parent		**38,642**	44,541
Total number of nil par value shares		**35,264,000**	35,264,000
Earnings per share		**1.10**	1.26
Proposed dividend per nil par value share (in EUR)	**H9**	**1.20**	**1.20**

The following notes to the consolidated financial statements form an essential part of the consolidated income statement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 2019 FINANCIAL YEAR

IN EUR THOUSAND	Section	1-12/2019	1-12/2018
Net income after taxes		**38,642**	**44,541**
Items that are or may be reclassified to profit or loss			
Currency translation differences		**3,095**	7,275
Changes in the hedging reserve	K		
Recognised (expenses) and income during the financial year		**3,332**	-5,951
Reclassifications of amounts that have been recognised in the statement of profit or loss		**7,969**	12,129
Deferred taxes relating thereto		**-2,688**	-2,307
Currency translation differences		**-551**	-1,268
Changes in fair value reserve	K	**-142**	4,669
Deferred taxes relating thereto		**36**	-1,167
Items that will never be reclassified to profit or loss			
Changes in revaluation reserve	H9	**43**	66
Deferred taxes relating thereto		**-11**	-16
Remeasurement of defined benefit plans	H10	**-11,942**	-200
Deferred taxes relating thereto		**3,098**	-44
Currency translation differences		**-142**	-439
Share of other comprehensive income of associates	H2	**-5**	-20
Deferred taxes relating thereto		**1**	5
Other comprehensive income for the year net of income tax		**2,093**	**12,732**
thereof: Attributable to the equity holders of the parent		**2,093**	12,732
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**40,736**	**57,273**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 2019 FINANCIAL YEAR

IN EUR THOUSAND	Section	1-12/2019	1-12/2018
Earnings before taxes (EBT)		**50,996**	**55,013**
Net interest result	I9	**8,991**	7,148
Share of profit of associates	I8	**-262**	-387
Depreciation on non-current assets	I6	**81,906**	80,343
Losses/gains from the disposal of non-current assets		**190**	632
Proceeds from dividends		**251**	0
Other non-cash expenses/income	J	**756**	-995
Changes in inventories		**222**	-27,961
Changes in trade receivables		**8,551**	-9,816
Changes in trade payables		**-10,705**	22,421
Changes in provisions		**53**	1,540
Changes in derivatives		**22,975**	2,667
Changes in other receivables and liabilities		**-19,601**	-16,003
		144,324	**114,601**
Tax payments		**1,982**	-14,849
Interest received		**1,021**	911
Interest paid		**-7,384**	-6,375
Cash flow from operating activities		**139,943**	**94,288**

IN EUR THOUSAND	Section	1-12/2019	1-12/2018
Proceeds from disposals of non-current assets		**1,103**	713
Payments for investments in property, plant and equipment and intangible assets		**-79,367**	-83,696
Proceeds from grants for investments		**1,870**	217
Cash flow from investing activities		**-76,394**	**-82,766**
Repayments of borrowings	J	**-53,548**	-111,513
Proceeds from borrowings	J	**2,490**	267,004
Dividends paid	H9	**-42,317**	-42,317
Cash flow from financing activities		**-93,374**	**113,174**
Change in cash and cash equivalents		**-29,825**	**124,696**
Cash and cash equivalents at the beginning of the period	J, H8	**295,871**	169,752
Effect of exchange rate changes on cash and cash equivalents		**1,276**	1,423
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**J, H8**	**267,322**	**295,871**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2019 FINANCIAL YEAR

IN EUR THOUSAND	Section	Share capital	Capital reserves	Hedging reserve	Fair value reserve	Revaluation reserve	Revaluation of defined benefit plans	Share of other comprehensive income from associates	Exchange differences	Retained earnings	Equity
Balance as of January 1, 2018		35,264	379,337	-28,115	-3,438	580	-27,232	-11	36,647	214,842	**607,874**
IFRS 15 adjustment January 1										-280	**-280**
Balance as of January 1, 2018 after adjustment		**35,264**	**379,337**	**-28,115**	**-3,438**	**580**	**-27,232**	**-11**	**36,647**	**214,562**	**607,594**
Net income after taxes										44,541	**44,541**
Other comprehensive income for the year net of tax				2,604	3,502	49	-683	-15	7,275		**12,732**
Total comprehensive income for the year				**2,604**	**3,502**	**49**	**-683**	**-15**	**7,275**	**44,541**	**57,273**
Reversal of capital reserve	H9		-1,676								**-1,676**
Dividend distributions										-42,317	**-42,317**
Balance as of December 31, 2018 = January 1, 2019		**35,264**	**377,661**	**-25,511**	**64**	**629**	**-27,914**	**-27**	**43,922**	**216,786**	**620,874**
Net income after taxes										38,642	**38,642**
Other comprehensive income for the year net of tax				8,062	-107	32	-8,986	-4	3,095		**2,093**
Total comprehensive income for the year				**8,062**	**-107**	**32**	**-8,986**	**-4**	**3,095**	**38,642**	**40,736**
Dividend distributions	H9									-42,317	**-42,317**
BALANCE AS OF DECEMBER 31, 2019		**35,264**	**377,661**	**-17,449**	**-43**	**661**	**-36,900**	**-30**	**47,017**	**213,112**	**619,293**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A THE COMPANY

The corporate purpose of AMAG Austria Metall AG and its Group companies (referred to below as the "Group" or "AMAG") comprises the production, processing and distribution of aluminium, and of aluminium wrought and cast products.

As an Austrian holding company, AMAG Austria Metall AG is registered in the companies register at Ried im Innkreis District Court, and its headquarters are located in 5282 Ranshofen, Lamprechtshausener Strasse 61, Austria. The company prepares consolidated financial statements as the ultimate parent company of the AMAG Group. The shares of AMAG Austria Metall AG have been listed on the Prime Market of the Vienna Stock Exchange since April 8, 2011. The companies of the AMAG Group are included in the consolidated financial statements of B&C Holding Österreich GmbH. B&C Privatstiftung, based in Vienna, Austria, is the ultimate parent company of B&C Holding Österreich GmbH, and consequently of the company.

B BASIS OF ACCOUNTING

Conformity with IFRS

The consolidated financial statements for the 2019 financial year were prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRS-IC) as formulated by the International Accounting Standards Board (IASB) and adopted by the European Union, which require mandatory application in 2019, as well as in accordance with Section 245a of the Austrian Commercial Code (UGB).

Functional currency

The consolidated financial statements have been prepared in euros, the functional currency of the Group parent company. The amounts presented in the consolidated financial statements have been commercially rounded to the nearest thousand. The totals of the values and percentages presented may differ as the result of such rounding.

C CURRENCY TRANSLATION

The consolidated financial statements of AMAG Austria Metall AG have been prepared in euros, and the separate financial statements of the consolidated companies have been prepared in their respective functional currencies. When preparing the consolidated financial statements, the assets and liabilities of entities applying a functional currency other than the euro are translated at the European Central Bank reference rate as at the end of the reporting period, and their statements of profit or loss at the annual average of the reference rate. Any resultant differences are recognised under the exchange differences item in other comprehensive income. In the event of the disposal of a foreign operation, the related exchange differences recognised as other comprehensive income are reclassified to profit or loss.

Foreign currency transactions are recognised on the transaction date applying the exchange rate prevailing at that date. Monetary foreign currency positions are measured applying the rates as of the balance sheet date. Translation differences are recognised in profit or loss in the period in which they occur. Non-monetary items measured at historical cost in a foreign currency are translated applying the exchange rate at the transaction date. Non-monetary items measured at fair value in a foreign currency are translated applying the exchange rate at the date when the fair value was measured. In the year under review, translation differences of EUR -1,493 thousand were recognised in profit or loss (previous year: EUR 2,632 thousand).

The exchange rates of the currencies that are of significance for the AMAG Group have changed as follows:

EXCHANGE RATES PER EUR	Closing rate		Annual average rate	
	December 31, 2019	December 31, 2018	1-12/2019	1-12/2018
U.S. Dollar (USD)	**1.1234**	1.1450	**1.1196**	1.1815
Canadian Dollar (CAD)	**1.4598**	1.5605	**1.4857**	1.5302
Pound Sterling (GBP)	**0.8508**	0.8945	**0.8773**	0.8847
Japanese Yen (JPY)	**121.9400**	125.8500	**122.0564**	130.4096
Taiwan Dollar (TWD)	**33.5280**	35.0527	**34.5696**	35.5552
Chinese Yuan Renminbi (CNY)	**7.8205**	7.8751	**7.7339**	7.8073
Czech Koruna (CZK)	**25.4080**	25.7240	**25.6697**	25.6432

D CONSOLIDATION PRINCIPLES

Scope of consolidation and consolidation method

Business combinations are accounted for applying the purchase method. The cost of an acquisition is measured as the sum of the consideration transferred, measured at fair value at the acquisition date, and the non-controlling interest in the acquiree.

As of December 31, 2019 the scope of consolidation of the AMAG Group, including AMAG Austria Metall AG as the parent company, includes 20 fully consolidated companies, one joint operation and one equity accounted company. Compared to the previous year, the scope of consolidation has been expanded to include the company coilDNA GmbH (details on the following page).

The consolidated financial statements include AMAG Austria Metall AG and the entities it controls. Control exists when AMAG Austria Metall AG has exposure, or rights, to variable returns from its involvement with an investee, and has the ability to use its power over the investee to affect the amount of the investor's returns.

Through AMAG Erste Beteiligungsverwaltungs GmbH, AMAG Austria Metall AG wholly owns Austria Metall GmbH, which, in turn, directly or indirectly wholly owns the other consolidated companies. A detailed presentation of the consolidated subsidiaries and the interests held in them is presented in the overview on the next page.

The annual financial statements of the subsidiaries that are included in consolidation are based on uniform accounting policies. The reporting date of all these companies was December 31, 2019.

Intragroup transactions are eliminated on consolidation.

Intragroup trade receivables and other assets are offset against the corresponding intragroup liabilities as part of the consolidation of liabilities.

All intragroup expenses and income are eliminated as part of the consolidation of expenses and income, as well as intragroup profit or loss arising from intragroup delivery and service transactions.

Group companies

CORPORATE NAME	Registered office	Shares in %
Fully consolidated companies		
AMAG Austria Metall AG (parent company)	Ranshofen, A	
AMAG Erste Beteiligungsverwaltungs GmbH	Ranshofen, A	100.0
Austria Metall GmbH	Ranshofen, A	100.0
Aluminium Austria Metall Québec Inc.	Montréal, CAN	100.0
AMAG metal GmbH	Ranshofen, A	100.0
AMAG casting GmbH	Ranshofen, A	100.0
AMAG rolling GmbH	Ranshofen, A	100.0
AMAG Asia Pacific Ltd.	Taipei City, TW	100.0
AMAG Benelux B.V.	Delft, NL	100.0
AMAG China Co. Ltd.	Shanghai, CN	100.0
AMAG Deutschland GmbH	Bergisch Gladbach, D	100.0
AMAG rolling Eastern Europe, s.r.o.	Prague, CZ	100.0
AMAG France S.A.R.L.	Suresnes, F	100.0
AMAG rolling Iberia S.L.	Barcelona, E	100.0
AMAG Italia S.R.L.	Milan, IT	100.0
AMAG UK Ltd.	Great Bookham, Surrey, GB	100.0
AMAG USA Corp.	Upper Saddle River New Jersey, USA	100.0
AMAG service GmbH	Ranshofen, A	100.0
Metallwerk Furth GmbH	Furth im Wald, D	100.0
coilDNA GmbH	Linz, A	100.0

CORPORATE NAME	Registered office	Shares in %
Companies consolidated for its interest		
Aluminerie Alouette Inc. (direct shareholder is the fully consolidated Aluminium Austria Metall Québec Inc.)	Sept-Îles, CAN	20.0
Associated companies		
Speditionsservice Ranshofen Gesellschaft m.b.H.	Ranshofen, A	25.1
Non-consolidated companies		
Ausbildungszentrum Braunau Ges.m.b.H.	Braunau, A	20.0
APK Pensionskasse AG	Vienna, A	2.0
unit-IT Dienstleistungs GmbH & Co KG	Linz, A	12.6
unit-IT Dienstleistungs GmbH	Linz, A	12.6

The newly founded company coilDNA GmbH has been added to the Group's companies. This company's main purpose is to offer electronic services for tracking and tracing product property data for the flat metal industry. Other shareholdings are unchanged compared with the previous year. **(GRI 102-45)**

Business combinations

No corporate acquisitions or disposals occurred during the financial year under review.

Jointly controlled operation

The Group operates the Alouette smelter in Canada as part of a joint arrangement with other companies under the terms of a contractual agreement that gives the parties joint control over Alouette's

commercial operations (Aluminerie Alouette Inc. – hereinafter referred to as "Alouette"). Through this joint arrangement, the parties have joint control of the business operations of the aluminium smelter (see also section F Accounting judgements and estimates). In accordance with the agreement, a 20 % share of the assets, obligations for liabilities, and expenses is attributable to the Group. As a consequence, pursuant to IFRS 11, the Group assumes the proportionate assets, obligations for liabilities and expenses in this jointly controlled operation. Each party itself is responsible for sales, as Alouette does not realise sales revenues with third parties.

The consolidated financial statements as of December 31, 2019 comprise the following amounts for the jointly controlled operation of Aluminerie Alouette Inc.:

AMOUNTS OF JOINTLY CONTROLLED OPERATIONS IN EUR THOUSAND	2019	2018
Non-current assets	**161,513**	159,765
Current assets	**33,812**	34,318
Non-current provisions and liabilities	**99,088**	99,177
Current provisions and liabilities	**28,217**	30,749
Expenses	**123,826**	124,191

The significant arrangements relating to the joint operation of the Alouette smelter are set out in a consortium agreement. In the case of significant decisions regarding Alouette's business, resolutions with a minimum 90 % approval are required. With the present ownership structure, or even with a change in structure, the risk exists of conflicting interests among the shareholders.

Pursuant to the existing consortium agreement, obligations exist that are of essential importance for current production operations. A failure to satisfy such obligations could result in a loss of co-determination rights, implying liability on the part of AMAG for potential losses. This applies, for example, with respect to the procurement of AMAG's share of the alumina required for production.

Equity accounted investments

The associate's results and assets are included in the consolidated financial statements by applying the equity method. Interests in associates are carried on the balance sheet at cost, adjusted for changes in the share of net assets after the acquisition date as well as for impairment losses. For further details, please refer to section H, Notes to consolidated balance sheet item 2.

E ACCOUNTING POLICIES

First-time mandatory or early adoption of standards

In the 2019 financial year, the following amended standards were applied for the first time as required, or were adopted early:

IFRS 16 "Leases"

The new IFRS 16 replaces IAS 17 "Leases" and the related interpretation IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC-15 "Operating Leases – Incentives" and SIC-27 "Evaluating the Substance of Transactions in the Legal Form of a Lease". For the lessee, the introduction of IFRS 16 dispenses in future with the differentiation between finance and operating leases as previously required by IAS 17. For leases, the lessee recognises on its balance sheet a lease liability for the obligation to render lease payments in the future. At the same time, the lessee capitalises a right to utilise the underlying asset (right-of-use asset). This corresponds, as a matter of principle, to the present value of the future lease payments plus directly attributable costs. During the lease contract term, the lease liability is carried forward on the balance sheet in a similar manner to IAS 17 regulations for finance leases. The right-of-use is amortised straight-line, resulting in higher expenses at the start of the lease contract term, as a matter of principle.

As part of the transition to IFRS 16, assets of EUR 2,052 thousand were recognised as of January 1, 2019 for the right-of-use relating to the leased assets and for the lease liabilities of the same amount. The right-of-use is recognised at the time of initial application in the amount of the present value of the lease liability. For the transition to IFRS 16, the modified retrospective approach was selected as the transition method, whereby all conversion effects are recognised directly in equity as of January 1, 2019, and the previous year's figures are left unadjusted. No reassessment was made as to whether the agreements constitute a lease. Early application was not implemented.

Overview of the effects of the IFRS 16 adjustment on the balance sheet as of January 1, 2019:

FIRST-TIME ADOPTION OF IFRS 16 IN EUR THOUSAND	December 31, 2018	Adjustments	January 1, 2019
Property, plant and equipment	748,089	2,052	**750,141**
TOTAL ASSETS	**1,561,243**	**2,052**	**1,563,295**
Interest-bearing non-current financial liabilities	553,254	1,508	**554,762**
Interest-bearing current financial liabilities	54,440	544	**54,984**
TOTAL EQUITY AND LIABILITIES	**1,561,243**	**2,052**	**1,563,295**

The AMAG Group utilises exemptions relating to low-value leased assets and current lease contracts with a term of less than one year. At the date of first application of IFRS 16, leases with a remaining term of less than one year are classified as current leases. Leasing and non-leasing components are presented separately under IFRS 16 accounting.

The cash outflows for leases amounted to EUR 1,718 thousand.

Variable lease payments and residual value guarantees as well as limitations and assurances related to leases are not relevant. Additional payments because of renewal or cancellation options are not expected.

Based on the operating lease obligations as of December 31, 2018, the following reconciliation was made to the opening balance sheet value of the lease obligations as of January 1, 2019:

RECONCILIATION IN EUR THOUSAND	January 1, 2019
Operating lease obligations as of December 31, 2018	**2,566**
Accounting simplification for short-term leases	**-26**
Accounting simplification for low-value leases	**-447**
Other	**48**
Gross lease liabilities as of January 1, 2019	**2,141**
Discounting	**-89**
Net lease liabilities as of January 1, 2019	**2,052**
Previous lease liabilities from finance lease as of December 31, 2018	**561**
TOTAL LEASE LIABILITIES AS OF JANUARY 1, 2019	**2,613**

The lease liabilities were discounted applying the marginal borrowing rate as of January 1, 2019. The weighted average interest rate was 1.6 %.

The following presentations arise for the income statement as of December 31, 2019:

LEASES IN THE PROFIT AND LOSS STATEMENT IN EUR THOUSAND	December 31, 2019
Expenses short-term leases	-402
Expenses low-value leases	-245
Other lease expenses (additional costs)	-26
	-673
Depreciation of right-of-use assets	
Buildings - developed land	-536
Plant and machinery	-23
Other fixtures and fittings, tools and equipment	-393
	-952
Interest expenses of lease liabilities	-35
	-35

Information on the right-of-use assets and lease liabilities as well as a detailed presentation of the amended accounting policies can be found in section H, Notes to the consolidated balance sheet item 1 and item 12 as well as in section J, Notes to the consolidated statement of cash flows.

Miscellaneous amendments to standards

The following standards revised by the IASB have required mandatory application since January 1, 2019:

- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
- IFRIC 23 Uncertainty over Income Tax Treatments
- Annual Improvements to IFRS Cycle 2015-2017:
  Amendments to IFRS 3/IFRS 11, IAS 12 and IAS 23

The standards lead to no significant changes compared with the previous year, and they have no significant effects on the accounting policies applied within the AMAG Group.

Standards adopted, but not yet applied

Application of the following new, revised or supplemented standards of the IASB and interpretations of the IFRIC is voluntary, and these will not be applied early.

STANDARD/ INTERPRETATION	Application mandatory	Endorsement status	Impact on the consolidated financial position of AMAG Group
Amendment of IFRS 3 Definition of business	01/01/2020	-	currently no impact
Amendment of IAS 1 and IAS 8 Definition of 'material'	01/01/2020	29/11/2019	currently no impact
Amendments to References to the Conceptual Framework in IFRS Standards	01/01/2020	29/11/2019	currently no impact
Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform	01/01/2020	15/01/2020	see below
IFRS 17 Insurance Contracts	01/01/2021	-	currently no impact
Amendments to IAS 1 Classification of liabilities as current or non-current	01/01/2022	-	currently no impact

IBOR reform

The previous reference interest rates (LIBOR, EURIBOR etc.) are to be replaced by alternative reference interest rates. In particular, the determination of reference interest rates is being reworked. The IBOR reform has a particular impact on the accounting treatment of financial instruments and hedging relationships. The IASB has already launched a project to avoid uncertainties relating to the reform's effects. The project aims to make amendments to IFRS 9, IAS 39 and IFRS 7 so that existing hedge accounting relationships can be continued on the balance sheet for a transitional period, and do not have to be terminated due to the change in the reference interest rate.

The reform is not expected to have any effects on the AMAG Group, as no effect on its designated hedge relationships arises.

Significant accounting policies

Accounting and valuation within the Group are based on uniform criteria. The consolidated financial statements are prepared on a going concern basis. For the sake of clarity, items have been summarised on the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows, and are listed and explained separately in the notes to the financial statements in accordance with the principle of materiality.

The valuation principles applied in the preparation of the consolidated financial statements are based on historical cost – with the exception of securities and derivative financial instruments, which are measured at fair value.

Non-current and current assets and liabilities

Pursuant to IAS 1, the consolidated balance sheet is structured on a term basis. Assets and liabilities with terms of up to one year are classified as current, and those with terms of over one year as non-current.

The terms are always determined with reference to the date at the end of the reporting period.

F ACCOUNTING JUDGEMENTS AND ESTIMATES

Accounting judgements

In the case of the interest held in the Canadian smelter Aluminerie Alouette Inc., Sept-Îles, a discretionary assessment was made as to whether this is to be classified as a jointly controlled operation (IFRS 11.15). Within the AMAG Group, the classification occurred mainly for the following reasons:

- The agreement between the various partners regulates the joint control of Alouette's operations.
- The partners own pro rata shares of all of the company's assets.
- Alouette's sales to third parties are very minor and the parties are obligated to purchase the entire production on a pro rata basis. The partners are also obligated to meet cash calls on a pro rata basis in order to fulfil Alouette's financing and liquidity requirements.
- For this reason, the partners are the only source of cash flows, and consequently obligated to cover any debts that Alouette might incur.

Please refer to section D, Consolidation principles in this regard.

Assumptions and estimation uncertainties

When preparing the consolidated financial statements, it is to some extent necessary to make estimates and assumptions that influence the reported assets, provisions and liabilities, the disclosures of other commitments as at the end of the reporting period, and the presentation of income and expenses for the reporting period. Actual future results may differ from the estimates, and this may have a significant impact on the consolidated financial statements.

The Management Board of AMAG Austria Metall AG believes that it has made reasonable assumptions, such that the consolidated financial statements in all material respects give a true and fair view of the Group's financial position and performance.

The estimates and underlying assumptions are subject to considerable uncertainty, and their accuracy is scrutinised constantly as a consequence. Changes in the estimates are recognised in the periods in which they are made.

The following notes to the financial statements include information about assumptions and uncertainties relating to estimates which can generate a considerable risk that necessitates a significant adjustment during the following financial year:

Useful lives of intangible assets and property, plant and equipment

The estimated useful lives of depreciable property, plant and equipment and intangible assets represent the estimated period over which the assets are expected to be utilised. With regard to adjustments due to changes in the useful lives of intangible assets and property, plant and equipment, please refer to section H, Notes to consolidated balance sheet item 1.

Asset impairment tests

Concerning the extent to which assets retain their value at the level of a cash-generating unit, an annual review is conducted as to whether indications exist of impairment that would necessitate an impairment test. In the year under review, no indications existed of impairment to assets. In the case of intangible assets that cannot be utilised yet, impairment testing is also conducted even if related indications do not exist. In this connection, reference is made to section H, Notes to consolidated balance sheet item 1.

Financial asset impairment tests

When valuing financial assets, assumptions are to be made especially concerning the likelihood of default and the assessment of the impairment of receivables. This occurred based on analyses of the past, taking expected future developments into consideration. For more information see section K, Financial instruments, in the section concerning credit risks.

Leases

In the course of IFRS 16 accounting, assumptions were made with regard to the contract term and the discount rate applied. The lease term that is determined includes the non-cancellable term of the lease agreement. Cancellation and renewal options are included in the analysis if the exercise is estimated with sufficient certainty, and taking into account all facts and circumstances that constitute an economic incentive to exercise. For leases with an indefinite term, the useful life is determined in the same manner as the expected useful life for assets capitalised as non-current assets. A risk-free interest rate relevant to the term, taking into account the respective currency and the company's credit rating, was applied as the discount rate for the valuation of lease liabilities.

Receivables, other liabilities and revenue

As part of applying IFRS 15, estimates and assumptions based on analyses of past data and taking into consideration expected future developments were made in relation to variable payments (contractually agreed bonuses and graduated prices) as well as in the deferral of expected transportation costs deriving from customer contracts with the CIF supply term. Further explanations can be found in section H, Notes to consolidated balance sheet item 6, and I, Notes to consolidated income statement item 1.

Cash flow hedges

For the accounting treatment of cash flow hedge relationships, assumptions are to be made especially concerning the likelihood of the occurrence of future revenues. Here, uncertainties exist particularly in relation to the expected scope of future revenues and the assumption that expected cash flows will be received (default probability). For the accounting treatment of the embedded derivative deriving from the electricity contract, estimates were also to be made (e.g. expected term). For more information, please see section K, Financial instruments.

Personnel provisions

When measuring provisions for severance payments, pensions, medical care benefits and service anniversary bonuses, assumptions are to be made relating to financial parameters (discount rate, salary increases) and demographic parameters (staff turnover rate, calculation basis). The discount rate is determined on the basis of market yields achieved by top grade fixed-interest corporate bonds on the balance sheet date. In Austria, the data tables produced by MERCER Deutschland serve as the basis, and in Canada, Fiera Capital's "CIA (Canadian Institute of Actuaries) Method Accounting Discount Rate Curve". Derived from past years' trends, salary growth comprises expected future increases that are estimated annually depending on inflation and career trends (except pensions), among other factors. As of December 31, 2019 provisions of EUR 99,301 thousand were recognised for severance payments, pensions, medical care benefits and service anniversary bonuses (previous year: EUR 85,133 thousand). Further details can be found in section H, Notes to consolidated balance sheet item 10.

Deferred tax

To measure deferred tax assets on loss carryforwards, assumptions relating to future taxable income and the timing of realisation are to be made. Such assets are recognised in relation to non-forfeitable tax loss carryforwards under the assumption that sufficient taxable income will be generated in the future to realise the tax loss carryforwards. For this, budgeted operating business results and earnings effects arising from the reversal of taxable temporary differences are taken into consideration. As the future trend of business is uncertain, and lies partially outside the Group's control, assumptions that are to be made in connection with the recognition of deferred tax assets are connected with uncertainties. Further details can be found in section H, Notes to consolidated balance sheet items 4 and 14.

Non-current provisions

Non-current provisions for other risks are formed if an obligation to third parties exists, an outflow of resources is probable, and the prospective obligation can be estimated reliably. The amount recognised as a provision comprises the best possible estimate of the obligation on the balance sheet date. Provisions with an original term of more than one year are recognised with the satisfaction amount discounted to the reporting date. Provisions are reviewed regularly, and adjusted to reflect new information or a change in circumstances. Further details can be found in section H, Notes to consolidated balance sheet item 11.

Contingent liabilities

Contingent liabilities as per IFRS 3 deriving from previous years for environmental clean-up costs for potential hazardous sites exist in an amount of EUR 5,700 thousand (previous year: EUR 5,700 thousand). The recognised values were retained pursuant to IFRS 3.56, as neither the conditions for derecognition nor the criteria for a provision pursuant to IAS 37 were met as of the balance sheet date.

The AMAG Group has the obligation to purify leachate from a closed and sealed landfill to predetermined consensus values, and to manage landfills. The obligations were calculated at the present value of the estimated operating costs. The congruent maturity interest rate deriving from the European government yield curve was applied as the interest rate. The carrying amount of the non-current portion of the provision stands at EUR 4,727 thousand (previous year: EUR 3,882 thousand).

Further details can be found in section L, Contingent liabilities and guarantees.

G SEGMENT REPORTING

Business divisions

Reporting by business divisions (the Metal, Casting, Rolling and Service divisions) conforms to the Group's organisational and management structure, and this serves as the basis for segment information.

Production of primary aluminium, management of metal production streams, hedging the aluminium price risk exposure of the operating subsidiaries of AMAG, and distribution of primary aluminium fall under the Metal Division's remit.

The Casting Division is responsible for the production of high-quality cast aluminium alloys from aluminium scrap for use by various sectors, including the automotive sector and supply industry, as well as the engineering and electrical engineering sectors.

The Rolling Division comprises the manufacturing of high-quality aluminium rolled products such as sheets, strips and plates. These products are deployed in the automotive and aviation sectors, as well as in sports, engineering, transportation and industry. The division also specialises in brightening qualities, customised cathode elements for zinc smelters, brazing materials, special tread plates and high-strength alloys. The portfolio is rounded out by foil stock materials for the packaging industry.

The Service Division provides all centralised services to the operating divisions of AMAG at the Ranshofen facility, and overall management functions for the AMAG Group. Its tasks especially also include the entire building and space management at the Ranshofen site. In the financial year under review, the building values and depreciation for the production-relevant buildings were allocated to the Casting and Rolling divisions. Energy supply, waste disposal, general site services and materials management are also included in the Service Division. The revenue reported in the Service Division relates entirely to the provision of services.

No business divisions were combined in order to create the four reportable divisions described above. The accounting principles applied to prepare the segment information for AMAG Austria Metall AG are based on the IFRSs applied in the preparation of the consolidated financial statements.

AMAG Austria Metall AG evaluates divisional performance on the basis of shipments and earnings before interest, tax, depreciation and amortisation (EBITDA), as well as earnings before interest and tax (EBIT), among other indicators.

Interdivisional sales and purchases of materials and services are calculated based on market prices. Segment assets and liabilities comprise all assets and liabilities recognised based on the financial statements that are prepared by the operating divisions and included in the consolidated financial statements. Divisional investment comprises additions to intangible assets, and to property, plant and equipment.

Interdivisional transactions

The revenue, expenses and income of each division include elimination of intragroup balances between business divisions and geographical segments. Interdivisional transfer pricing is based on comparable, standard market terms.

Due to the introduction of IFRS 16, the Management Board decided to undertake an intersegment reclassification of the building values, including corresponding depreciation, for the production-relevant buildings. These buildings and their values were still reported in the Service Division in the previous year and have now been allocated to the Casting and Rolling divisions. The previous year's segment reporting was not adjusted. Earnings, segment assets and net investments in the affected segments changed accordingly.

BUSINESS DIVISIONS 2019 IN EUR THOUSAND *	Metal	Casting	Rolling	Service	Consolidation	Group
Shipments in tonnes	**118,066**	**93,792**	**228,426**		**-33,698**	**406,585**
thereof internal **	**1,218**	**32,481**	**0**		**-33,698**	**0**
Revenue	**740,965**	**99,407**	**880,283**	**65,823**	**-720,506**	**1,065,972**
External	206,255	87,919	766,076	5,723	0	**1,065,972**
Internal	534,710	11,488	114,207	60,100	-720,506	**0**
Gross profit	**20,027**	**9,841**	**124,626**	**12,318**	**-4,303**	**162,509**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**34,547**	**7,405**	**107,264**	**-6,359**	**116**	**142,973**
Depreciation and amortisation	24,235	2,417	50,017	5,237	0	**81,906**
Earnings before interest and taxes (EBIT)	**10,312**	**4,988**	**57,246**	**-11,596**	**116**	**61,067**
Interest income	2,224	0	90	6,260	-7,553	**1,021**
Interest expenses	-2,474	-115	-8,153	-6,823	7,553	**-10,012**
Net interest result	**-250**	**-115**	**-8,063**	**-564**	**0**	**-8,991**
Other financial result	-776	0	0	28,697	-29,000	**-1,079**
Net financial income (expenses)	**-1,026**	**-115**	**-8,063**	**28,133**	**-29,000**	**-10,070**
Earnings before taxes (EBT)	**9,286**	**4,873**	**49,184**	**16,538**	**-28,884**	**50,996**
Income taxes	-2,483	-1,205	-11,424	2,787	-29	**-12,354**
Net income after taxes	**6,803**	**3,668**	**37,759**	**19,325**	**-28,913**	**38,642**
Balance sheet						
Division assets	420,163	44,269	729,274	855,777	-547,821	**1,501,663**
Division liabilities	213,466	27,474	546,518	489,097	-394,185	**882,370**
Other disclosures						
Investments (excluding financial investments)	23,794	4,231	35,894	8,786	0	**72,705**
Employees (FTE)	183	123	1,531	163	0	**2,000**

* In 2019, depreciation and amortisation charges as well as rents were reallocated to the divisions.
** Internal volumes include material supplies from Alouette in the Metal Division, and reprocessing volumes in the Casting Division.

BUSINESS DIVISIONS 2018 IN EUR THOUSAND	Metal	Casting	Rolling	Service	Consolidation	Group
Shipments in tonnes	**114,854**	**86,898**	**222,885**		**-27,176**	**397,460**
thereof internal *	**1,871**	**25,305**	**0**		**-27,176**	**0**
Revenue	**785,584**	**114,195**	**892,422**	**82,325**	**-772,962**	**1,101,564**
External	216,324	105,532	773,801	5,907	0	**1,101,564**
Internal	569,260	8,662	118,621	76,418	-772,962	**0**
Gross profit	**5,112**	**10,548**	**114,081**	**19,981**	**-2,355**	**147,366**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**23,030**	**7,815**	**95,607**	**14,651**	**-116**	**140,987**
Depreciation and amortisation	23,487	1,685	42,476	12,694	0	**80,343**
Earnings before interest and taxes (EBIT)	**-457**	**6,130**	**53,131**	**1,957**	**-116**	**60,645**
Interest income	2,249	0	120	7,466	-8,924	**911**
Interest expenses	-2,681	-111	-9,204	-4,984	8,920	**-8,059**
Net interest result	**-432**	**-111**	**-9,084**	**2,482**	**-4**	**-7,148**
Other financial result	1,221	0	-32	23,323	-22,996	**1,516**
Net financial income (expenses)	**789**	**-111**	**-9,116**	**25,805**	**-23,000**	**-5,632**
Earnings before taxes (EBT)	**332**	**6,019**	**44,015**	**27,762**	**-23,116**	**55,013**
Income taxes	583	-1,501	-9,957	375	29	**-10,471**
Net income after taxes	**915**	**4,518**	**34,058**	**28,138**	**-23,087**	**44,541**
Balance sheet						
Division assets	437,720	31,760	623,587	1,019,568	-551,393	**1,561,243**
Division liabilities	250,619	15,516	448,866	629,038	-403,670	**940,369**
Other disclosures						
Investments (excluding financial investments)	19,140	3,557	38,479	11,379	0	**72,554**
Employees (FTE)	188	124	1,500	147	0	**1,959**

* Internal volumes include material supplies from Alouette in the Metal Division, and reprocessing volumes in the Casting Division.

GEOGRAPHICAL DIVISIONS 2019 IN EUR THOUSAND	Production site Austria	Production site Canada	Total	Consolidation	Group
Revenue					
Austria revenue *	172,469	210,899	383,368	-210,899	**172,469**
Western Europe	566,147	0	566,147	0	**566,147**
Other markets	334,141	-6,785	327,356	0	**327,356**
	1,072,757	**204,114**	**1,276,871**	**-210,899**	**1,065,972**
Earnings					
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	113,965	29,008	142,973	0	**142,973**
Earnings before interest and taxes (EBIT)	56,272	4,795	61,067	0	**61,067**
Balance sheet					
Non-current division assets	620,538	128,619	749,157	0	**749,157**

GEOGRAPHICAL DIVISIONS 2018 IN EUR THOUSAND	Production site Austria	Production site Canada	Total	Consolidation	Group
Revenue					
Austria revenue *	167,585	218,784	386,369	-218,784	**167,585**
Western Europe	609,644	0	609,644	0	**609,644**
Other markets	330,396	-6,060	324,335	0	**324,335**
	1,107,624	**212,724**	**1,320,348**	**-218,784**	**1,101,564**
Earnings					
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	118,395	22,593	140,987	0	**140,987**
Earnings before interest and taxes (EBIT)	61,524	-879	60,645	0	**60,645**
Balance sheet					
Non-current division assets	630,524	126,671	757,194	0	**757,194**

* Aluminium production at the Alouette smelter in Canada is sold on a pro rata basis to the Austrian metal management subsidiary, which in turn sells the share of production of AMAG.

The revenues were allocated to the respective sales markets based on the customers' headquarters.

H NOTES TO THE CONSOLIDATED BALANCE SHEET

01) CONSOLIDATED STATEMENT OF CHANGES IN NON-CURRENT ASSETS

CHANGES IN HISTORICAL COST IN EUR THOUSAND	Intangible assets	Undeveloped land	Land - developed land	Buildings - developed land	Plant and machinery	Other fixtures and fittings, tools and equipment	Advance payments made and assets under construction	Property, plant and equipment
As of Jan. 1, 2019	13,855	17,291	17,779	239,462	957,420	51,542	28,236	1,311,730
IFRS 16 Adjustment	0	0	0	1,918	91	43	0	2,052
As of Jan. 1, 2019 after adjustment	13,855	17,291	17,779	241,380	957,511	51,585	28,236	1,313,782
Exchange differences	85	0	15	828	5,611	67	58	6,579
Additions	1,170	1,136	0	4,353	36,615	6,717	20,661	69,483
Disposals	-3	0	0	-518	-16,063	-2,211	-565	-19,357
Reclassifications	46	114	0	1,270	18,253	1,035	-20,718	-46
AS OF DEC. 31, 2019	**15,153**	**18,541**	**17,794**	**247,313**	**1,001,927**	**57,193**	**27,672**	**1,370,440**

CHANGES IN HISTORICAL COST IN EUR THOUSAND	Intangible assets	Undeveloped land	Land - developed land	Buildings - developed land	Plant and machinery	Other fixtures and fittings, tools and equipment	Advance payments made and assets under construction	Property, plant and equipment
As of Jan. 1, 2018	12,102	17,449	17,737	229,944	911,527	47,733	22,368	1,246,757
Exchange differences	204	0	34	1,915	13,208	133	172	15,461
Additions	1,746	0	0	7,098	36,173	5,113	22,424	70,809
Disposals	-216	-158	0	-267	-18,844	-1,851	-158	-21,278
Reclassifications	19	0	8	772	15,356	415	-16,570	-19
AS OF DEC. 31, 2018	**13,855**	**17,291**	**17,779**	**239,462**	**957,420**	**51,542**	**28,236**	**1,311,730**

CHANGES IN DEPRECIATION AND AMORTISATION IN EUR THOUSAND	Intangible assets	Undeveloped land	Land - developed land	Buildings - developed land	Plant and machinery	Other fixtures and fittings, tools and equipment	Advance payments made and assets under construction	Property, plant and equipment
As of Jan. 1, 2019	4,750	0	452	94,729	434,256	34,204	0	563,641
Exchange differences	16	0	8	530	3,609	45	0	4,192
Additions	1,531	0	123	8,899	65,016	6,338	0	80,375
Disposals	-1	0	0	-266	-15,660	-2,140	0	-18,067
Reclassifications	0	0	0	0	0	0	0	0
AS OF DEC. 31, 2019	**6,295**	**0**	**583**	**103,891**	**487,220**	**38,447**	**0**	**630,141**

CHANGES IN DEPRECIATION AND AMORTISATION IN EUR THOUSAND	Intangible assets	Undeveloped land	Land - developed land	Buildings - developed land	Plant and machinery	Other fixtures and fittings, tools and equipment	Advance payments made and assets under construction	Property, plant and equipment
As of Jan. 1, 2018	3,312	0	310	83,612	381,559	29,549	0	495,031
Exchange differences	35	0	19	1,236	8,471	93	0	9,818
Additions	1,413	0	123	9,966	62,708	6,136	0	78,933
Disposals	-10	0	0	-85	-18,482	-1,573	0	-20,141
Reclassifications	0	0	0	0	0	0	0	0
AS OF DEC. 31, 2018	**4,750**	**0**	**452**	**94,729**	**434,256**	**34,204**	**0**	**563,641**

CARRYING AMOUNTS IN EUR THOUSAND	Intangible assets	Undeveloped land	Land - developed land	Buildings - developed land	Plant and machinery	Other fixtures and fittings, tools and equipment	Advance payments made and assets under construction	Property, plant and equipment
Historical cost Dec. 31, 2019	15,153	18,541	17,794	247,313	1,001,927	57,193	27,672	1,370,440
Accumulated amort./depr. Dec. 31, 2019	6,295	0	583	103,891	487,220	38,447	0	630,141
Book values Dec. 31, 2019	**8,858**	**18,541**	**17,211**	**143,422**	**514,707**	**18,746**	**27,672**	**740,299**
Book values Dec. 31, 2018	9,105	17,291	17,327	144,733	523,164	17,337	28,236	748,089

Intangible assets and property, plant and equipment

Purchased intangible assets are measured at cost. Intangible assets of finite useful life are amortised over their economic useful life. Amortisation is applied straight-line over periods from 3-25 years. No intangible assets with indefinite useful lives exist at present.

The impairment test for assets not yet depreciable did not result in any need for impairment losses.

The intangible assets comprise purchased industrial property rights, franchises, trademarks and other rights, licences, patents and software.

Property, plant and equipment is capitalised at cost, less any accumulated depreciation and impairment losses, if subject to wear and tear.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is applied straight-line over the asset's expected economic life:

USEFUL LIVES IN THE GROUP

Office, factory and other buildings	7-50 years
Plant and machinery	2-50 years
Other fixtures and fittings, tools and equipment	2-20 years

The expected useful life and depreciation method applied are reviewed periodically to assess whether they reflect the economic benefits embodied by the assets. For further information, please refer to section F, Accounting judgements and estimates.

The costs of production for property, plant and equipment include direct costs and production-related production overheads. Administrative expenses are not capitalised.

Cost comprises the cost to replace a part of an asset if the related recognition criteria are met. Otherwise, replacement and maintenance equipment is recognised under inventories.

If large parts of items of property, plant and equipment must be replaced at regular intervals, such parts are recognised as separate assets with their own useful lives and depreciation methods. When performing major inspections, the cost is recognised accordingly in the carrying amount of the item of property, plant and equipment as a replacement, provided that the recognition criteria are met. The present value of the expected cost of post-use disposal of an asset is included in the cost of the asset if the criteria for recognition of a provision are met. See also section 11.

Expenditure arising after the commissioning of non-current assets, such as repair, maintenance and reconditioning costs, is expensed, as a matter of principle.

If it is likely that the subsequent costs will lead to additional economic benefits from the use of the asset, such costs are capitalised.

Leasing right-of-use assets

Since January 1, 2019, the Group as lessee generally recognises assets for the rights to use the leased assets and liabilities for the payment obligations entered into for all leases on the balance sheet at present values.

Right-of-use assets are capitalised at the inception of the lease at the amount of the corresponding lease liability, adjusted for any initial direct costs and lease payments made to the lessor on or before the date of provision, less any lease incentives received from the lessor. Lease liabilities are measured at the marginal borrowing rate unless the interest rate on which the lease is based can be readily determined. Subsequent measurement is at amortised cost. Right-of-use assets are amortised straight-line over the contractual relationship's term. The lease term that is determined includes the non-cancellable term of the lease agreement. Cancellation and renewal options are included in the analysis if the exercise is estimated with sufficient certainty, and taking into account all facts and circumstances that constitute an economic incentive to exercise.

The following table shows the right-of-use of assets that are recognised under property, plant and equipment as part of a lease:

RIGHT-OF-USE ASSETS IN EUR THOUSAND	Buildings - developed land	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment
Historical cost Dec. 31, 2019	2,023	91	2,332	4,446
thereof Additions	113	0	15	128
Accumulated amort./depr. Dec. 31, 2019	537	23	2,105	2,665
Book values Dec. 31, 2019	**1,487**	**68**	**227**	**1,781**
Book values Dec. 31, 2018 *	0	0	561	561

* In the previous year, this item relates to assets under finance leases

The AMAG Group is a lessee particularly in the rental of office premises as well as tanks and silos, and the leasing of vehicles.

Information on the corresponding lease liabilities is provided under section 12.

For leased assets of low-value and for short-term leases (less than twelve months), use is made of facilitated application, with payments being expensed straight-line through the income statement.

Leased assets with a new purchase value not exceeding EUR 5 thousand are categorised as low-value leased assets. This applies particularly to the asset classes telephones, photocopiers, fax machines and printers.

The new rules are not applied to leases of intangible assets.

Leasing and non-leasing components are shown separately. When determining the contractual terms, all facts and circumstances are taken into consideration that provide an economic incentive to exercise renewal options or not to exercise termination options. Changes in the term of the contract arising from the exercise or non-exercise of such options are only taken into consideration in the contract term if they are reasonably certain.

The factors of currency, economic environment and term as well as creditworthiness are included in the calculation of the marginal borrowing rate.

Since January 1, 2019, operating lease obligations have been recognised in accordance with the requirements of IFRS 16.

Advance payments made and assets under construction

Items of property, plant and equipment that are not yet operational are recognised as assets under construction, and measured at cost. Depreciation does not commence until the assets concerned are ready for operation.

During the course of the financial year, investments in the plant expansion project were recognised as additions to assets under construction, and will not be reclassified to the corresponding non-current asset categories until they are completed and commissioned.

Impairment losses and reversals of impairment losses

On each reporting date, the carrying amounts of property, plant and equipment and intangible assets are examined to determine whether indications of impairment exist. If such indications are identifiable, the asset's recoverable amount is estimated in order to determine the scope of any applicable impairment loss. If the recoverable amount for the specific asset cannot be estimated, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

If the estimated recoverable amount of an asset (or cash-generating unit) exceeds its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment loss is expensed immediately.

If the impairment loss is to be reversed subsequently, the carrying amount of the asset (or cash-generating unit) is increased to the level of the more recent estimate of the recoverable amount. In this context, the increase in the carrying amount is to be limited to the amount that would have been derived if no impairment loss had been reported for the asset (or cash-generating unit) in previous years.

As in the previous year, in 2019 no impairment losses, or reversals of impairment losses, were applied to intangible assets or property, plant and equipment.

Specialist spare parts

In the year under review, specialist spare parts in an amount of EUR 62 thousand were recognised as assets (previous year: EUR 106 thousand).

Obligations arising from investments in plant

Obligations arising from investments in plant amounted to EUR 18,072 thousand as of December 31, 2019 (previous year: EUR 22,087 thousand).

02) EQUITY ACCOUNTED INVESTMENTS

CARRYING AMOUNT OF INVESTMENTS IN ASSOCIATES IN EUR THOUSAND	2019	2018
Book value as of January 1	**1,761**	1,395
Share of profit of the year	**262**	387
Share of other comprehensive income	**-5**	-20
Share of dividends received	**-251**	0
BOOK VALUE AS OF DECEMBER 31	**1,767**	**1,761**

The 25.1 % interest in Speditionsservice Ranshofen GmbH (SSR) is equity accounted. SSR performs customs and dispatch processing for the Ranshofen site. The company is based in Ranshofen and its financial reporting date is December 31.

The following section presents the company's financial information in summarised form:

SUMMARISED FINANCIAL INFORMATION ON INVESTMENT IN ASSOCIATES IN EUR THOUSAND	2019	2018
Current assets	**6,162**	6,188
Non-current assets	**5,927**	4,940
Equity	**7,040**	7,017
Current liabilities	**4,057**	3,215
Non-current liabilities	**992**	896
Revenue	**8,344**	8,159
Profit of the year	**1,042**	1,541
Other comprehensive income	**-20**	-81
Total comprehensive income	**1,022**	1,460
Dividends received	**1,000**	0

The deferred taxes incurred on the proportional result were not recognised, as AMAG itself can manage the corresponding reversal, and from today's perspective this is not to occur.

03) OTHER NON-CURRENT ASSETS AND FINANCIAL ASSETS

Other non-current financial assets and investments comprise securities measured at fair value and non-consolidated interests as well as the interest in the company unitIT Dienstleistungs GmbH & Co KG.

As part of initial recognition, the election was utilised to recognise the measurement in other comprehensive income. The option was exercised, as the financial instruments comprise strategic investments and are not held for trading.

The "hold" business model is applied to other non-current financial assets that are debt instruments, and are recognised at amortised cost as a consequence.

OTHER NON-CURRENT ASSETS AND FINANCIAL ASSETS IN EUR THOUSAND	2019	2018
Derivatives recognised as non-current assets	**32,312**	34,652
Securities measured at fair value resulting in neither profit nor loss	**1,317**	1,282
Other non-current assets	**1,319**	2,183
	34,948	**38,116**

Information derivatives is presented in section K, Financial instruments, in the subsection on derivative financial instruments.

Securities measured at fair value resulting in neither profit nor loss include non-controlling interests of less than 20 % in three companies.

Other non-current assets include claims on insurance companies for insured receivables from customers in settlement or bankruptcy proceedings, as well as non-consolidated investments. The previous year includes binding commitments for state subsidies.

04) DEFERRED TAX ASSETS

DEFERRED TAX ASSETS IN EUR THOUSAND	2019	2018
Deferred tax assets affecting net income	**-9,378**	-11,678
Deferred tax assets not affecting net income	**19,099**	18,417
	9,721	**6,738**

Deferred tax is calculated applying the balance sheet liability method. Deferred tax reflects the tax effects of the temporary differences between the reported carrying amounts of assets and liabilities on the one hand, and the corresponding amounts based on respective tax regulations on the other. Deferred tax assets and liabilities are measured applying the tax rates (and tax regulations) that are

expected to apply to the period when the deferred tax assets are expected to be realised or the liabilities settled.

Deferred taxes are recognised for all taxable temporary differences that give rise to deferred tax liabilities. Deferred tax assets are recognised only if it is probable that sufficient future taxable profit will be available for the deferred tax asset to be utilised. For this purpose, the carrying amounts of the deferred tax assets are reviewed at the end of each reporting period. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of the asset to be utilised.

No deferred tax assets have been recognised for loss carryforwards in an amount of EUR 235 thousand, as it is unlikely that they can be realised (previous year: EUR 211 thousand). Furthermore, no deferred tax assets were recognised for the Canadian company's loss carryforwards of EUR 10,237 thousand (previous year: EUR 11,616 thousand), as they cannot be utilised under the present circumstances.

The non-capitalised tax loss carryforwards may not be carried forward for an unlimited period of time.

An offsetting of EUR 1,833 thousand of deferred taxes was also applied at the level of the AMAG Austria Metall AG tax group in the year under review (previous year: EUR 2,336 thousand).

Deferred tax is recognised directly in equity if the tax relates to items that are recognised directly in equity, and this tax is offset against or credited to equity in the same or a different period.

	Deferred taxes 2019		Deferred taxes 2018	
DEFERRED TAX IN EUR THOUSAND	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Property, plant and equipment	**3**	**20,779**	15	21,660
Other non-current assets and financial assets	**10**	**2,986**	9	3,001
Inventories	**1,553**	**629**	3,865	456
Receivables	**5,296**	**4,416**	11,176	10,125
Provisions	**24,900**	**1,789**	20,567	2,110
Liabilities	**17,154**	**8,610**	17,385	8,947
Minimum corporate tax	**6**	**0**	22	0
	48,922	**39,208**	**53,039**	**46,300**
Offsetting towards the same taxation authority	**39,201**	**39,201**	46,300	46,300
Net deferred tax assets and liabilities	**9,721**	**7**	**6,738**	**0**

The following table shows the changes and distribution of changes in deferred tax among those components that are recognised in profit or loss, and those recognised directly in equity:

CHANGE OF DEFERRED TAXES IN EUR THOUSAND	Deferred tax assets	Deferred tax liabilities
As of Jan. 1, 2017	13,611	0
IFRS 15 adjustment	0	-93
As of Jan. 1, 2018	13,611	-93
Profit and loss changes	-3,955	-1,147
Cash flow hedges	-5,212	-481
Revaluation of defined benefit pension plans	-659	-615
Currency translation differences	617	0
Not recognised in profit or loss	-5,254	-1,096
Offsetting on tax group level	2,336	2,336
As of Dec. 31, 2018	**6,738**	**0**
Profit and loss changes	1,164	-1,130
Cash flow hedges	-3,155	-493
Revaluation of defined benefit pension plans	2,896	-202
Currency translation differences	246	0
Not recognised in profit or loss	-14	-696
Offsetting on tax group level	1,833	1,833
As of Dec. 31, 2019	**9,721**	**7**

05) INVENTORIES

Raw materials and consumables that are fully interchangeable and destined for use are measured applying consumption tracking methods (weighted average cost, and first-in, first-out methods). Inventories that are not normally exchangeable are recognised at cost, including incidental purchase costs. Impairment losses are applied whenever the net realisable value is below the carrying amount.

Work in progress and finished goods are capitalised at the lower of cost of conversion or net realisable value. Costs of conversion include direct material and production costs, as well as appropriate material and production overheads, based on normal capacity utilisation. General administrative expenses as well as selling and distribution expenses are not included. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The aluminium price component of the inventories that have been designated as a fair value hedge are carried at fair value. The unhedged component is measured at cost. If the net realisable value (average value of customer orders) is lower on the reporting date, this market value is recognised.

INVENTORIES IN EUR THOUSAND	2019	2018
Raw materials and consumables	**121,598**	130,926
Work in progress	**61,315**	58,599
Finished goods	**73,178**	66,299
Merchandise	**906**	727
	256,997	**256,551**

This item includes impairment losses of EUR 24,682 thousand (previous year: EUR 24,450 thousand). Of the change in the impairment loss, EUR 147 thousand is attributable to additions (previous year: EUR 4,237 thousand), EUR 12 thousand to consumption (previous year: EUR 5,984 thousand), and the remainder relates to currency translation differences.

Inventories of EUR 599,880 thousand were recognised in profit or loss in the period under review (previous year: EUR 671,532 thousand), EUR 599,330 thousand of which were attributable to cost of sales (previous year: EUR 670,900 thousand).

06) TRADE RECEIVABLES

Trade receivables without significant financing components are initially recognised at their transaction price in the meaning of IFRS 9, and subsequently at amortised cost, less any valuation adjustments for expected credit losses; see also section K, Financial instruments.

Foreign currency receivables are measured at the average rate prevailing on the balance sheet date.

Contractually agreed bonuses and graduated prices reducing the transaction price are treated as variable payments according to IFRS 15 and offset with related customer receivables.

TRADE RECEIVABLES IN EUR THOUSAND	2019	2018
Trade receivables	**117,547**	126,112
Other receivables	**30**	15
	117,577	**126,127**

As in the previous year, no valuation allowances were formed in the 2019 financial year.

07) OTHER CURRENT ASSETS

OTHER CURRENT ASSETS IN EUR THOUSAND	2019	2018
Other receivables and advanced payments	**40,039**	31,231
Derivatives recognised as current assets	**23,821**	40,573
Financial receivables - funds in transit	**258**	572
	64,118	**72,377**

Other receivables and prepayments include social security receivables and taxes of EUR 13,923 thousand (previous year: EUR 16,873 thousand), receivables of EUR 18,269 thousand due from Alouette partners (previous year: EUR 5,385 thousand), EUR 402 thousand of firm commitments (previous year: EUR 1,895 thousand), EUR 1,114 thousand of current emissions certificates (previous year: EUR 670 thousand), and EUR 1,387 thousand of current receivables from state grants (previous year: EUR 1,078 thousand).

Information on derivatives and firm commitments is presented in section K, Financial instruments, in the subsection on derivative financial instruments.

The tables below show the values before and after netting.

OFFSETTING FINANCIAL ASSETS AND LIABILITIES 2019 IN EUR THOUSAND	Before offsetting	Offsetting	After offsetting
Derivatives recognised as current assets	29,071	-5,250	**23,821**
Derivatives recognised as current liabilities	16,636	-5,250	**11,386**

OFFSETTING FINANCIAL ASSETS AND LIABILITIES 2018 IN EUR THOUSAND	Before offsetting	Offsetting	After offsetting
Derivatives recognised as current assets	84,630	-44,056	**40,573**
Derivatives recognised as current liabilities	68,997	-44,056	**24,940**

Netting is applied if corresponding agreements with the business partners exist. Only derivatives that are not in a hedging relationship are included, and it is also ensured that only the valuation per broker, per delivery date and per currency is applied.

08) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and short-term investments.

Measurement is at amortised cost. The exemption to waive an analysis of a deterioration of credit risk if low credit risks are ascribed to the banks on the reporting date is utilised for all bank deposits, as the corresponding banks carry an investment-grade category rating and therefore exhibit low credit risk.

The carrying amounts correspond to market values.

CASH AND CASH EQUIVALENTS IN EUR THOUSAND	2019	2018
Cash in hand	**59**	368
Current account surplus	**134,668**	187,123
Assessments	**132,595**	108,380
	267,322	**295,871**

These items on the balance sheet relate to the cash positions at the start and end of the reporting period that are contained in the consolidated statement of cash flows.

09) EQUITY

Changes in equity are presented in a separate table (consolidated statement of changes in equity).

Share capital

The subscribed share capital exclusively comprises ordinary shares securitising the same rights, and all of which are issued.

The share capital comprises 35,264,000 nil par shares, each corresponding to EUR 1.00 of the share capital. All shares are fully paid in, and in circulation.

Capital reserves

The capital reserves include shareholder contributions, payments made by shareholders in connection with the issuance of shares, and effects arising from reorganisations.

The capital reserves amount to EUR 377,661 thousand (previous year: EUR 377,661 thousand), of which an amount of EUR 94,752 thousand (previous year: EUR 94,752 thousand) is attributable to appropriated capital reserves and an amount of EUR 282,909 thousand (previous year: EUR 282,909 thousand) is attributable to unappropriated capital reserves. The change in the previous year relates to a release of deferred taxes in relation to equity costs and is shown under the "release of capital reserves" item in the statement of changes in equity.

Hedging reserve

The hedging reserve comprises gains and losses from the effective portion of cash flow hedges. Cumulative gains or losses from hedging transactions that are recognised under the hedging reserve are transferred to the statement of profit or loss only when the hedged transaction affects results. The change in the reserve in the year under review is primarily due to the change in the US dollar exchange rate as well as the measurement of the embedded derivative.

Fair value reserve

Changes in the fair values of options are recognised directly in the fair value reserve, without affecting profit or loss.

Revaluation reserve

The fair value adjustments to participating interests are recognised in the revaluation reserve. The disposal of the corresponding financial instrument also entails no recognition through profit or loss.

Revaluation of defined benefit pension plans

Actuarial gains and losses from the provisions for severance payments, pensions and medical care benefits are fully recognised in the reserves in the period in which they are accrued.

Equity investments – share of other comprehensive income

This item contains bookings recognised directly in equity relating to equity investments. This mainly concerns actuarial gains and losses on severance provisions.

Exchange differences

The reserves for exchange differences recognise differences arising from the translation of the financial statements of subsidiaries that report in a foreign currency. The change in the reserve in the year under review is primarily due to the change in the US dollar exchange rate.

Retained earnings

Retained earnings consist of cumulative retained earnings from the period under review and from prior periods.

The company paid out a dividend of EUR 42,317 thousand in the financial year under review (EUR 1.20 per share).

The Management Board proposes that EUR 1.20 per share (a maximum of EUR 42,317 thousand in total) be distributed as a dividend to shareholders from the parent company's profit for the year.

Approved capital

Pursuant to Section 4 (5) of the articles of incorporation of AMAG Austria Metall AG, the company's Management Board is authorised until May 12, 2020, to increase, with Supervisory Board approval, the company's share capital by up to EUR 17,500,000.00 (seventeen million five hundred thousand euros) through issuing 17,500,000 (seventeen million five hundred thousand) ordinary bearer shares (nil par value shares) in one or several tranches, including under full or partial exclusion of subscription rights, against cash or non-cash capital contributions, and to determine the issue amount, which may not amount to less than the proportional amount of the ordinary shares in the share capital to date, as well as other issue terms by way of agreement with the Supervisory Board (Approved Capital 2015). Statutory subscription rights can be granted to the shareholders by transferring the new shares to a bank or a syndicate of banks with the obligation that they be offered to shareholders according to their subscription rights (indirect subscription rights). The Supervisory Board is authorised to approve amendments to the articles of incorporation resulting from the issue of shares from approved capital.

With a resolution of the annual general meeting of AMAG Austria Metall AG on April 16, 2015, the Management Board was authorised pursuant to Section 174 of the Austrian Stock Corporation Act (AktG) for a period of five years from the date of the passing of this resolution, consequently until April 16, 2020, to issue, with Supervisory Board approval, convertible bonds that also grant or comprise the conversion and/or subscription right to up to 17,500,000 nil par value ordinary bearer shares (nil par shares) of the company with a proportional amount in the share capital of up to EUR 17,500,000, including under full or partial exclusion of subscription rights, in one or more tranches (Convertible Bond 2015). The issue price and the conversion ratio must be calculated in a recognised pricing process (basis on which the issue amount is calculated) in accordance with the interests of the company, existing shareholders and convertible bond subscribers, as well as generally accepted finance-mathematical methods, and the company's quoted share price, including by making recourse to expert third parties. The Management Board, with Supervisory Board assent, is to determine the issue amount and all other issue terms, as well as the potential (including partial) exclusion of subscription rights for shareholders in relation to the convertible bonds. The issue amount of the convertible bonds may not lie below the proportional amount in the share capital. The Management Board is additionally authorised to grant statutory subscription rights, with Supervisory Board approval, in such a manner that the convertible bonds are to be offered by a bank or a syndicate of banks with the obligation that they be offered to shareholders in accordance with their subscription rights. The servicing of the conversion and/or subscription rights can occur through conditional capital or treasury shares, or a combination of these.

The company's share capital is increased conditionally pursuant to Section 159 (2) Clause 1 of the Austrian Stock Corporation Act (AktG) by up to EUR 17,500,000.00 through issuing up to 17,500,000 ordinary nil par value ordinary bearer shares (nil par value shares) for issuing to holders of convertible bonds, for which the Management Board was authorised by the Shareholders' General Meeting of April 16, 2015 (Convertible Bond 2015) (Conditional Capital 2015). The conditional

capital increase can be implemented only to the extent that holders of these convertible bonds utilise their exchange and/or subscription rights in relation to the company's shares. The issue price and conversion ratio must be calculated in a recognised pricing process (basis on which the issue amount is calculated) in accordance with the interests of the company, existing shareholders and convertible bond subscribers, as well as generally accepted finance-mathematical methods, and the company's quoted share price, including by making recourse to expert third parties; the issue amount may not lie below the proportional amount in the share capital. The newly issued shares from the conditional capital increase are to be dividend-entitled to the same extent as already existing shares in the company. The Supervisory Board is authorised to approve amendments to the articles of incorporation resulting from the issue of shares from conditional capital.

At the Shareholders' Annual General Meeting of AMAG Austria Metall AG on April 17, 2018, the Management Board was authorised, in each case with Supervisory Board approval, to purchase the company's ordinary bearer shares in an extent of up to 10 % of the company's share capital during a validity period of 30 months from April 17, 2018, whereby the lowest consideration may not lie more than 20 % below, and the highest consideration may not lie more than 10 % above, the average stock market closing price of the last three stock market days before the purchase of the shares. Trading in treasury shares is excluded as the purpose of the purchase. The authorisation can be exercised wholly or in part, or in several partial amounts, and in pursuit of one or several objectives, by the company, a subsidiary (Section 189a of the Austrian Commercial Code [UGB]), or for the company's account by third parties. The purchase may be realised through the stock market in compliance with statutory requirements, by way of a public offer or in any other legally permissible, appropriate manner, especially also off-bourse, or from individual shareholders willing to sell and also under exclusion of the proportionate disposal right that can be associated with such a purchase (reverse exclusion of subscription rights). The Management Board is also authorised to determine the respective repurchase conditions. Furthermore, the Management Board was authorised to withdraw, without a further resolution by the Shareholders' General Meeting, treasury shares purchased on the basis of the resolution pursuant to Section 1 of this agenda item. The authorisation can be exercised wholly or in several partial amounts, and in pursuit of one or several objectives, by the company, a subsidiary, or for the company's account by third parties. Furthermore, the Management Board is authorised, with Supervisory Board approval, pursuant to Section 65 (1b) of the Austrian Stock Corporation Act (AktG), for a period of five years from April 17, 2018, to determine for the disposal of treasury shares another legally permissible type of disposal than through the stock market or a public offering, including under exclusion of shareholders' repurchase rights (subscription rights exclusion), and to determine the terms of the disposal. The authorisation can be exercised wholly or in part, or in several partial amounts, and in pursuit of one or several objectives, by the company, a subsidiary (Section 189a of the Austrian Commercial Code [UGB]), or for the company's account by third parties.

Restrictions

Following an internal review, the Management Board is not aware of any restrictions in the meaning of Section 243a Clause 2 of the Austrian Commercial Code (UGB).

Additional disclosures regarding capital management

AMAG is not subject to any capital requirements under its articles of incorporation. Due to the volatile nature of the aluminium business and the high fixed assets ratio, the sound capital structure provides an important basis for financial flexibility.

The main aim of capital management at AMAG is to secure the Group's growth and further development, and to optimise returns for shareholders. The management exclusively regards consolidated equity as measured pursuant to IFRS as its equity capital. The capital structure is monitored constantly, and is as follows at the end of the reporting period:

CAPITAL STRUCTURE IN EUR THOUSAND	2019	2018
Total equity	619,293	620,874
Equity ratio	41.2%	39.8%
BALANCE SHEET TOTAL	**1,501,663**	**1,561,243**

10) PERSONNEL PROVISIONS

Provisions for defined benefit pension plans and post-employment medical care plans, as well as severance payments and service anniversary bonuses obligations, are remeasured annually by independent actuaries.

The obligations and costs are measured applying the projected unit credit method, in accordance with IAS 19. The projected benefits are attributed to the entire period of employment. In the provisions for severance arrangements, the anticipated obligations are distributed over the period until the attainment of the individually maximum possible entitlement.

PERSONNEL PROVISIONS IN EUR THOUSAND	2019	2018
Provisions for severance payments	39,796	37,306
Provisions for pensions	40,018	31,379
Provisions for medical care benefits	9,571	7,900
Provisions for service anniversary bonuses	9,915	8,548
TOTAL PERSONNEL PROVISIONS	**99,301**	**85,133**
thereof non-current	95,747	80,272

Provisions are measured based on the following financial and demographic assumptions:

Discounting rates are determined on a country-specific basis reflecting returns achieved on the market by top grade industrial bonds. The pension schemes of the Austrian companies are measured on the basis of yield trends as determined by MERCER Deutschland, and in accordance with the obligations' residual durations. In Canada, Fiera Capital's "CIA Method Accounting Discount Rate Curve" is applied as a reference in an analogous manner.

Salary growth is derived from the beneficiaries' wage and salary trends over recent years, taking expectations about the future into consideration. Pension adjustments in Austria are based on the ECB's long-term inflation target. In Canada, cost trends for medical care services reflect the circumstances prevailing there.

The rate of staff turnover is calculated on a country-specific basis according to various criteria such as length of service and age.

The latest figures for salaried employees contained in the AVÖ 2018-P mortality tables published by the Austrian Actuaries Association (AVÖ) serve as the measurement basis. These are applied both for mortality as well as for invalidity and marriage probabilities. The figures and the tables were republished as AVÖ 2018-P in August 2018 and applied for the first time in the 2018 financial year. The effect of the application of the new table values in the previous year is explained below under the respective provision. At the Canadian company Aluminerie Alouette Inc., the "CPM2014Priv projected with scale CPMB (2 dimensions)" tables are applied as the basis for mortality, with a reduction in the mortality rate of 2.5 % and 5 % respectively.

Current service cost and any past service cost are reported among personnel expenses, with the net interest expense on the measurement of the aforementioned obligations being reported in the net financial result. Actuarial gains and losses other than those related to service anniversary bonuses are stated under other comprehensive income. Payments anticipated in the subsequent financial year are shown under current provisions.

Provisions for severance benefits

Employees of Austrian Group companies who joined the Group before January 1, 2003 are entitled to severance payments upon reaching retirement age or in the event that their employment contract is terminated by the employer. The entitlement is determined by years of service and final salary ("old severance"). These obligations are reported as defined benefit plan.

For employees who joined after January 1, 2003, contributions to employee benefit funds (MVKs) in an amount of EUR 1,065 thousand have been made for severance entitlements in defined contribution plans (previous year: EUR 962 thousand).

The provisions for severance benefits changed as follows:

PROVISIONS FOR SEVERANCE BENEFITS IN EUR THOUSAND	2019	2018
Present value of the obligation as of January 1	**37,306**	33,806
Current service cost	**969**	862
Interest cost	**687**	609
Payments	**-2,384**	-1,216
EXPECTED VALUE OF THE OBLIGATION AS OF DEC. 31	**36,578**	**34,061**
PRESENT VALUE OF THE OBLIGATION AS OF DEC. 31	**39,796**	**37,306**
Revaluation of the period (Other comprehensive income)	**3,218**	**3,246**
thereof from changes in demographic assumptions	**0**	1,056
thereof from changes in financial assumptions	**3,818**	1,950
thereof from experience-based adjustments	**-600**	240

The calculations were based on the following parameters:

PARAMETERS SEVERANCE BENEFITS	2019	2018
Increase in salary in %	**4.50**	4.50
Discount factor in %	**1.30**	2.00
Retirement age/pension age (years)	**65**	65

Taking into consideration the probability of a pay-out, employee turnover is graduated by years of service and ranges, depending on period of service, between 0.50 and 7.50 % (previous year: between 0.50 and 7.50 %). The actuarial losses arise mainly from the change in the interest rate. The application of the new mortality tables in the previous year led to actuarial losses of EUR 1,056 thousand.

The average remaining duration of the obligations amounts to 14.9 years (previous year: 14.4 years).

EFFECTS ON EARNINGS IN EUR THOUSAND	2019	2018
Included in personnel expenses		
Current service cost	**-969**	-862
Expenses for severance payments	**-95**	-18
Contributions to employee benefit funds	**-1,065**	-962
Expenses for severance payments and contributions to employee benefit funds	**-2,129**	**-1,842**
Included in net interest expenses		
Interest cost	**-687**	-609

For the following financial year, severance benefits of EUR 878 thousand (previous year: EUR 1,042 thousand) are to be expected, which are reported under other current provisions.

SENSITIVITY PROVISIONS FOR SEVERANCE BENEFITS (IN %)	2019		2018	
	+ 0.25 %	**- 0.25 %**	**+ 0.25 %**	**- 0.25 %**
Effect of changes in salaries				
on the defined benefit obligation	**3.6%**	**-3.5%**	3.5%	-3.3%
Effect of changes to the discount factor				
on the defined benefit obligation	**-3.6%**	**3.8%**	-3.4%	3.6%

Provisions for pensions

Provisions for pensions relate to provisions in Austria and Canada for defined benefit plans, which are largely covered by plan assets. Where a pension plan qualifies for offsetting of the plan assets against the provision required by IAS 19, such offsetting is performed.

The Austrian companies' obligations are to former executives based on individual contractual commitments. Entitlements are based on final salary and are index-linked. The group of beneficiaries largely comprises individuals who are already entitled to benefits, as well as former employees who are not yet entitled to benefits. A pensionable retirement age of 61.5 years is applicable to the latter within the scope of individual contractual arrangements, as a matter of principle. A staff turnover rate is not taken into consideration, as the present beneficiaries include hardly any active employees, and due to the obligation's short remaining term.

In Canada, a defined benefit scheme is in place for all employees who joined the Group before June 2012. The benefits are determined by years of service and average salary. Since June 2012, only production staff have received contracts that include defined benefit plans. The pensionable age for both men and women lies between 55 and 65 years. The measurement comprises a distribution over this period, with an ascending weighting. Staff turnover is included differentiated by age and gender.

The provisions for pensions changed as follows:

PROVISIONS FOR PENSIONS IN EUR THOUSAND	2019	2018
Present value of the obligation as of January 1	85,583	92,421
Exchange differences	4,363	-2,313
Current service cost	1,975	2,480
Contributions to plan assets (employees)	729	699
Interest cost	2,972	2,470
Payments from plan assets	-3,183	-2,904
EXPECTED VALUE OF THE OBLIGATION AS OF DEC. 31	**92,440**	**92,853**
PRESENT VALUE OF THE OBLIGATION AS OF DEC. 31	**104,954**	**85,583**
Revaluation of the period (Other comprehensive income)	**12,515**	**-7,270**
Fair value of plan assets as of January 1	54,204	59,443
Exchange differences	3,030	-1,615
Expected return on plan assets	1,943	1,605
Contributions to plan assets (employer)	3,623	1,987
Contributions to plan assets (employees)	729	699
Payments from plan assets	-3,183	-2,904
EXPECTED VALUE OF PLAN ASSETS AS OF DEC. 31	**60,347**	**59,214**
FAIR VALUE OF PLAN ASSETS AS OF DEC. 31	**64,936**	**54,204**
Revaluation of the period (Other comprehensive income)	**4,589**	**-5,010**
PROVISIONS FOR PENSIONS DEC. 31	**40,018**	**31,379**
Revaluation of the period (Other comprehensive income)	**7,926**	**-2,261**
thereof from changes in demographic assumptions	0	2,633
thereof from changes in financial assumptions	12,300	-10,938
thereof from experience-based adjustments	214	1,034
thereof from plan asset changes	-4,589	5,010

The calculations were based on the following parameters:

PARAMETERS PENSIONS	2019	2018
Austria		
Increase in salaries in %	2.00	2.00
Discount factor in %	1.20	1.90
Canada		
Increase in salary in %	3.00	3.00
Discount factor in %	3.20	4.00

The average residual duration of the obligations amounts to 12.4 years in Austria (previous year: 11.9 years), and to 20.0 years in Canada (previous year: 20.9 years).

In Austria, the actuarial losses arose mainly from the reduction in the interest rate, which was partly mitigated by the positive change in plan assets. In the previous year, the first-time use of the newly published biometric calculation bases AVÖ 2018-P for salaried employees resulted in an actuarial loss of EUR 2,633 thousand. As in Austria, the reduction in the interest rate led to actuarial losses in Canada, which were reduced by the positive change in plan assets.

EFFECTS ON EARNINGS IN EUR THOUSAND	2019	2018
Included in personnel expenses		
Current service cost (employer)	-2,704	-3,179
Contributions to plan assets (employees)	729	699
Included in net interest expenses		
Interest cost	-1,029	-865

ALLOCATION OF PENSION EXPENSES IN STATEMENT OF PROFIT OR LOSS IN EUR THOUSAND	2019	2018
Cost of sales	**-2,440**	-3,685
Selling and distribution expenses	**-246**	-216
Administrative expenses	**-456**	145
Other expenses	**-129**	-48
	-3,271	**-3,804**

Plan assets:

Plan assets are invested in Austria with APK Pensionskasse AG, in different investment and risk classes (VRG) depending on the respective structure of the obligations. Assets relating to pensions drawn by retired employees are invested in VRG2, which has an investment and risk strategy based on significantly shorter maturities than those applied under VRG19, which manages assets related to projected benefit obligations. The Group is obligated to meet any funding shortfalls only in the event that returns do not cover the funding requirements for ongoing pension payments from APK.

In the following financial year, supplementary payments of EUR 779 thousand (previous year: EUR 1,830 thousand) are anticipated, and are reported under current provisions.

In Canada, the individual pension schemes are invested in each case in their own pension funds that are all held under joint asset management (Fiducie Desjardins), for whose management Letko Brosseau & Associates and Aberdeen Asset Management Inc. are responsible.

Employer contributions to the plan assets of the Canadian company will amount prospectively to EUR 1,497 thousand in the following year (previous year: EUR 1,530 thousand); these expected payments are also reported under current provisions.

The change in plan assets in Austria and Canada is as follows:

FAIR VALUE OF PLAN ASSETS IN EUR THOUSAND	2019		2018	
	Austria	Canada	Austria	Canada
Fair value of plan assets as of January 1	12,782	41,422	14,557	44,886
Exchange differences	0	3,030	0	-1,615
Expected return on plan assets	222	1,721	180	1,425
Contributions to plan assets	2,106	2,246	484	2,202
Payments from plan assets	-1,789	-1,394	-1,719	-1,186
Actuarial (gains)/losses	1,233	3,356	-719	-4,291
FAIR VALUE OF PLAN ASSETS AS OF DEC. 31	**14,555**	**50,381**	**12,782**	**41,422**

The investment structure is outlined below:

INVESTMENT TO PLAN ASSETS AS OF DEC. 31 (IN %)	2019		2018	
CLASSES OF ASSETS	Austria	Canada	Austria	Canada
Shares	31.0	57.2	29.0	64.0
Bonds	54.2	20.9	53.6	27.1
Real estate	4.7	0.0	4.9	0.0
Cash	6.9	0.0	7.2	0.0
Other	3.3	21.9	5.3	8.9
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**

The plan assets predominantly comprise assets whose prices are quoted on active markets. Of the equity instruments in Austria, approximately one third reflects euro equities, one third US equities and one third Asian equities. The debt securities in Austria comprise approximately 44 % government bonds, of which around one half derived from the OECD area. The rest are corporate bonds. The debt instruments in the Canadian plan assets comprise exclusively foreign currency securities (non-euro). Of the equity instruments, 17 % are denominated in euros and 83 % in foreign currencies, with 1 % deriving from emerging markets.

SENSITIVITY FOR PENSIONS (IN %)	2019		2018	
	+ 0.25 %	- 0.25 %	+ 0.25 %	- 0.25 %
Effect of changes in salaries				
on the defined benefit obligation	**2.1%**	**-1.9%**	2.0%	-1.9%
Effect of changes to the discount factor				
on the defined benefit obligation	**-4.2%**	**4.4%**	-3.8%	4.1%

Defined contribution plans:

In Austria, managers and employees are also entitled to defined contribution plans after they have been employed by the company for a certain period of time. The Group companies make payments into a pension scheme depending on salary.

In Canada, payments are made into defined contribution plans for administrative staff, managers and senior employees of Aluminerie Alouette Inc.

The total amount of such payments in the year under review amounts to EUR 1,491 thousand (previous year: EUR 1,385 thousand), which were expensed. No further obligations arising from this exist.

Provisions for medical care benefits

Defined benefit supplementary health insurance has been taken out for employees of Aluminerie Alouette Inc. who joined the company before April 1, 2009. The benefits are determined by years of service and average salary. The pensionable age for both men and women lies between 55 and 65 years. The measurement comprises a distribution over this period, with an ascending weighting. Staff turnover is included differentiated by age and gender.

The provisions for pensions changed as follows:

PROVISIONS FOR MEDICAL CARE IN EUR THOUSAND	2019	2018
Present value of the obligation as of January 1	**7,900**	8,705
Exchange differences	**577**	-311
Current service cost	**122**	143
Interest cost	**342**	285
Payments	**-168**	-138
Expected value of the obligation as of Dec. 31	**8,774**	**8,685**
Present value of the obligation as of Dec. 31	**9,571**	**7,900**
Revaluation of the period (Other comprehensive income)	**798**	**-785**
thereof from changes in financial assumptions	**1,146**	-975
thereof from experience-based adjustments	**-348**	190

The calculations were based on the following parameters:

PARAMETERS MEDICAL CARE	2019	2018
Salary increase in %	**3.00**	3.00
Increase in costs in %	**4.60**	4.60
Discount rate in %	**3.20**	4.00

The average remaining duration of the obligations amounts to 16.8 years (previous year: 16.8 years).

EFFECTS ON EARNINGS IN EUR THOUSAND	2019	2018
Included in personnel expenses		
Current service cost	**-122**	-143
Included in net interest expenses		
Interest cost	**-342**	-285

In the following year, employer contributions are expected to amount to EUR 184 thousand (previous year: EUR 152 thousand), and are reported under current provisions.

The effects of a change of 0.25 % percentage points in the projected movement of medical care benefits costs were as follows:

SENSITIVITY PROVISIONS FOR MEDICAL CARE (IN %)	2019		2018	
Effects of changes of medical care benefit costs	**+ 0.25 %**	**- 0.25 %**	**+ 0.25 %**	**- 0.25 %**
on the defined benefit obligation	**3.7 %**	**-3.5 %**	3.6 %	-3.4 %

Provisions for service anniversary bonuses

The provision for service anniversary bonuses relates to the provisions that Group companies in Austria form for payments under collective agreements and/or works agreements, depending on length of service. As of December 31, 2019 a provision of EUR 9,915 thousand is recognised (previous year: EUR 8,548 thousand).

Of the obligation, the service anniversary bonuses anticipated in the subsequent year amount to EUR 216 thousand (previous year: EUR 307 thousand), which are reported as current provisions.

The calculations were based on the following parameters:

PARAMETERS SERVICE ANNIVERSARY BONUSES	2019	2018
Increase in salaries in %	**4.50**	4.50
Discount factor in %	**1.30**	2.00
Retirement age/pension age (years)	**65**	65

Taking into consideration the probability of the pay-out, employee turnover is graduated by years of service and ranges, depending on period of service, between 0.50 and 7.50 % (previous year: between 0.50 and 7.50 %). The reduction in the interest rate also led to actuarial losses that are included in personnel expenses.

The average remaining duration amounts to 16.0 years (previous year: 15.2 years).

EFFECTS ON EARNINGS IN EUR THOUSAND	2019	2018
Included in personnel expenses		
Current service cost	**-573**	-467
Actuarial gains/(losses)	**-954**	-1,565
Included in net interest expenses		
Interest cost	**-164**	-120

11) OTHER PROVISIONS

Other provisions are formed if an obligation to third parties arises from a past event, utilisation is probable, and the prospective level of the provisioning amount can be estimated reliably on the balance sheet date.

OTHER PROVISIONS IN EUR THOUSAND	2019	2018
Other non-current provisions	**13,718**	12,028
Other current provisions	**9,652**	10,850
	23,370	**22,878**

CHANGES OF OTHER PROVISIONS 2019 IN EUR THOUSAND	Post-closure care	Contract risks	Customer bonus	Customer complaints	Others	Total
Book value as of January 1	13,713	3,996	0	2,871	2,299	**22,878**
Exchange differences	65	18	0	0	5	**88**
Utilisation	-1,603	-903	0	-487	-1,539	**-4,532**
Reversal	-124	-907	0	-2,197	-332	**-3,559**
Addition	2,673	479	0	4,415	901	**8,467**
Compounding	27	0	0	0	0	**27**
BOOK VALUE AS OF DEC. 31, 2019	**14,752**	**2,683**	**0**	**4,602**	**1,334**	**23,370**
THEREOF CURRENT	**1,034**	**2,683**	**0**	**4,602**	**1,334**	**9,652**

CHANGES OF OTHER PROVISIONS 2018 IN EUR THOUSAND	Post-closure care	Contract risks	Customer bonus	Customer complaints	Others	Total
Book value as of January 1	14,093	1,261	5,650	2,611	2,984	**26,599**
IFRS 15 adjustment January 1			-5,650			**-5,650**
Book value as of January 1 after adjustment	14,093	1,261	0	2,611	2,984	**20,949**
Exchange differences	159	30	0	0	7	**196**
Utilisation	-929	-254	0	-304	-1,496	**-2,983**
Reversal	0	0	0	-2,138	-495	**-2,633**
Addition	291	2,959	0	2,701	1,299	**7,250**
Compounding	99	0	0	0	0	**99**
BOOK VALUE AS OF DEC. 31, 2018	**13,713**	**3,996**	**0**	**2,871**	**2,299**	**22,878**
THEREOF CURRENT	**1,835**	**3,996**	**0**	**2,871**	**2,148**	**10,850**

Provisions for post-closure care comprise the following items:

Aluminerie Alouette Inc. is required to dispose professionally of contaminated furnace linings of electrolysis cells at the end of their expected operational lives. Provisions are formed for the estimated disposal costs at their present value as of the commissioning date. The discounting factor is calculated based on five-year maturity Canadian government bonds. The carrying amount of the non-current portion of the provision stands at EUR 3,022 thousand (previous year: EUR 1,918 thousand).

Furthermore, the items relating to environmental follow-up costs, leachate treatment and landfill maintenance are included in section F, Accounting judgements and estimates.

The provisions for contract risk relate to provisions for anticipated losses on onerous contracts. All customer orders are investigated for losses. This entails comparing estimated costs, taking inflation into account, with agreed prices. If the costs exceed the expected revenues, the difference is discounted applying a congruent maturity interest rate (congruent maturity European government yield curve on euro-denominated government bonds), and a provision is formed.

Under customer complaints, all open complaints are measured in relation to their estimated expenses, and recognised as provisions.

12) INTEREST-BEARING FINANCIAL LIABILITIES

INTEREST-BEARING FINANCIAL LIABILITIES IN EUR THOUSAND	2019	2018
Interest-bearing non-current financial liabilities	**483,319**	553,254
Interest-bearing current financial liabilities	**77,123**	54,440
	560,442	**607,694**

Details about changes to financial liabilities are presented in section J, Notes to the consolidated statement of cash flows.

13) OTHER LIABILITIES AND GRANTS

OTHER LIABILITIES AND GRANTS IN EUR THOUSAND	2019	2018
Other non-current liabilities and grants	59,553	67,837
Other current liabilities and grants	56,315	66,785
	115,869	134,623

Other non-current liabilities and grants include the non-current portion of the grant in connection with the conclusion of the Alouette electricity contract in the amount of EUR 45,360 thousand (previous year: EUR 59,368 thousand), non-current derivatives with negative fair values in the amount of EUR 11,053 thousand (previous year: EUR 5,517 thousand), other liabilities to employees in the amount of EUR 1,228 thousand (previous year: EUR 940 thousand) and other liabilities in the amount of EUR 1,913 thousand (previous year: 2,011 EUR thousand).

OTHER CURRENT LIABILITIES AND GRANTS IN EUR THOUSAND	2019	2018
Derivatives recognised as current liabilities	11,386	24,940
Liabilities due to employees	17,534	15,861
Other tax liabilities	3,561	3,237
Liabilities due to social security carriers	3,100	2,886
Grant power contract	15,150	14,756
Sundry other liabilities	5,583	5,104
	56,315	66,785

Details about derivatives are summarised in section K, Financial instruments, in the subsection on derivative financial instruments. Details on netting of derivatives can be found in section 7.

14) DEFERRED TAX LIABILITIES

DEFERRED TAX LIABILITIES IN EUR THOUSAND	2019	2018
Deferred tax assets affecting net income	7	0
	7	0

Details on the accounting treatment of deferred tax are presented in section 4.

15) TRADE PAYABLES

TRADE PAYABLES IN EUR THOUSAND	2019	2018
Trade payables	73,050	89,966
	73,050	89,966

Of the trade payables, EUR 9,132 thousand are attributable to investment liabilities (previous year: EUR 16,014 thousand).

I NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The AMAG Group prepares its statement of profit or loss applying the cost of sales method.

01) REVENUE

The AMAG Group's revenue streams derive from the sale of primary aluminium (Metal Division), the sale of aluminium rolled products (Rolling Division), aluminium cast alloys (Casting Division) and services connected with building and space management, works services etc. at its Ranshofen site (Service Division), whereby external revenue generated from services plays a subordinate role (0.54% of total revenue, previous year: 0.54%). The segment report in section G includes further information about sales revenues.

The AMAG Group's activities in several business segments reduce the risk of dependency on a small number of customers. Its ten largest customers account for 30.7 % of sales revenue (previous year: 32.8 %), and the largest single customer, which is attributable to the Rolling Division, accounts for 9.6 % (previous year: 8.8 %).

Revenues are comprised as follows:

ALLOCATION OF REVENUE IN EUR THOUSAND	2019	2018
Revenue from third parties	**1,073,797**	1,109,022
Revenue from services	**5,723**	5,907
Result derivatives	**-13,548**	-13,365
	1,065,972	**1,101,564**

The revenue results entirely from contracts with customers.

All services rendered by the AMAG Group comprise time-related services. Revenue is recognised as soon as the customer obtains power of control over the transferred goods. Gaining power of control occurs in accordance with agreed Incoterms. Customer contracts with supply terms (Cost, Insurance & Freight / CIF) comprise the only exception. In this case, transport services/insurance are invoiced in addition to the delivery. The corresponding expected transportation costs are deferred under revenue and receivables in such cases if the transport has not yet occurred as of the reporting date. The transaction price comprises the aluminium price, any premiums (for transportation etc.) and mark-ups for reprocessing and qualities. Payment targets are contractually agreed individually, but amount to a maximum of 180 days.

The result from derivatives includes expenses from derivatives designated as in a cash flow hedge pursuant to IFRS 9. Only the Service Division generates revenue from services.

The AMAG Group recognises revenue in the following regions:

REVENUE BY REGIONS 2019 IN EUR THOUSAND	Metal	Casting	Rolling	Service	Group
Western Europe (without Austria)	68,008	55,208	345,964	2	**469,183**
Austria	1,369	23,255	142,124	5,721	**172,469**
Rest of Europe	0	9,456	87,509	0	**96,965**
North America	134,316	0	149,477	0	**283,793**
Asia, Oceania and other	2,561	0	41,002	0	**43,563**
	206,255	**87,919**	**766,076**	**5,723**	**1,065,972**

REVENUE BY REGIONS 2018 IN EUR THOUSAND	Metal	Casting	Rolling	Service	Group
Western Europe (without Austria)	47,263	72,205	356,121	2	**475,591**
Austria	1,200	25,671	134,809	5,905	**167,585**
Rest of Europe	48,589	7,253	78,211	0	**134,053**
North America	115,725	403	151,265	0	**267,393**
Asia, Oceania and other	3,547	0	53,396	0	**56,942**
	216,324	**105,532**	**773,801**	**5,907**	**1,101,564**

02) COST OF MATERIALS AND SERVICES

PRESENTATION IN STATEMENT OF PROFIT OR LOSS IN EUR THOUSAND	2019	2018
Cost of sales	**680,211**	739,258
Selling and distribution expenses	**136**	29
Administrative expenses	**320**	1,491
Research and development expenses	**481**	740
Other expenses	**613**	940
	681,761	**742,459**

Details about the derivatives' effects on the cost of materials are presented in section K, Financial instruments, in the subsection on derivative financial instruments.

As a matter of principle, expense-related government grants are recognised as revenue on a scheduled basis over the period that is required to offset the expenses that they subsidise. In the 2019 financial year, expense-related government grants of EUR 19,277 thousand were recognised in profit or loss (previous year: EUR 19,304 thousand). Within the cost of sales, these are included under the cost of materials in an amount of EUR 15,091 thousand (previous year: 14,241 EUR thousand) and in other income in an amount of EUR 4,186 thousand (previous year: EUR 5,064 thousand); see section 3.

03) OTHER INCOME

ALLOCATION OF OTHER INCOME IN EUR THOUSAND	2019	2018
Grants and government subsidies	**4,186**	5,064
Income from currency translation	**1,043**	1,606
Other income	**7,355**	9,402
	12,584	**16,072**

Sundry other income mainly comprises income from maintenance services and received compensation payments.

04) PERSONNEL EXPENSES

ALLOCATION OF PERSONNEL EXPENSES IN EUR THOUSAND	2019	2018
Wages	72,730	68,779
Salaries	50,276	45,655
Expenses for severance payments and contributions to employee benefit funds	2,129	1,842
Retirement benefit obligation	3,271	3,804
Expenses for social security contributions	29,010	27,455
Other expenses for social benefits	403	405
	157,819	147,940

Pension expenses are included in the following income statement items:

ALLOCATION OF PERSONNEL EXPENSES IN PROFIT OR LOSS STATEMENT IN EUR THOUSAND	2019	2018
Cost of sales	117,158	113,709
Selling and distribution expenses	12,877	11,450
Administrative expenses	15,370	11,079
Research and development expenses	10,124	9,461
Other expenses	2,290	2,240
	157,819	147,940

Management Board members and senior employees

The variable remuneration of the AMAG Management Board is based on a number of indicators including return on capital employed (ROCE) and consolidated net income after tax. The ratio of fixed to variable components in the total remuneration of Management Board members is approximately 55 % to 45 % (previous year: approximately 65 % to 35 %). Management Board compensation stood at EUR 2,450 thousand in the 2019 financial year (previous year: EUR 2,389 thousand). A provision totalling EUR 408 thousand was formed for a long-term performance-based component (previous year: EUR 600 thousand). A defined benefit pension commitment also exists for one former Management Board member due to previous activity for AMAG. An amount of EUR 365 thousand was recognised for this directly in equity in the financial year under review (previous year: EUR 120 thousand).

Group executive staff received EUR 7,523 thousand of compensation (previous year: EUR 6,905 thousand).

Expenses for severance payments and contributions to employee benefit funds are comprised as follows:

EXPENSES FOR SEVERANCE PAYMENTS AND CONTRIBUTIONS TO EMPLOYEE BENEFIT FUNDS ACC. TO FUNCTION IN EUR THOUSAND	2019	2018
Board members	36	36
Executive employees	55	59
Other employees	2,037	1,748
	2,129	1,842

Of this amount, employee benefit funds account for EUR 1,065 thousand (previous year: EUR 962 thousand).

Pension expenses are comprised as follows:

PENSION EXPENSES ACCORDING TO FUNCTION IN EUR THOUSAND	2019	2018
Board members	164	123
Executive employees	242	263
Other employees	2,865	3,418
	3,271	3,804

This includes payments to pension funds in an amount of EUR 1,491 thousand (previous year: EUR 1,385 thousand).

A premium of EUR 38 thousand (previous year: EUR 38 thousand) was paid for D&O liability insurance.

The pension scheme for Management Board members and managing directors of consolidated companies is comprised entirely of defined contribution plans. The Group has no obligation to meet any funding shortfalls.

Supervisory Board

Compensation of EUR 677 thousand was paid to the Supervisory Board of AMAG Austria Metall AG in 2019 (previous year: EUR 705 thousand).

Remuneration for members of the Supervisory Board is determined by the Annual General Meeting, in consideration of responsibility borne, and activities undertaken, by the Supervisory Board. In particular, the company's size and organisational structure, and the scope of decisions made by the Supervisory Board, are taken into consideration. In contrast with Management Board compensation, the company's financial position is not relevant to the remuneration of the Supervisory Board and for this reason is not taken into consideration in its remuneration.

The distribution of remuneration between Supervisory Board members is decided by the Supervisory Board.

Headcount

AVERAGE NUMBER OF EMPLOYEES (FULL-TIME EQUIVALENTS)	2019	2018
Industrial workers	1,340	1,302
Salaried employees	660	657
	2,000	1,959

In 2019, the headcount includes a 20 % share of the average workforce at the Aluminerie Alouette joint operation, or 177 employees (121 industrial workers, 56 salaried employees) (previous year: 181 employees: 129 industrial workers, 52 salaried employees).

05) RESEARCH AND DEVELOPMENT EXPENSES

Research costs are expensed in the period in which they are incurred. Development costs are expensed if the criteria for capitalisation as per IAS 38 are not met. A total of EUR 15,534 thousand were recognised as research and development expenses in the year under review (previous year: EUR 15,125 thousand).

06) AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

ALLOCATION OF AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES IN PROFIT OR LOSS STATEMENT IN EUR THOUSAND	2019	2018
Cost of sales	78,546	77,413
Selling and distribution expenses	501	303
Administrative expenses	1,305	1,357
Research and development expenses	879	682
Other expenses	676	588
	81,906	80,343

07) ADMINISTRATIVE EXPENSES

Other expenses (administrative expenses) include costs for the audit of the separate financial statements in accordance with local law, as well as of the individual Group companies' IFRS packages, and of the AMAG Austria Metall AG consolidated financial statements by the Group auditor Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

ALLOCATION OF SERVICES AUDITING IN EUR THOUSAND	2019	2018
Audits	273	268
Other certification services	36	24
Other services	28	56

08) RESULT FROM EQUITY ACCOUNTED INVESTMENTS

The result from equity accounted investments of EUR 262 thousand (previous year: EUR 387 thousand) relates to the share of the net result after taxes.

09) NET FINANCIAL RESULT

ALLOCATION OF NET FINANCIAL RESULT IN EUR THOUSAND	2019	2018
Interest income	1,021	911
Interest expenses	-10,012	-8,059
Other financial result	-1,079	1,516
	-10,070	-5,632

INTEREST EXPENSES IN EUR THOUSAND	2019	2018
Interest expenses from financial liabilities at amortised cost	-6,177	-4,647
Interest expenses from provisions	-2,248	-1,978
Interest expenses from non-financial liabilities	-1,552	-1,425
Interest expenses from lease liabilities *	-35	-9
	-10,012	-8,059

* Interest expenses in the previous year derive from the finance lease

Interest expenses from provisions include the net interest expense from provisions for employee benefits, as well as the unwinding of discounts applied to non-current provisions.

The other net financial result includes, among other items, income from non-consolidated participating interests and shares in an amount of EUR 225 thousand (previous year: EUR 280 thousand) and translation effects from financing in an amount of EUR -776 thousand (previous year: EUR 1,221 thousand). Details about the derivatives' effects on the net financial result are presented in section K, Financial instruments, within section Derivative financial instruments.

Dividends are recognised when shareholders' rights to receive payment are substantiated.

10) INCOME TAXES

Income taxes comprise income taxes paid and payable, as well as deferred tax. Parts of AMAG Group companies are assessed as tax groups.

INCOME TAXES IN EUR THOUSAND	2019	2018
Current taxes	**14,805**	8,758
Deferred taxes	**-2,451**	1,714
	12,354	**10,471**

TAX RECONCILIATION IN EUR THOUSAND	2019	2018
Earnings before taxes (EBT)	**50,996**	55,013
Tax expenses at 25 %	**12,749**	**13,753**
Not deductible expenses	**1,134**	284
Tax-free income	**-1,107**	-1,537
Other tax rates	**34**	-26
Minimum corporate tax	**0**	2
Tax expenses previous years	**-163**	-66
Adjustment deferred taxes previous year	**0**	5
Utilisation of unrecognised losses carried forward	**4**	-1,687
Tax benefit	**-243**	-271
Effects of tax audit	**-163**	-52
Other	**110**	66
Current tax expenses	**12,354**	**10,471**
Tax payments	**-1,982**	14,849

Tax assets and tax liabilities are offset when they relate to income taxes levied by the same taxation authority, and a right exists to set off such tax assets against tax liabilities. The income tax liability is based on the net result before taxes, taking deferred tax into account.

In Austria, dividend pay-outs from the Group companies to the Group parent company are free of tax. Pursuant to double taxation treaties between Canada and Austria, dividend payments rendered by Aluminium Austria Metall (Québec) Inc. incur 5 % withholding tax. If the entire net profit of the Canadian subsidiary of USD 77.1 million (previous year: USD 75.2 million) were to be distributed as a dividend, USD 3.9 million (previous year: USD 3.8 million) of withholding tax would be incurred. No dividend payment from Canada is currently planned.

J NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows is presented according to the indirect method. A distinction is drawn in the statement between cash flows deriving from operating, investing and financing activities.

The other non-cash expenses and income included in cash flow from operating activities primarily comprise valuation effects from currency translation.

The item “Payments for investments in property, plant and equipment and intangible assets” includes the change in investment liabilities of EUR -6,887 thousand (previous year: EUR -11,355 thousand).

The cash and cash equivalents reported in the statement of cash flows comprise cash in hand of EUR 59 thousand (previous year: EUR 368 thousand) and short-term investments amounting to EUR 267,262 thousand (previous year: EUR 295,503 thousand).

Cash flow from financing activities includes the following changes in financial liabilities:

		Cash flows		Non-cash changes			
CHANGES IN FINANCIAL LIABILITIES IN EUR THOUSAND	**As of Jan. 1, 2019**	**Acquisition**	**Amortisation**	**Exchange differences**	**New leases**	**Valuation effects**	**As of Dec. 31, 2019**
Borrowings	607,134	2,490	-52,538	1,054		523	**558,663**
Lease liabilities	561		-1,010	13	2,180	35	**1,779**
FINANCIAL LIABILITIES	**607,694**	**2,490**	**-53,548**	**1,067**	**2,180**	**558**	**560,442**

		Cash flows		Non-cash changes			
CHANGES IN FINANCIAL LIABILITIES IN EUR THOUSAND	**As of Jan. 1, 2018**	**Acquisition**	**Amortisation**	**Exchange differences**	**New leases**	**Valuation effects**	**As of Dec. 31, 2018**
Borrowings	451,787	267,004	-111,034	-546		-78	**607,134**
Finance lease	804		-480	0	237	0	**561**
FINANCIAL LIABILITIES	**452,591**	**267,004**	**-111,513**	**-546**	**237**	**-78**	**607,694**

With the first-time application of IFRS 16 as of January 1, 2019, additional liabilities from leases amounting to EUR 2,052 thousand were recognised in additions to leasing. In the previous year, only liabilities from finance leases were recognised in accordance with IAS 17. The leased assets are reported at carrying amounts of EUR 1,781 thousand (previous year: EUR 561 thousand, as part of finance leases), in section H, Notes to the consolidated balance sheet item 1.

K FINANCIAL INSTRUMENTS

Risk management strategies

AMAG Austria Metall AG is exposed to risks arising from changes in exchange rates, interest rates and quoted share prices, which can have an impact on assets, liabilities and planned transactions. The handling of such risks is regulated in Group-wide valid guidelines that are updated constantly and adjusted to reflect changes in circumstances. The aim of financial risk management is to limit market risk by means of the Group's ongoing operating and financial activities. Derivative instruments are deployed solely for hedging purposes.

Liquidity risks

Liquidity risk refers to the risk that the company will not enjoy uninterrupted access to funding in order to settle its financial obligations. Accordingly, the Group takes steps to ensure that sufficient cash and cash equivalents are available, and that financing requirements can be met through credit facilities. Liquidity risks are determined by liquidity planning, which is conducted across the Group on the basis of different currencies. Capital measures for the Group companies are planned on the basis of these results.

In order to protect against liquidity risk, committed credit lines are available to the AMAG Group. The Group also has at its disposal credit guarantee lines.

AMAG Austria Metall AG has issued the following assurances to financing partners in connection with various facilities:

Committed lines undrawn as of December 31, 2019 with a total volume of EUR 70 million and a term ending 2020-2023, arranged by means of bilateral contracts with several house banks, include assurances relating to the consolidated equity ratio not exceeding 30 % and a net financial debt to EBITDA ratio not exceeding 3.5 to 4.0 respectively.

A committed line, undrawn as of December 31, 2019, which can be used alternatively for cash advances and/or guarantees, with a total volume of EUR 50 million and with final maturity in 2020, arranged with a house bank, includes assurances relating to the consolidated equity ratio not exceeding 30 % and a net financial debt to EBITDA ratio not exceeding 4.0.

A refinancing framework from OeKB (KRR) undrawn as of December 31, 2019 with a total volume of EUR 30 million, arranged by means of bilateral contracts with two house banks, includes assurances relating to the consolidated equity ratio not exceeding 30 % and a net financial debt to EBITDA ratio not exceeding 4.0.

A drawn OeKB facility that refinances two financing rounds with a total volume outstanding of EUR 275 million and terms ending in 2020-2024 and 2021-2026 respectively, arranged by means of bilateral contracts with several house banks, includes assurances relating to the consolidated equity ratio not exceeding 30 % and a net financial debt to EBITDA ratio not exceeding 3.5 and 4.0 respectively.

A TLTRO facility with a volume of EUR 50 million and term ending in 2020, arranged by means of a bilateral contract with a house bank, includes assurances relating to the consolidated equity ratio not exceeding 30 % and a net financial debt to EBITDA ratio not exceeding 4.0.

A EUR 200 million promissory loan note issued in 2018 with terms ending in 2023, 2025 and 2028 includes assurances relating to the consolidated equity ratio exceeding 30 %.

In the aforementioned financing lines, valuation effects from a long-term electricity contract of Alouette are excluded from the calculation of these financial covenants.

Failure to comply with a covenant entitles the lender to terminate the respective financing agreement. All assurances were complied with both in relation to the respective cut-off dates and also during the course of the year.

The residual terms of the liabilities are as follows:

RESIDUAL TERMS OF LIABILITIES 2019 IN EUR THOUSAND	Book value	Undiscounted cash flow	With a residual term of less than 1 year	With a residual term of more than 1 but less than 5 years	With a residual term of more than 5 years
Financial liabilities without lease liabilities	558,663	601,318	80,766	304,865	215,687
Lease liabilities	1,779	1,853	796	623	434
Other liabilities and grants without derivatives	6,622	6,622	5,152	1,470	0
Derivatives recognised as non-current liabilities	22,440	22,440	11,386	11,028	25
Trade payables	73,050	73,050	73,050	0	0
	662,553	**705,282**	**171,150**	**317,986**	**216,146**

RESIDUAL TERMS OF LIABILITIES 2018 IN EUR THOUSAND	Book value	Undiscounted cash flow	With a residual term of less than 1 year	With a residual term of more than 1 but less than 5 years	With a residual term of more than 5 years
Financial liabilities	607,694	642,444	46,639	327,652	268,153
Other liabilities and grants without derivatives	7,116	7,116	5,104	2,011	0
Derivatives recognised as non-current liabilities	30,458	30,458	24,940	4,657	860
Trade payables	89,966	89,966	89,966	0	0
	735,233	**769,983**	**166,649**	**334,321**	**269,013**

Credit risks

Credit risk and the risk of default by contractual partners is managed by way of credit assessments, credit limits and routine checks. Where appropriate, the Group obtains government export guarantees or guarantees from private credit insurers in order to minimise default risk.

The Group operates exclusively with financial partners with good credit ratings, which also serves to reduce credit risk.

The following risk categories exist at present:

RISK CATEGORY	Description	Expected loan default
1. Without risk	Low default risk and past counterparty payments on time.	12m ECL
2. Doubtful	Amount is more than 30 days overdue or a significant increase in default risk has occurred since first recognition.	Lifetime ECL
3. In default	Diminished credit standing due to bankruptcy or start of insolvency proceedings.	Lifetime ECL
4. Adjustment	No realistic prospect of recovery. Payment not expected to be collected.	Will be written off

With regard to assets, the reported values of the relevant primary financial instruments represent the maximum credit or default risk. Provisions are formed for all identified risks. The management is of the opinion that no other credit risks above and beyond these will arise.

Trade receivables are measured applying the simplified model (expected loan losses due to all potential default events during the expected term). For this purpose, the requirement for impairment losses is calculated in an impairment matrix applying a past analysis and an estimate of future trends. Receivables are only derecognised in the event of insolvency or unsuccessful attempts to enforce claims by taking legal action. Impairment losses are reversed through profit or loss if the reason for the impairment no longer applies or an improvement has occurred. Interest-free or low-interest receivables with an expected residual maturity of over one year are discounted.

Trade receivables that are not yet due are owed mainly by long-term business partners. Creditworthiness is assessed on the basis of internal guidelines. Defaults over the last eight years were evaluated at AMAG to calculate the impairment requirement. The analysis showed that no significant risk exists for receivables with a certain overdue status and the management is of the opinion that this estimation is applicable for the following years. Receivables due from companies in insolvency were written off (EUR 166 thousand; previous year: EUR 7 thousand). Credit insurance has been arranged with an insurance company for a significant proportion of the trade receivables (83.9 %; previous year: 84.2 %). An excess is payable in the event of a claim. A maximum of the deductible is recognised as an impairment for an expected credit loss on such receivables. An elevated default risk on receivables more than 90 days overdue was not determined based on an analysis of past experience. For this reason, overdue status beyond 90 days is not regarded as an indicator of a default event having occurred, which would require allocating the receivables to Level 3.

The following table shows the risk profile of trade receivables based on the impairment matrix:

MATURITIES OF RECEIVABLES IN EUR THOUSAND	2019	2018
Not yet due	**109,703**	**102,688**
Overdue receivables	**7,874**	**23,438**
Less than 30 days overdue	**5,077**	18,481
More than 30 days, but less than 60 days overdue	**387**	3,678
More than 60 days, but less than 90 days overdue	**1,301**	309
More than 90 days overdue	**1,110**	971
	117,577	**126,127**

None of the other financial receivables are overdue.

Market risks

Currency risks

Currency risk refers to the risk that the value of a financial instrument may change due to exchange rate fluctuations. The Group concludes exchange futures and options transactions (cash flow hedges) in order to limit the currency risk arising from cash flows from operating activities. The fair value of assets and liabilities reported on the balance sheet is hedged using exchange forward transactions and options.

The Group is exposed to currency risk on account of the fact that it operates, and generates revenue, in various countries around the world. Foreign currency receivables and liabilities related to transactions that require disclosure are recognised at the time when the respective contract is entered into, as are undisclosed items, in particular recurring transactions required for operating activities (e.g. anticipated purchases of raw materials and consumables, and revenue).

Production costs at the Ranshofen site are incurred mainly in euros, although also in US dollars, as well as, to a minor extent, in other foreign currencies. From a defined threshold, any imbalance between expenses and revenue is hedged. Costs at the Canadian plant are incurred in US dollars and Canadian dollars, although sales revenues are realised primarily in US dollars. Items not covered by natural hedges are hedged in accordance with the risk position and risk horizon.

Differences in the value-determining factors between the underlying transaction and the hedging instrument creates sources of ineffectiveness. Ineffectivenesses can arise in connection with expected premiums for the embedded derivative, which are to be taken into consideration accordingly. No sources for ineffectiveness exist above and beyond this. As the basis values of the underlying transaction and the hedging instrument always converge, the accounting hedge ratio always amounts to 1:1. In other words, the designated quantity or designated volume of the hedging instrument corresponds to the designated quantity or designated volume of the underlying transaction. The hedge ratio is adjusted if the hedge ratio exhibits a disequilibrium which would result in ineffectiveness, creating an accounting consequence irreconcilable with the purpose of hedge accounting. No ineffectivenesses exist as a consequence.

The table below shows the breakdown of primary financial instruments – comprising trade receivables and payables, loans receivable, borrowings and financial assets – by currency at the end of the reporting period:

		2019		2018	
NON-DERIVATIVE FINANCIAL INSTRUMENTS/ASSETS	Currency	in EUR thousand	Share	in EUR thousand	Share
	EUR	**316,910**	**77.2 %**	**344,507**	**79.0 %**
	USD	**85,750**	**20.9 %**	79,780	18.3 %
	CAD	**4,869**	**1.2 %**	8,488	1.9 %
	GBP	**2,754**	**0.7 %**	3,144	0.7 %
	DKK	**38**	**0.0 %**	25	0.0 %
	NOK	**57**	**0.0 %**	31	0.0 %
	Other	**393**	**0.1 %**	350	0.1 %
		410,772	**100.0 %**	**436,326**	**100.0 %**
NON-DERIVATIVE FINANCIAL INSTRUMENTS/LIABILITIES	Currency	in EUR thousand	Share	in EUR thousand	Share
	EUR	**588,497**	**92.0 %**	**652,024**	**92.6 %**
	USD	**31,321**	**4.9 %**	33,632	4.8 %
	CAD	**19,866**	**3.1 %**	19,039	2.7 %
	NOK	**87**	**0.0 %**	0	0.0 %
	DKK	**18**	**0.0 %**	0	0.0 %
	GBP	**0**	**0.0 %**	26	0.0 %
	Other	**325**	**0.1 %**	55	0.0 %
		640,114	**100.0 %**	**704,776**	**100.0 %**

Interest rate risks

This refers to risks associated with changes in the net interest result or present value. Due to the interaction between these types of risks, interest rate risk may not be eliminated entirely. The Group's exposure to risks related to present value affects interest-bearing financial instruments and assets, while net interest income-related risks have an impact on interest expense and income.

At the end of the reporting period the Group had entered into euro-denominated interest rate swaps that qualified as cash flow hedges. AMAG Austria Metall AG pays fixed interest on the notional value of the swap contract and, in return, receives variable interest payments on the same principal amount.

These interest rate swaps offset the impact of future changes in interest rates on the cash flows derived from the underlying variable-rate financial liabilities. The interest rate swaps are reported at fair value on the balance sheet.

Changes in the fair value of interest rate swaps designated as cash flow hedges are recognised in equity under the hedging reserve item. Once interest payments are received in relation to the hedged underlying transaction, the hedging reserve is reclassified and recognised in profit or loss under net interest result.

The economic connection between underlying transaction and hedging instrument is established by comparing the value-determining risk factors. Given complete or approximate convergence of the main value-determining risk factors of the underlying transaction and the hedging instrument, evidence of the economic connection is rendered based on the critical terms match method. In all other cases, depending on the extent of the divergence of the value-determining risk factors in each case, either sensitivity analyses or the characteristics of the dollar offset methods are utilised to evidence the economic connection.

Differences in the value-determining factors between the underlying transaction and the hedging instrument create sources of ineffectiveness. In the case of designated hedges in the interest rate risk area, no potential sources of ineffectiveness existed at present. As the basis values of the underlying transaction and the hedging instrument always converge, the accounting hedge ratio always amounts to 1:1. In other words, the designated quantity or designated volume of the hedging instrument corresponds to the designated quantity or designated volume of the underlying transaction. The hedge ratio is adjusted if the hedge ratio exhibits a disequilibrium which would result in ineffectiveness, creating an accounting consequence irreconcilable with the purpose of hedge accounting. No ineffectivenesses exist for this reason.

A detailed overview of the weighted interest rates applicable at the end of the reporting period is provided below:

INTEREST RATE SUMMARY AS OF DEC. 31, 2019

POSITION	Rate type	Average	Bank accounts	Current	Non-current
Deposits	Fixed	-	-	-	-
	Variable	0.25 %	1.19 %	0.21 %	-
	Average	**0.25 %**	**1.19 %**	**0.21 %**	**-**
Financial liabilities	Fixed	1.10 %	-	0.40 %	1.21 %
	Variable	0.20 %	-	0.06 %	0.22 %
	Average	**0.79 %**	**-**	**0.29 %**	**0.87 %**

INTEREST RATE SUMMARY AS OF DEC. 31, 2018

POSITION	Rate type	Average	Bank accounts	Current	Non-current
Deposits	Fixed	-	-	-	-
	Variable	0.16 %	0.33 %	0.16 %	-
	Average	**0.16 %**	**0.33 %**	**0.16 %**	**-**
Financial liabilities	Fixed	1.20 %	-	3.22 %	1.10 %
	Variable	0.27 %	-	0.14 %	0.28 %
	Average	**0.86 %**	**-**	**1.37 %**	**0.82 %**

Commodity price risks

In the commodities area, AMAG Austria Metall AG is particularly exposed to price risks arising from aluminium. These derive from the fact that the AMAG Group produces and processes aluminium.

Resultant purchasing and sales risks relating to price-change risks for future purchases and stocks of raw materials as well as sales of aluminium products (primary aluminium, foundry alloys, rolled products) of raw materials listed on the London Metal Exchange (LME) are hedged deploying marketable forward commodity transactions and commodity options as hedging instruments.

The aluminium price traded on the London Metal Exchange (LME) comprises a separately identifiable price component in the case of both products manufactured at AMAG (primary aluminium, foundry products, rolled products) as well as raw materials employed such as primary aluminium and aluminium scrap. This is contractually agreed as a separate component, plus any premiums (for transport etc.), and mark-ups for processing as well as grades and grade discounts (in the case of scrap). Such identifiability also remains for products in the production process (inventories). This component can be valued reliably thanks to the listing of the aluminium price on the LME. This is the most important component exposed to price risks. The share of value changes in the aluminium price as a proportion of changes to the fair value of inventories cannot be estimated, as the aluminium price can be subject to very sharp fluctuations (including on the relevant reporting date).

Hedges of future cash flows from the sale of aluminium products of Aluminerie Alouette Inc. are classified as cash flow hedges.

All stocks of aluminium components are hedged against aluminium price risk by means of either derivative financial instruments or customer contracts. The price change risk resulting from such stocks is managed in a dynamic process, as aluminium stocks change constantly due to new additions and disposals. AMAG reports the dynamic hedging of its stocks hedged by derivative financial instruments as fair value hedges in its financial statements, to reduce the profit & loss volatility resulting from the constant measurement of the derivative financial instruments deployed. Fair value hedges are designated with a one-month period and the designated hedges are re-designated after each month to reflect the month-on-month change in the aluminium stock as an underlying transaction together with the volume change in hedging instruments as part of hedge accounting.

Differences in the value-determining risk factors between the underlying transaction and the hedging instrument create sources of ineffectiveness. In the case of designated hedges in the raw materials

risk area, no potential sources of ineffectiveness exist at present, apart from the potential ineffectiveness from taking into consideration the LME premium expectation (as described above). As the basis values of the underlying transaction and the hedging instrument always converge, and the intrinsic value is always designated when deploying options as hedging instruments, the accounting hedge ratio always amounts to 1:1. In other words, the designated quantity or designated volume of the hedging instrument corresponds to the designated quantity or designated volume of the underlying transaction. The hedge ratio is adjusted if the hedge ratio exhibits a disequilibrium which would result in ineffectiveness, creating an accounting consequence irreconcilable with the purpose of hedge accounting.

Derivatives recognised at fair value through profit or loss cannot be classified as cash flow or fair value hedges under current accounting standards, although they serve as hedges against the Group's operating risk exposures.

Due to the long risk horizon in some cases, such risks are hedged for periods of up to three years (up to six years in the case of derivatives not forming part of hedges). In the commodities price hedging area, too, derivatives are deployed only to hedge raw material price risk if they can be clearly accounted for and measured.

For risks based on fluctuating premiums in connection with aluminium purchasing, premium derivatives are arranged as required. For commodity price risk connected with copper purchases, copper derivatives are arranged to hedge the future copper purchase where required. For commodity price risk connected with alumina purchases, alumina derivatives are arranged to hedge the future alumina purchase where required. Such derivatives are recognised as cash flow hedges.

SENSITIVITY ANALYSES AS OF DEC. 31, 2019 (IN EUR THOUSAND)

Foreign exchange rate risks	**Change**	**EUR**	**USD**	**CAD**	**Other**	**Total**
Change in net financial liabilities due to an exchange rate reduction by	10 %	0	3,480	-5,232	61	**-1,691**
Effect to profit or loss from foreign currency transactions due to an exchange rate reduction by	10 %	-395	0	0	0	**-395**
Effect to other comprehensive income from foreign currency transactions due to an exchange rate reduction by	10 %	-35,486	3,303	6,064	-0	**-26,120**
Interest rate risks	**Change**	**EUR**	**USD**	**CAD**	**Other**	**Total**
Change in net interest result due to an interest rate increased by	1 %	392	359	25	6	**781**
Effect to other comprehensive income from interest rate swap due to an interest rate increased by	1 %	500	0	0	0	**500**
Commodity price risks	**Change**				**AL**	**Total**
Change in inventory write-down due to an LME aluminium price reduction by	10 %				-7,440	**-7,440**
Effect to profit or loss from commodity price hedging due to an LME reduction by	10 %				56	**56**
Effect to other comprehensive income from commodity price hedging due to an LME reduction by	10 %				3,179	**3,179**

SENSITIVITY ANALYSES AS OF DEC. 31, 2018 (IN EUR THOUSAND)

Foreign exchange rate risks	**Change**	**EUR**	**USD**	**CAD**	**Other**	**Total**
Change in net financial liabilities due to an exchange rate reduction by	10 %	0	3,533	-1,547	42	**2,029**
Effect to profit or loss from foreign currency transactions due to an exchange rate reduction by	10 %	-383	0	0	0	**-383**
Effect to other comprehensive income from foreign currency transactions due to an exchange rate reduction by	10 %	-36,833	3,688	5,537	0	**-27,608**
Interest rate risks	**Change**	**EUR**	**USD**	**CAD**	**Other**	**Total**
Change in net interest result due to an interest rate increased by	1 %	824	341	75	4	**1,244**
Effect to other comprehensive income from interest rate swap due to an interest rate increased by	1 %	600	0	0	0	**600**
Commodity price risks	**Change**				**AL**	**Total**
Change in inventory write-down due to an LME aluminium price reduction by	10 %				-6,508	**-6,508**
Effect to profit or loss from commodity price hedging due to an LME reduction by	10 %				133	**133**
Effect to other comprehensive income from commodity price hedging due to an LME reduction by	10 %				8,437	**8,437**

Primary financial assets and liabilities

Financial assets and liabilities comprise other non-current assets and financial assets, trade receivables and payables, other receivables and payables, cash and cash equivalents, and interest-bearing borrowings.

Financial assets in the meaning of IFRS 9 are classified either as financial assets at amortised cost, or as measured at fair value in other comprehensive income (with or without recycling), or as measured at fair value through profit or loss. This classification occurs on the basis of the company's business model for the management of financial assets and the characteristics of the contractual cash flows from the financial asset.

Assets are recognised at amortised cost that are held as part of a business model whose objective is to hold financial assets for the receipt of contractual cash flows exclusively comprising interest and principal payments. The "hold" business model is mainly applied at AMAG.

Financial assets are measured at fair value on initial recognition. Settlement date accounting is normally applied to standard market purchases and sales of financial instruments. Price offers by banks or similar pricing models are used to measure the fair value of financial instruments at the end of a reporting period. The fair values of financial assets generally correspond to their market prices on the balance sheet date. In the absence of quoted prices on active markets, they are calculated applying generally accepted valuation models and current market parameters (especially interest rates, exchange rates and counterparties' credit ratings). To this end, the cash flows generated by the financial instruments are discounted to the balance sheet date.

Derecognition of financial assets

Financial assets are derecognised if the contractual rights conferred by the assets expire, or the Group has transferred its contractual rights to receive cash flows from the assets, or assumed a contractual obligation to pay the cash flows to a third party immediately under an agreement that meets the conditions set out in IFRS 9 3.2 (a so-called "pass-through arrangement"), and has either (a) transferred substantially all the risks and rewards entailed in ownership of the financial asset or (b) neither transferred nor retained substantially all the risks and rewards entailed in ownership of the financial asset, but has transferred control of the asset.

If the Group transfers its contractual rights to receive cash flows from an asset, or enters into a pass-through arrangement, and neither transfers nor retains substantially all the risks and rewards entailed in ownership of the financial asset, but retains control of the transferred asset, then the Group continues to recognise the asset to the extent of its continuing involvement in the latter. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expires.

Firm commitment

When an off-balance-sheet firm commitment (customer order) is designated as a hedged item, the subsequent cumulative change in the fair value of the commitment attributable to the hedged risk is recognised as an asset or liability through profit or loss.

Liabilities

Liabilities are recognised at amortised cost in accordance with IFRS 9, applying the effective interest method. The effective interest method amortises the difference between the cost and the nominal value, applying the effective interest rate. The effective interest rate is the rate that discounts the estimated future cash flows until maturity, or the next market price-oriented interest rate adjustment date, to the current carrying amount of the financial asset or financial liability.

Derivative financial instruments

Exclusively standard market instruments with sufficient market liquidity and from business partners with low default risk are utilised for hedging. Where material, measurement takes into account counterparty credit risk as well as the company's own credit risk.

Embedded derivatives

Derivatives embedded in other financial instruments or host contracts are treated as separate derivatives if their risks and characteristics are not closely related to those of the host contracts, and they are in any case not measured at fair value.

Cash flow hedges

Foreign exchange derivatives are employed to hedge cash flows from outstanding and anticipated foreign currency transactions. Additionally, raw material price risks (in relation to aluminium and, to a minor extent, copper) arising from expected and highly probable forecast transactions are hedged using commodity derivatives. Euro-denominated interest rate swaps serve as a hedge against interest rate risk. Fixed interest is paid on the notional value of the swap contract and, in return, the Group receives variable interest payments on the same principal amount. These interest rate swaps offset effects on the cash flows of the underlying variable rate financial liabilities due to future changes in interest rates, and the fair values of the interest rate derivatives derive from the change in the yield curve that has occurred since the start of the term.

In the case of options, only the intrinsic value of the derivative is designated as a hedging instrument. Changes in the fair value of this intrinsic value is recognised in the hedging reserve, and changes in the fair value of the derivative are carried directly to equity in the fair value reserve. When hedging transaction-related underlying transactions, on the date when the hedge transaction occurs the fair value reserve is either released against the purchase costs of the non-financial asset or in other cases reclassified in profit or loss through other comprehensive income. If periodic underlying transactions are hedged, the fair value reserve is released systematically in profit or loss over the designation period, as a matter of principle. In accordance with IFRS 9B6.5.31, systematic release in profit or loss is waived if the amount of the fair value reserve is attributable to combinations of call and put options whose fair value amounted to zero on the designation date.

In the case of a cash flow hedge, the effective portion of the change in fair value is recognised in other comprehensive income, under the hedging reserve item, whereas the ineffective portion is recognised immediately in profit or loss, under the cost of materials. However, if a hedge of a forecast transaction results in the recognition of a non-financial asset or liability, the amounts are recorded as part of the cost of that asset or liability at the time of recognition. In all other cases, amounts deferred in equity are recognised in profit or loss on the date, or dates, on which the hedged cash flows affect the result.

The Group uses forward contracts and options to hedge part of future sales of its share of production from Aluminerie Alouette Inc. The derivatives used for this purpose are classified as cash flow hedges.

Derivative financial instruments qualifying as cash flow hedges and recognised in the hedging reserve are as follows:

		2019			2018		
CURRENCY OR COMMODITY		**Longest term**	**Nominal values *)**	**Market values in EUR thousand**	**Longest term**	**Nominal values *)**	**Market values in EUR thousand**
Currency derivatives							
Foreign exchange forwards							
USD	Sale	**03/2025**	**393,454**	**-13,326**	03/2025	435,191	-3,608
GBP	Sale	**12/2020**	**1,371**	**-17**	10/2019	1,240	-1
JPY	Sale	**12/2025**	**1,494,164**	**41**			
CAD	Buy	**02/2023**	**82,000**	**294**	02/2022	84,000	-2,347
USD	Buy	**11/2020**	**37,157**	**-259**	12/2019	42,312	-230
Commodity derivatives							
Forward contracts							
AL	Sale	**12/2020**	**12,550**	**971**	12/2020	7,838	2,092
CU	Sale	**12/2020**	**325**	**-77**			
CU	Buy	**12/2020**	**600**	**201**	12/2019	600	-40
TE	Buy				01/2019	2,000	60
PR	Buy	**01/2022**	**8,950**	**-300**	01/2021	4,100	-179
Options							
AL	Sale	**12/2020**	**16,500**	**1,887**	12/2020	51,000	2,676
Interest rate derivatives							
Interest rate swaps							
EUR		**12/2024**	**50,000**	**-1,106**	12/2024	60,000	-863
Embedded derivative							
AL	Sale	**12/2023**	**90,825**	**45,200**	12/2023	113,516	39,525

*) The nominal values of currencies are stated in thousands, and those of commodities in tonnes of aluminium (AL), copper (CU), alumina (TE) and premium (PR).

	2019			2018		
CASH FLOW HEDGES IN EUR THOUSAND	**Receivable**	**Liability**	**Total**	**Receivable**	**Liability**	**Total**
Currency derivatives	**1,490**	**-14,756**	**-13,266**	2,557	-8,743	-6,186
Commodity derivatives	**3,417**	**-734**	**2,682**	5,802	-1,194	4,608
Interest rate derivatives		**-1,106**	**-1,106**		-863	-863
Embedded derivative	**45,200**		**45,200**	39,525		39,525
TOTAL	**50,106**	**-16,597**	**33,509**	**47,884**	**-10,800**	**37,083**

		Term of 1 year		Term of 1 to 3 years		Term of more than 3 years	
CURRENCY OR COMMODITY 2019 IN EUR THOUSAND		**Nominal *)**	**Average forward rate**	**Nominal *)**	**Average forward rate**	**Nominal *)**	**Average forward rate**
Currency derivatives							
Foreign exchange forwards							
USD	Sale	174,607	1.1611	141,945	1.2286	76,902	1.2782
GBP	Sale	1,371	0.8650				
JPY	Sale	143,250	122.3244	606,800	122.5354	744,114	121.9452
CAD	Buy	39,000	1.3050	41,000	1.3146	2,000	1.3253
USD	Buy	37,157	1.1163				
Commodity derivatives							
Forward contracts							
AL	Sale	12,550	1,610				
CU	Sale	325	5,454				
CU	Buy	600	5,451				
PR	Buy	3,800	135	5,150	135		
Options							
AL	Sale	16,500	1,616				
Interest rate derivatives							
Interest rate swaps							
EUR		10,000	0.79%	20,000	0.77%	20,000	0.66%
Embedded derivative							
AL	**Sale**					**90,825**	**1,942 USD/tonne**

*) The nominal values of currencies are stated in thousands, and those of commodities in tonnes of aluminium (AL), copper (CU), alumina (TE) and premium (PR).

		Term of 1 year		Term of 1 to 3 years		Term of more than 3 years	
CURRENCY OR COMMODITY 2018 IN EUR THOUSAND		**Nominal *)**	**Average forward rate**	**Nominal *)**	**Average forward rate**	**Nominal *)**	**Average forward rate**
Currency derivatives							
Foreign exchange forwards							
USD	Sale	180,392	1.1805	122,881	1.2193	131,918	1.2701
GBP	Sale	1,240	0.8996				
CAD	Buy	47,000	1.3025	35,000	1.2900	2,000	1.3376
USD	Buy	42,312	1.1405				
Commodity derivatives							
Forward contracts							
AL	Sale	4,838	1,603	3,000	1,629		
CU	Buy	600	5,134				
TE	Buy	2,000	363				
PR	Buy	2,150	120	1,950	120		
Options							
AL	Sale	33,000	1,612	18,000	1,629		
Interest rate derivatives							
Interest rate swaps							
EUR		10,000	0.66%	20,000	0.66%	30,000	0.32%
Embedded derivative							
AL	**Sale**					**113,516**	**2,014 USD/tonne**

*) The nominal values of currencies are stated in thousands, and those of commodities in tonnes of aluminium (AL), copper (CU), alumina (TE) and premium (PR).

The following underlying transactions were hedged:

	2019		2018	
RISK	**Change in value of underlying transaction**	**Amount of reserve**	**Change in value of underlying transaction**	**Amount of reserve**
Currency risks				
Future sale	**-13,302**	**13,302**	-3,609	3,609
Future purchase	**35**	**-35**	-2,577	2,577
Commodity price risks				
Future sale	**47,981**	**9,019**	44,292	26,848
Future purchase	**-99**	**99**	-160	160
Interest rate risks				
Future interest paid	**-1,106**	**1,106**	-863	863
less deferred tax from hedging reserve		**-6,041**		-8,546
TOTAL	**33,509**	**17,449**	**37,082**	**25,511**

The cumulative valuation adjustment of the underlying transaction from the cash flow hedge accounting is consistent with the value change of the derivative plus the ineffectiveness. The change in value of the embedded derivative corresponds to the level of the reserve less the ineffectiveness and the initial measurement amount.

The table below shows the changes in the hedging reserve (gross) in accordance with IFRS 9.

HEDGING RESERVE 2019 IN EUR THOUSAND	Commodity derivatives	Currency derivatives	Interest rate derivatives	Embedded derivative	Total
Change in fair value recognised directly in other comprehensive income (OCI)	-6,794	-7,113	-243	17,482	**3,332**
Reclassification from OCI recognised through profit or loss	-4,194	9,209		2,954	**7,969**
Revenue	-4,205	10,020		1,477	**7,292**
Materials	11	-1,207		1,477	**281**
Other operating expenses		396		0	**396**

HEDGING RESERVE 2018 IN EUR THOUSAND	Commodity derivatives	Currency derivatives	Interest rate derivatives	Embedded derivative	Total
Change in fair value recognised directly in other comprehensive income (OCI)	11,810	-22,699	-677	5,615	**-5,951**
Reclassification from OCI recognised through profit or loss	365	2,616	0	9,148	**12,129**
Revenue	2,040	3,748	0	4,574	**10,362**
Materials	-1,675	-1,675	0	4,574	**1,224**
Other operating expenses	0	169	0	0	**169**
Net financial income (expenses)		374			**374**

Fair value hedges

Forward transactions designated as fair value hedges are used for the purpose of aluminium inventory hedging. Physical stocks are hedged against exchange rate and price movements (portfolio hedging of the aluminium price portion of inventories). Changes in the market value of these instruments are recorded as raw materials and consumables used.

In a fair value hedge, both the underlying transaction in relation to the hedged risk and the derivative hedging instrument are measured at fair value, and changes in the latter are recognised in profit or loss. Subsequent measurement is at market value, as a matter of principle.

The following derivative financial instruments qualify as fair value hedges, and are recognised in profit or loss:

		2019			2018		
CURRENCY OR COMMODITY		**Longest term**	**Nominal values *)**	**Market values in EUR thousand**	**Longest term**	**Nominal values *)**	**Market values in EUR thousand**
Commodity derivatives							
Forward contracts							
AL	Sale	**08/2020**	**77,947**	**-9**	02/2019	63,442	7,656
AL	Buy	**12/2021**	**11,847**	**57**	12/2020	18,217	-1,955
Hedged firm commitments							
AL	Sale	**08/2020**	**11,847**	**-57**	02/2019	18,217	1,955
AL	Buy	**12/2021**	**77,947**	**9**	12/2020	63,442	-7,656

*) The nominal values of currencies are stated in thousands, and those of commodities in tonnes of aluminium (AL)

	2019			2018		
FAIR VALUE HEDGES IN EUR THOUSAND	**Receivable**	**Liability**	**Total**	**Receivable**	**Liability**	**Total**
Commodity derivatives	**65**	**-65**	**0**	9,611	-9,611	0

The following underlying transactions were hedged:

	2019		2018	
RISK	**Change in value of hedged item**	**Book value of hedged item**	**Change in value of hedged item**	**Book value of hedged item**
Commodity price risks				
Inventories	**-314**	**99,099**	-9,874	101,678

The cumulative valuation adjustment of the underlying transaction from the fair value hedge accounting concurs with the value change of the hedge.

Fair value reserve

FAIR VALUE RESERVE IN EUR THOUSAND	**2019**	**2018**
As of Jan. 1	**64**	-3,438
Changes in fair value	**-107**	3,502
AS OF DEC. 31	**-43**	**64**

Derivative financial instruments

Foreign exchange and commodity (aluminium) derivatives that meet the requirements for hedge accounting under IFRS 9 in terms of documentation and effectiveness must be classified as measured at fair value. Fair value changes in these derivative financial instruments are recognised in profit or loss.

Derivative financial instruments qualifying as measured at fair value through profit or loss:

CURRENCY OR COMMODITY		2019 Longest term	2019 Nominal values *)	2019 Market values in EUR thousand	2018 Longest term	2018 Nominal values *)	2018 Market values in EUR thousand
Currency derivatives							
Foreign exchange forwards							
GBP	Sale	**03/2020**	**2,998**	**-19**	01/2020	2,990	3
JPY	Sale	**02/2020**	**47,300**	**4**	02/2019	49,000	-9
NOK	Sale	**03/2020**	**450**	**-1**	01/2019	990	3
Commodity derivatives							
Forward contracts							
AL	Buy	**11/2023**	**402,928**	**7,441**	11/2023	532,208	-61,388
AL	Sale	**10/2020**	**402,928**	**-7,287**	10/2019	532,208	63,374

*) The nominal values of currencies are stated in thousands, and those of commodities in tonnes of aluminium (AL)

The nominal values comprise the gross sum of the purchase and sales prices of the derivative financial transactions. The value of commodity derivatives is stated in tonnes in the transaction currency.

The market values are based on the values at which the respective transactions are traded as at the end of the reporting period. The market values of commodity derivatives reflect official aluminium prices listed on the London Metal Exchange (LME) at the end of the reporting period. The fair value of forward derivatives is calculated on the basis of the forward rate as at the end of the reporting period.

Recognised models are applied to determine option prices. The market valuation of interest rate swaps, interest rate caps and forward rate agreements is performed on the basis of generally accepted mathematical measurement models.

A hedge's term is determined by that of its underlying transaction, as a matter of principle.

Additional disclosures about financial instruments pursuant to IFRS 7:

2019 FINANCIAL INSTRUMENTS PURSUANT TO IFRS 7 IN EUR THOUSAND	Fair value hedge	Cash flow hedge	Mandatorily at fair value through profit or loss	Equity investments at fair value through OCI	At amortised cost	Not a financial instrument	Book value as of Dec. 31, 2019	Fair value as of Dec. 31, 2019
Assets								
Other non-current assets and financial assets	5	32,265	42	1,335	1,286	15	34,948	34,948
Trade receivables	0	0	0	0	117,577	0	117,577	117,577
Current tax assets	0	0	0	0	0	55	55	55
Other current assets	460	17,841	5,521	0	23,252	17,045	64,118	64,118
Cash and cash equivalents	0	0	0	0	267,322	0	267,322	267,322
Liabilities								
Interest-bearing non-current financial liabilities (without leases)	0	0	0	0	482,307	0	482,307	485,811
Non-current lease liabilities	0	0	0	0	1,012	0	1,012	1,012
Other non-current liabilities and grants	15	10,961	77	0	1,470	47,030	59,553	59,553
Interest-bearing current financial liabilities (without leases)	0	0	0	0	76,356	0	76,356	80,619
Current lease liabilities	0	0	0	0	767	0	767	767
Trade payables	0	0	0	0	73,050	0	73,050	73,050
Current tax liabilities	0	0	0	0	0	10,331	10,331	10,331
Other current liabilities and grants	402	5,636	5,348	0	5,152	39,777	56,315	56,315

2018 FINANCIAL INSTRUMENTS PURSUANT TO IFRS 7 IN EUR THOUSAND	Fair value hedge	Cash flow hedge	Mandatorily at fair value through profit or loss	Equity investments at fair value through OCI	At amortised cost	Not a financial instrument	Book value as of Dec. 31, 2018	Fair value as of Dec. 31, 2018
Assets								
Other non-current assets and financial assets	0	34,612	40	1,292	2,112	61	38,116	38,116
Trade receivables	0	0	0	0	126,127	0	126,127	126,127
Current tax assets	0	0	0	0	0	6,507	6,507	6,507
Other current assets	7,656	13,272	19,645	0	10,924	20,879	72,377	72,377
Cash and cash equivalents	0	0	0	0	295,871	0	295,871	295,871
Liabilities								
Interest-bearing non-current financial liabilities	0	0	0	0	553,254	0	553,254	544,155
Other non-current liabilities and grants	61	5,232	224	0	2,011	60,309	67,837	67,837
Interest-bearing current financial liabilities	0	0	0	0	54,440	0	54,440	58,983
Trade payables	0	0	0	0	89,966	0	89,966	89,966
Current tax liabilities	0	0	0	0	0	75	75	75
Other current liabilities and grants	1,895	5,569	17,477	0	5,104	36,741	66,786	66,786

Cash and cash equivalents, financial instruments, and trade receivables and other assets generally have short terms. For this reason, the carrying amounts for these items are approximately the same as the respective fair value. Financial instruments not categorised in accordance with IFRS 7 include financial assets and liabilities measured at fair value as well as those recognised at amortised cost.

The fair values of bank borrowings and other financial liabilities are calculated as the present values of the related payments on the basis of the respective yield curve, taking account of the Group's credit risk exposure.

In general, trade payables and other current liabilities have terms of less than one year, and the recognised values are approximations of their respective fair value.

The derivatives are divided into the following categories in accordance with IFRS 9:

DERIVATIVES WITH POSITIVE FAIR VALUE	2019		2018	
IN EUR THOUSAND	Long-term	Short-term	Long-term	Short-term
Derivatives mandatorily at fair value through profit or loss	42	5,521	40	19,645
Fair value hedge derivatives	5	460	0	7,656
Cash flow hedge derivatives	32,265	17,841	34,612	13,272
TOTAL	32,312	23,821	34,652	40,573

DERIVATIVES WITH NEGATIVE FAIR VALUE	2019		2018	
IN EUR THOUSAND	Long-term	Short-term	Long-term	Short-term
Derivatives mandatorily at fair value through profit or loss	77	5,348	224	17,477
Fair value hedge derivatives	15	402	61	1,895
Cash flow hedge derivatives	10,961	5,636	5,232	5,569
TOTAL	11,053	11,386	5,517	24,940

Derivatives with positive fair values are reported on the balance sheet under the other assets item, and derivatives with negative fair values are reported under other liabilities and grants.

Net gains and losses by measurement categories

NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS IN EUR THOUSAND	2019	2018
Hedging instruments mandatorily at fair value through profit or loss	953	352
Fair value through other comprehensive income	225	280
Liabilities at amortised costs	-1,493	2,632
	-315	3,265

The net profit/loss from financial instruments includes dividends received, but not profit attributable to non-controlling interests, or interest expense and interest received. Impairment losses and reversals of impairment losses, foreign exchange gains and losses, gains and losses on disposals, and other changes in the fair values of financial instruments recognised in profit or loss are included in the calculation of net profit/loss from financial instruments.

Gains and losses from derivative financial instruments used to hedge operating risk, which are offset by expenses under raw material and consumables and by revenue, are not included in net profit/loss from financial instruments.

The measurement categories are as follows:

	2019				2018			
MEASUREMENT CATEGORIES IN EUR THOUSAND	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
ASSETS								
Other non-current assets and financial assets	**0**	**602**	**33,046**	**33,647**	0	4,757	31,187	35,944
Other current assets	**0**	**10,333**	**13,489**	**23,821**	0	30,943	9,630	40,573
LIABILITIES								
Interest-bearing non-current financial liabilities	**0**	**485,811**	**0**	**485,811**	0	544,155	0	544,155
Other non-current liabilities and grants	**0**	**11,053**	**0**	**11,053**	0	5,517	0	5,517
Interest-bearing current financial liabilities	**0**	**80,619**	**0**	**80,619**	0	58,983	0	58,983
Other current liabilities and grants	**0**	**11,386**	**0**	**11,386**	0	24,940	0	24,940

The Group applies the following hierarchy to determine and report the fair value of financial instruments for each valuation:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: methods in which all inputs that have a material effect on the reported fair value are directly or indirectly observable. The transactions outlined below are recognised at this level:

Forward currency transactions:
In forward currency transactions, a specified amount of a certain currency is exchanged for an amount in another currency at an agreed exchange rate on a particular date. Both of the cash flows arising at the maturity date are recognised at present value on the basis of the yield curve for each transaction currency. The present value of the forward currency transaction comprises the difference between the two cash flows discounted to their present value and translated into the reporting currency applying the exchange rates. The exchange rates and the yield curve are applied as inputs.

Interest rate swap:
Interest rate swaps involve the exchange of a floating interest rate for a fixed rate. Measurement entails calculating the present value of the variable interest payments and the present value of the fixed interest payments. The present value of the interest rate swap is the difference of the two cash flows discounted to present value over the term of the transaction. The inputs comprise 3-month Euribor and the yield curve.

Commodity futures:
The value of these futures is the difference between the contract price and the aluminium price quoted on the London Metal Exchange (LME) at the maturity date of the transaction. The LME quoted aluminium price including the term structure, and the euro/US dollar futures curve comprise the inputs.

Commodity options:
The Black-Scholes model is applied in the valuation of commodity options. The key inputs are the LME quoted aluminium price including the term structure, the euro/US dollar futures curve, and aluminium price volatility data.

Alumina and premium derivatives:
The valuation of the alumina and premium business derives from the difference between the contract price and the final quotation of the alumina or premium price according to the broker on the respective due date of the transaction. The closing prices of the alumina or premium price according to the broker and the currency forward structure curve (USD to EUR) are applied as inputs.

Level 3: methods based on input parameters that have a material effect on fair value and are not based on observable market data.

The measurement of the participating interests was not based on observable data, but instead on company estimates, and is consequently allocated to Level 3.

Power supply contract concluded by Aluminerie Alouette Inc.:
Alouette has a power contract with a state-owned utility that directly ties the rate to be paid by Alouette to the market price of aluminium under a contractual pricing formula.

The contract contains an embedded derivative due to the dependency of the electricity price on the aluminium price. This derivative is designated as a hedging instrument as part of cash flow hedges. The fair value of the derivative is measured on the basis of a model. Given the monopolistic electricity market in Canada, no liquid electricity market exists in the conventional sense (a mark-to-market price is not directly observable). A forward price model is consequently employed to value the derivative, applying an electricity reference price, related yield curves, forward aluminium prices and forward foreign currency exchange rates.

In order to obtain a market-based valuation of the contract, the present value of future electricity payments is subsequently calculated applying forward aluminium prices plus a premium (Midwest premium) based on the expected term of the electricity contract and compared with the present value of future electricity payments based on Alouette's reference electricity price taking into account USD to CAD forward structures. The difference calculated in this manner provides a model-based valuation of the embedded derivative.

The derivative's positive fair value on initial measurement was classified as a public subsidy (from the Government of Québec), and reported under other non-current and current liabilities accordingly. The subsidy is released through profit or loss in line with the expenses as expected according to the terms in the contract.

The fair value of the embedded derivative in the electricity purchasing contract of Aluminerie Alouette Inc. is based on Level 3 fair value measurement. The change in the value of the embedded derivative is shown below:

DEVELOPMENT OF EMBEDDED DERIVATIVE IN EUR THOUSAND	2019	2018
As of Jan. 1	**39,525**	38,129
Currency translation differences	**760**	1,796
Changes in fair value	**17,423**	5,614
Recycling	**-12,508**	-6,014
AS OF DEC. 31	**45,200**	**39,525**
thereof current	**13,489**	9,630

The impact of a change in the aluminium price on measurement is outlined below:

SENSITIVITY IN EUR THOUSAND	2019		2018	
	+10 %	-10 %	+10 %	-10 %
Other non-current assets and financial assets	**-12,907**	**12,907**	-16,840	16,840
Other current assets	**-3,755**	**3,755**	-3,727	3,727

The effect of a change in the derivative's term on the measurement is presented below:

SENSITIVITY IN EUR THOUSAND	2019		2018	
	1 year longer	1 year shorter	1 year longer	1 year shorter
Other non-current assets and financial assets	**7,421**	**-8,979**	5,557	-6,355

L CONTINGENT LIABILITIES AND GUARANTEES

Legal proceedings

As at the end of the reporting period, no legal proceedings were pending that represented risks beyond those arising from normal business operations. In addition, the Group was unaware as of the reporting date of any legally relevant circumstances which could lead to the instigation of such proceedings.

Supplementary information

SECURITIES AND GUARANTEES 2019 IN EUR THOUSAND	2019	2018
Securities and guarantees	4,039	6,479
	4,039	6,479

The securities and guarantees item relates mainly to bank guarantees for public amenities of EUR 3,577 thousand (previous year: EUR 4,541 thousand). A provision of EUR 647 thousand (previous year: EUR 463 thousand) was recognised in relation to this arrangement.

Contingent liabilities are not shown on the balance sheet, apart from those recognised in accordance with IFRS 3. They are disclosed when the possibility of an outflow of resources embodying economic benefits cannot be excluded, but the criteria for the recognition of a provision are not met.

Contingent assets are excluded in the consolidated financial statements but disclosed if an inflow of resources embodying economic benefits is probable. No contingent receivables exist at present.

M RELATED PARTY DISCLOSURES

All of the transactions under this item occur on an arm's length basis.

The Management Board contracts include a long-term performance-based component. The long-term variable performance bonus is calculated for each Management Board member until the end of the respective contract term. It is based on the future trend in the value of the company's equity.

The following remuneration, including the change in provisions, was granted to Supervisory and Management Board members, and to managing directors.

REMUNERATION 2019 IN EUR THOUSAND	Supervisory Board members	Management Board members	Directors	Total
Short-term benefits	677	2,250	1,558	**4,485**
Long-term benefits	0	408	0	**408**
Post-employment benefits	0	200	125	**325**
	677	**2,859**	**1,682**	**5,218**

REMUNERATION 2018 IN EUR THOUSAND	Supervisory Board members	Management Board members	Directors	Total
Short-term benefits	705	2,230	1,766	**4,701**
Long-term benefits	0	-949	0	**-949**
Post-employment benefits	0	159	152	**310**
	705	**1,440**	**1,918**	**4,063**

In the financial year 2019 the Supervisory Board members received a remuneration for the period of 2018 in an amount of EUR 645 thousand and for the period of 2019 in an amount of EUR 677 thousand (previous year: EUR 705 thousand for the period of 2017).

No loans have been extended to Management and Supervisory Board members, and no guarantees have been given on their behalf. No other transactions – and, in particular, no purchase contracts involving assets of significant value – have been entered into with related parties.

Supplier relationships

SUPPLY RELATIONSHIP 2019 IN EUR THOUSAND	RLB Oberösterreich AG	Speditionsservice Ranshofen Ges.m.b.H.	unit-IT Dienstleistungs GmbH & Co KG	Others	Total
Received	304	22,216	2,612	715	**25,847**
Provided	0	357	308	1	**666**
Status of receivables	39,799	30	43	0	**39,873**
Status of payables	32,252	1,345	329	184	**34,109**

SUPPLY RELATIONSHIP 2018 IN EUR THOUSAND	RLB Oberösterreich AG	Speditionsservice Ranshofen Ges.m.b.H.	unit-IT Dienstleistungs GmbH & Co KG	Others	Total
Received	504	19,970	2,728	665	**23,867**
Provided	0	354	296	1	**652**
Status of receivables	55,114	14	68	0	**55,197**
Status of payables	43,604	2,638	341	179	**46,761**

The services received from Speditionsservice Ranshofen Ges.m.b.H. relate to freight and dispatch services, and from unitIT Dienstleistungs GmbH & Co KG to IT services. At both companies, the provided services concern rentals of operating buildings. The services procured at RLB Oberösterreich AG derive from interest payments and commissions for loans granted.

Furthermore, committed credit lines of RLB Oberösterreich exist in an amount of EUR 30,000 thousand (previous year: EUR 30,000 thousand). The guarantees of RLB Oberösterreich expired as of December 31, 2018.

N SUPPLEMENTARY INFORMATION

Events after the balance sheet date

No significant events occurred after the balance sheet date.

O APPROVAL

The Management Board approved the consolidated financial statements on February 11, 2020 (previous year: February 11, 2019), and released them for examination by the Supervisory Board, for submission to the AGM, and for subsequent publication. The Supervisory Board can institute an amendment to the financial statements as part of the review incumbent upon it.

Ranshofen, February 11, 2020

The Management Board

Gerald Mayer	Helmut Kaufmann	Victor Bregunccci
Management Board Chairman (Chief Executive Officer and Chief Financial Officer)	Management Board Member (Chief Operating Officer)	Management Board Member (Chief Sales Officer)

INFORMATION

DECLARATION OF THE MANAGEMENT BOARD UNDER SECTION 124 (1) OF THE AUSTRIAN STOCK EXCHANGE ACT (BÖRSEG 2018)

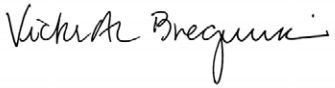
The Management Board hereby declares that to the best of its knowledge the consolidated annual financial statements of AMAG Austria Metall AG, prepared in accordance with the applicable accounting standards, give a true and fair view of the Group's financial position and performance. The Group operating and financial review likewise as far as possible gives a true and fair view of the financial position and performance of the AMAG Group, and provides information on the course of business, results and position of the Group, and describes the risks and uncertainties to which the Group is exposed.

Ranshofen, February 11, 2020

The Management Board

Mag. Gerald Mayer
Chief Executive Officer,
Chief Financial Officer

Priv.-Doz. Dipl.-Ing.
Dr. Helmut Kaufmann
Chief Operating Officer



Victor Bregunccci, MBA
Chief Sales Officer

AUDIT OPINION

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of AMAG Austria Metall AG, Ranshofen, and its subsidiaries (the Group), consisting of the consolidated balance sheet as of December 31, 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the financial year ending on this reporting date, as well as the notes to the consolidated financial statements.

Based on the results of our audit, in our opinion the attached consolidated financial statements conform to the greatest possible extent with legal regulations, and present a true and fair view of the Group's financial position as of December 31, 2019, as well as its financial performance and cash flows for the financial year ending as of this date, in accordance with the International Financial Reporting Standards as applicable in the EU (IFRS), and the additional requirements of Section 245a of the Austrian Commercial Code (UGB).

We have audited the consolidated financial statements of AMAG Austria Metall AG, Ranshofen, and its subsidiaries (the Group), consisting of the consolidated balance sheet as of December 31, 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the financial year ending on this reporting date, as well as the notes to the consolidated financial statements.

BASIS FOR THE AUDIT OPINION

We conducted our audit in accordance with EU Regulation No. 537/2014 (hereinafter referred to as the "EU Regulation") and with Austrian generally accepted auditing principles. These principles require the application of the International Standards on Auditing (ISAs). Our responsibilities in accordance with such regulations and standards are described in greater detail in the section entitled "Auditor's responsibilities for the auditing of the consolidated financial statements". We are independent of the Group in accordance with Austrian corporation law and professional law regulations, and we have fulfilled our other professional duties in accordance with such requirements. We believe that the audit evidence that has been obtained is sufficient and appropriate to provide a sound basis for our audit opinion.

PARTICULARLY IMPORTANT AUDIT MATTERS

Particularly important audit matters comprise such matters that in our judgement were the most important for our audit of the consolidated financial statements for the financial year under review. Such matters were taken into consideration in connection with our audit of the consolidated financial statements as a whole, and when forming our audit opinion on these financial statements, and we do not issue a separate audit opinion on such matters.

Below, we present the audit matter we consider particularly important:

Power supply contract concluded by Aluminerie Alouette Inc.

Description

In October 2016, Aluminerie Alouette Inc., Canada, ("AAI") – according to IFRS 11, a joint arrangement to be included proportionally in the consolidated financial statements of AMAG Austria Metall AG – arranged a power supply contract with the Canadian government, where the agreed electricity price is tied to the LME market price of aluminium. Based on this link, the power supply contract includes an embedded derivative, which is to be recognised separately. The embedded derivative was designated as a hedging instrument for future primary aluminium sales, representing the underlying transaction in a cash flow hedge. As of the date when the agreement was concluded, the derivative's fair value also constitutes a government grant.

The derivative, amounting to EUR 45.2 million, is included under other non-current and current assets in the consolidated statement of financial position of AMAG Austria Metall AG as of December 31, 2019. The amount recognised for the government grant stands at EUR 60.5 million and is reported under other non-current and current liabilities and grants. Of the overall change in the derivative of EUR 5.7 million, EUR 18.2 million was recognised directly in equity and EUR -12.5 million was recognised in profit or loss.

The assessment of this matter requires significant assumptions and estimates by the management concerning the related valuation, as the embedded derivative reflects various value-determining risk factors and valuation parameters. The company continues to determine the derivative's fair value applying a forward price model. An electricity reference price, corresponding yield curves and the forward prices of aluminium and foreign currencies are utilised. The estimate of the expected duration of the power supply contract is significant in this context.

The corresponding information from the company is explained in in the notes to the consolidated financial statements of AMAG Austria Metall AG in sections "E Accounting policies", "H03 Other non-current assets and financial assets", "H07 Other current assets", "H13 Other liabilities and grants" and "K Financial instruments".

How we addressed this matter as part of the audit:

We critically scrutinised the management's assumptions and estimates, which included conducting the following audit actions:

- Assessing the extent to which the hedge's risk management objective is consistent with AMAG's risk management strategy, and whether changes have arisen during the financial year under review;
- Auditing the numerical correctness of the forward price model and appraisal of the valuation parameters applied;
- Assessing whether the management's assessment of the expected term of the electricity contract is still valid;
- Auditing the correct presentation in the IFRS consolidated financial statements;
- We made recourse to accounting and valuation specialists to perform the audit actions.

RESPONSIBILITIES OF THE LEGAL REPRESENTATIVES AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The legal representatives are responsible for the preparation of the consolidated financial statements, and for the fact that, in accordance with IFRS as applicable in the EU and the additional requirements of Section 245a UGB, they convey to the greatest possible extent a true and fair view of the Group's financial position and performance. Moreover, the legal representatives are responsible for the internal controls they deem necessary to enable consolidated financial statements to be prepared free of misrepresentations, whether intended or unintended.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's capacity to continue as a going concern, for stating matters connected with the Group as a going concern – where relevant – as well as for applying the going concern accounting principle, unless the legal representatives intend to either liquidate the Group or discontinue the company's operations or have no realistic alternative to such options.

The Audit Committee is responsible for monitoring the Group financial accounting process.

AUDITOR'S RESPONSIBILITIES FOR AUDITING THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to gain sufficient certainty as to whether the consolidated financial statements as a whole are free of significant misrepresentations, whether intended or unintended, and to issue an audit certificate containing our audit opinion. Sufficient certainty refers to a high degree of certainty, but provides no guarantee that an audit of financial statements conducted in accordance with the EU Regulation and Austrian proper auditing principles, and requiring the application of ISAs, always exposes an important misrepresentation if such a misrepresentation exists. Misrepresentations can arise from fraudulent actions or errors, and are deemed significant if they could reasonably be expected, either individually or in their entirety, to affect business decisions made by users on the basis of these consolidated financial statements.

As part of the auditing of financial statements in accordance with the EU Regulation and Austrian proper auditing principles requiring the application of ISAs, we exercise due professional discretion during the entire audit and maintain a fundamentally critical stance.

The following also applies:

- We identify and assess the risks of significant – intended or unintended – misrepresentations in the consolidated financial statements, plan audit activities as a response to such risks, implement them, and obtain audit evidence that is sufficient and appropriate to serve as the basis for our audit opinion. The risk that significant misrepresentations arising from fraudulent actions remain undisclosed is greater than a risk arising from errors, as fraudulent actions can comprise fraudulent collaboration, falsifications, intentionally incomplete documentation, misleading presentations or the overriding of internal controls.
- We gain an understanding of the internal control system of relevance for the audit in order to plan audit actions that are appropriate in the given circumstances, although not with the aim of issuing an audit opinion on the efficacy of the Group's internal control system.
- We evaluate the appropriateness of the accounting policies applied by the legal representatives, as well as the justifiability of the estimated figures the legal representatives present in the financial accounting and related disclosures.

- We draw conclusions about the suitability of the legal representatives' application of the going concern principle, as well as – based on the audit evidence obtained – whether significant uncertainty exists in connection with events or circumstances that can raise considerable doubts about the Group's capability as a going concern. If we draw the conclusion that significant uncertainty exists, we are obligated to draw attention in our audit opinion to the related disclosures in the consolidated financial statements, or, if such disclosures are unsuitable, to amend our audit opinion. We draw our conclusions on the basis of audit evidence obtained up until the date of our audit opinion. Future events or circumstances, however, can result in the Group no longer comprising a going concern.
- We appraise the overall presentation, the structure and content of the consolidated financial statements, including the disclosures, as well as whether the consolidated financial statements reproduce the underlying business transactions and events in a manner that as far as possible presents a true and fair view.
- We obtain sufficient suitable audit evidence concerning the financial information of the units or operating activities within the Group in order to issue an audit opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the consolidated financial statements. We bear sole responsibility for our audit opinion.

We communicate with the Audit Committee, including concerning the planned scope and planned time-allocation for the audit of the financial statements, as well as about important audit findings, including any significant defects in the internal control system that we identify during our audit.

We also issue a statement to the Audit Committee that we have complied with the relevant professional conduct requirements relating to independence, and communicate with it about all relationships and other matters where it could be reasonably assumed that they affect our independence and – where relevant – related protective measures.

Of those matters about which we communicated with the Audit Committee, we determine those that were most significant for the audit of the consolidated financial statements in the financial year under review, and consequently comprise particularly important audit matters. We describe such matters in our audit opinion, unless legislation and other legal regulations prevent the public disclosure of the matter, or we determine in extremely rare cases that a matter should not be communicated in our audit opinion because it is reasonably assumed that the negative consequences of such a communication would exceed its benefits for the public interest.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

REPORT ON THE GROUP MANAGEMENT REPORT

Based on Austrian corporation law regulations, the Group management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it was prepared in accordance with applicable legal requirements.

In relation to the consolidated non-financial declaration included in the Group management report, it is our responsibility to audit whether it was prepared, to read it and to consider whether it significantly contradicts the consolidated financial statements in light of information gained from the audit, or otherwise appears to entail a significant misrepresentation.

The legal representatives are responsible for the preparation of the Group management report in accordance with Austrian corporation law regulations.

We conduct our audit in compliance with professional principles relating to the auditing of group management reports.

Opinion

In our opinion, the Group management report has been prepared in accordance with the applicable legal requirements, includes appropriate disclosures pursuant to Section 243a UGB, and is consistent with the consolidated financial statements.

Statement

Given the findings from the audit of the consolidated financial statements and the understanding gained about the Group and its environment, no significant erroneous disclosures were found in the Group management report.

OTHER INFORMATION

The legal representatives are responsible for the other information. Other information includes all information in the Annual Report 2019 (with the exception of the consolidated financial statements, the Group management report and the auditor's report) that was made available to us prior to the date of the auditor's report. Our audit opinion on the consolidated financial statements does not cover such other information, and we do not issue any type of assurance in relation to it.

In connection with our audit of the consolidated financial statements, it is our responsibility to read this other information and to consider whether any material inconsistencies exist between the other information and the consolidated financial statements, or whether any inconsistencies exist in relation to the knowledge we obtained during the audit, or whether the other information is otherwise materially misstated. If, based upon the work we perform, we conclude that the other information is materially misstated, we must report it. We have nothing to report in this regard.

ADDITIONAL DISCLOSURES PURSUANT TO ARTICLE 10 OF THE EU REGULATION

The Annual General Meeting on April 10, 2019, elected us to be the auditors of the financial statements. The Supervisory Board issued its engagement to us on April 24, 2019. We have been the auditor of the financial statements since 2017.

We declare that the audit opinion in the section "Report on the consolidated financial statements" is consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Regulation.

We declare that we have not rendered any prohibited non-auditing services (Article 5 (1) of the EU Regulation) and that we have maintained our independence from the audited company in performing our audit of the financial statements.

AUDITOR RESPONSIBLE FOR THE MANDATE

Mr. Mag. Thomas Haerdtl is the certified public auditor responsible for the mandate to audit the financial statements.

Vienna, February 11, 2020

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Thomas Haerdtl h.c.
Certified Public Auditor

ppa Mag. Andreas Strobl h.c.
Certified Public Auditor

REPORT ON THE INDEPENDENT AUDIT OF THE NON-FINANCIAL REPORTING 2019

We have conducted an audit of the non-financial reporting 2019 (hereinafter referred to as "audit") of AMAG Austria Metall AG (hereinafter referred to as "AMAG"), Ranshofen, prepared in accordance with the requirements of Section 267a of the Austrian Commercial Code (UGB) Sustainability and Diversity Improvement Act (NaDiVeG) and the GRI Standards, core option.

The audit comprised the non-financial reporting 2019 as follows:

The section entitled "Non-financial statement" in this 2019 Group management report relating to the consolidated financial statements as of December 31, 2019, and the GRI Content Index in the annual report.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES

The proper preparation of the non-financial reporting for 2019 in accordance with Section 267a UGB[9] (NaDiVeG) and the GRI Standards[10] is the responsibility of the company's legal representatives.

We have included in our files a declaration of completeness signed by the legal representatives.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion, based on our audit procedures, as to whether any matters have come to our attention that cause us to believe that the non-financial reporting 2019 has not been presented, in all material respects, in accordance with Section 267a UGB (NaDiVeG) and GRI Standards.

We conducted our audit in accordance with the International Federation of Accountants' ISAE 3000 (Revised) standard.

These standards require us to comply with our professional duties, including independence requirements, and to plan and execute the engagement with due regard to the principle of materiality in such a way that we can express our opinion with limited assurance.

Our liability is limited in accordance with the "General Conditions of Contract for Public Accounting Professions". Accordingly, the person entitled to exercise the profession shall be liable only for intentional and grossly negligent breaches of the obligations assumed. In the event of gross negligence, the maximum liability to the client and to any third parties shall amount to EUR 726,730.

Our audit procedures were designed so at to obtain limited assurance about whether the consolidated financial statements are free from material misstatement. The scope of the audit procedures for obtaining audit evidence is less than that for reasonable assurance (such as an annual audit), and less assurance is available as a consequence.

The selection of audit procedures lies at the auditor's discretion and included the following activities, in particular:

- Obtaining a complete overview of the company's activities as well as its organisational structure and procedures;
- Conducting interviews with company officers in order to understand relevant systems, processes and internal controls regarding the audited report contents, which support the gathering of information for reporting;
- Reviewing the relevant documents at Group, Management Board and management level in order to assess awareness and priority of issues in non-financial reporting, and to understand how the further development of processes and controls is implemented;
- Surveying the risk management and governance processes in relation to sustainability and critical evaluation of the presentation in the non-financial reporting;
- Performing analytical procedures at company level;
- Conducting site visits in Ranshofen in order to obtain evidence of performance indicators. Moreover, we conducted random checks of individual disclosures in the non-financial reporting for 2019 at site level with regard to completeness, reliability, accuracy and timeliness;
- Random testing of data and processes in order to determine whether they have been appropriately transferred, consolidated and reported at Group level. This included assessing whether the data were reported in an accurate, reliable and complete manner;

[9] https://www.ris.bka.gv.at/Dokumente/Bundesnormen/NOR40189009/NOR40189009.pdf

[10] https://www.globalreporting.org/standards

- Assessing reporting on key issues raised in stakeholder dialogues, reported on in external media, and referred to by key competitors in their environmental and social reports;
- Assessing whether the requirements pursuant to Section 267a UGB were adequately addressed;
- Random checks of the statements in the non-financial reporting 2019 on the basis of the reporting principles of the GRI Standards, and
- Assessing whether the GRI Standards were applied in conformity with the core option.

Our engagement did not include an audit of financial statements or a review of historical financial information. We did not submit to any further audit the performance indicators and statements as well as information from the corporate governance report and risk reporting audited as part of the audit of the annual financial statements. We reviewed solely the GRI-compliant presentation of this information in our reporting. Similarly, neither the detection and clarification of criminal offences, such as embezzlement or other acts of breach of trust and regulatory offences, nor the assessment of the management's effectiveness and economic efficiency formed the subject of our engagement. Furthermore, figures taken from external studies, forward-looking statements and prior-year figures were not part of our assignment. The report examined the references listed in the GRI content index, but did not examine further (web) references.

We prepare this report on the basis of the contract concluded with you, which, including with effect in relation to third parties, is based on the "General Conditions of Contract for the Public Accounting Professions" [11].

SUMMARY ASSESSMENT

Based on our audit procedures, no matters have come to our attention that cause us to believe that the non-financial reporting 2019 has not been presented, in all material respects, in accordance with Section 267a UGB (NaDiVeG) and the GRI Standards.

Vienna, February 11, 2020

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Stefan Uher h.c. iV DI Georg Rogl h.c.

[11] Version dated April 18, 2018, published by the Austrian Chamber of Public Accountants and Tax Consultants, section 7, http://www.kwt.or.at/PortalData/1/Resources/aab/AAB_2018_de.pdf

GRI CONTENT INDEX

GRI-STANDARD	Disclosure	Page number	Omissions and comments	Topic boundaries
GRI 101 Foundation 2016				
GRI 102 General Disclosures 2016				
Organisational profile				
102-1	Name of the organisation	5		
102-2	Activities, brands, products, and services	5, 24		
102-3	Location of headquarters	5		
102-4	Location of operations	5		
102-5	Ownership and legal form	5, 76		
102-6	Markets served	5, 53		
102-7	Scale of the organisation	5, 31 f.	See Key Figures of the AMAG-Group	
102-8	Information on employees and other workers	31 f.		
102-9	Supply chain	5, 34f., 37		
102-10	Significant changes to the organisation and its supply chain	37, 49		
102-11	Precautionary principle or approach	7 f., 68 ff.		
102-12	External initiatives	7 f., 11		
102-13	Membership of associations	11		
Strategy				
102-14	Statement from senior decision-maker	6		
Ethics and integrity				
102-16	Values, principles, standards, and norms of behaviour	18		
Governance				
102-18	Governance structure	8	See Corporate-Governance-Report	
Stakeholder engagement				
102-40	List of stakeholder groups	13		
102-41	Collective bargaining agreements	31		
102-42	Identifying and selecting stakeholders	11		
102-43	Approach to stakeholder engagement	12 f.		
102-44	Key topics and concerns raised	12 f.		

GRI-STANDARD	Disclosure	Page number	Omissions and comments	Topic boundaries
Reporting practice				
102-45	Entities included in the consolidated financial statements	49	See consolidated financial statements, section D, Consolidation principles	
102-46	Defining report content and topic boundaries	48		
102-47	List of material topics	14 f.		
102-48	Restatements of information		No material restatements of information	
102-49	Changes in reporting		No material changes in the list of key topics	
102-50	Reporting period	48		
102-51	Date of most recent report	48		
102-52	Reporting cycle	48		
102-53	Contact point for questions regarding the report	49		
102-54	Claims of reporting in accordance with the GRI Standards	49		
102-55	GRI content index	49, 176 ff.		
102-56	External assurance	49		
GRI 103 Management approach 2016				
103-1	Explanation of the material topic and its boundary		Described in the respective chapter	
103-2	The management approach and its components		Described in the respective chapter	
103-3	Evaluation of the management approach		Described in the respective chapter	
GRI 201 Economic performance 2016				
201-1	Direct economic value generated and distributed	91 ff.		
GRI 202 Market presence 2016				
202-2	Proportion of senior management hired from the local community	31		
GRI 204 Procurement practices 2016				
204-1	Proportion of spending on local suppliers	12		Raw materials, recycling
GRI 206 Anti-competitive behaviour 2016				
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	19		Compliance
GRI 301 Materials 2016				
301-2	Recycled input materials used	36, 38		Raw materials, recycling

GRI-STANDARD	Disclosure	Page number	Omissions and comments	Topic boundaries
GRI 302 Energy 2016				
302-1	Energy consumption within the organisation	41		Energy
302-3	Energy intensity	41		
GRI 303 WATER AND EFFLUENTS 2018				
303-1	Interactions with water as a shared resource	45		
303-2	Management of water discharge-related impacts	45		
303-3	Water withdrawal	45	Information on withdrawal quantities in m^3; no extraction from sources with water stress; The total production of useful water, including the quantities of companies based in the region that do not belong to AMAG, amounted to 4,233,000 m^3 in the 2019 financial year.	
GRI 304 Biodiversity 2016				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	48		
GRI 305 Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	44		Emissions
305-2	Energy indirect (Scope 2) GHG emissions	44		Emissions
305-3	Other indirect (Scope 3) GHG emissions	44		Emissions
305-4	GHG emissions intensity	44		Emissions
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	44	Annual averages were not calculated for sulphur oxide (SOx), persistent organic pollutants (POP), volatile organic compounds (VOC) and hazardous air pollutants (HAP); particulate matter (PM) is measured as total dust emissions	Emissions
GRI 306 Effluents and waste 2016				
306-2	Waste by type and disposal method	47		
GRI 307 Environmental compliance 2016				
307-1	Non-compliance with environmental laws and regulations	48		Compliance
GRI 308 Supplier environmental assessment 2016				
308-1	New suppliers that were screened using environmental criteria	36		
GRI 401 Employment 2016				
401-1	New employee hires and employee turnover	31, 33		

GRI-STANDARD	Disclosure	Page number	Omissions and comments	Topic boundaries
GRI 402 Labor/Management relations 2016				
402-1	Minimum notice periods regarding operational changes	30		
GRI 403 Occupational health and safety 2018				
403-1	Occupational health and safety management system	26 f.		Occupational health and safety
403-2	Hazard identification, risk assessment, and incident investigation	26 f.		Occupational health and safety
403-3	Occupational health services	26 f.		Occupational health and safety
403-4	Worker participation, consultation, and communication on occupational health and safety	26 f.		Occupational health and safety
403-5	Worker training on occupational health and safety	26 f.		Occupational health and safety
403-6	Promotion of worker health	27		Occupational health and safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	27		Occupational health and safety
403-8	Workers covered by an occupational health and safety management system	26 f.		Occupational health and safety
403-9	Work-related injuries	28		Occupational health and safety
GRI 404 Training and education 2016				
404-1	Average hours of training per year per employee	30		Training and education
404-3	Percentage of employees receiving regular performance and career development reviews	29		Training and education
GRI 405 Diversity and equal opportunity 2016				
405-1	Diversity of governance bodies and employees	31, 33	See Corporate-Governance-Report	
GRI 406 Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	32		
GRI 419 Socioeconomic compliance 2016				
419-1	Non-compliance with laws and regulations in the social and economic area	19		Compliance

GLOSSARY

TECHNICAL GLOSSARY

"Alloy-to-alloy" recycling:
Specific separation and sophisticated metal analysis that allows scrap (input materials) to be recycled, usually for manufacturing finished product alloys of identical analysis

Cast ingots:
Aluminium or aluminium alloy ingots cast in moulds for re-melting in aluminium foundries (die casting, mould casting, sand casting)

Cathode sheet:
Metallic zinc deposits on pure aluminium sheets that are placed in an electrolysis tank containing zinc solvent in a sulphuric solution

Clad brazing sheet:
Composite material consisting of a core aluminium alloy and a cladding layer of a brazing alloy with a lower melting point (for use in coolers and heat exchangers)

Closed-loop recycling:
Fabrication scrap from customers is sorted and returned, and remelted, thereby serving as starting material for AMAG‘s high-quality products

Collection point:
Production site where scrap from cans, foils, wheel rims, window frames, chips and engine blocks etc, is collected, classified, sorted by type to the highest possible accuracy, and stored for recycling purposes

Continuous solution annealing furnace for aluminium strip:
Continuous solution annealing furnace to adjust certain metallurgical properties of aluminium strip

Digital twin:
Simulating production across the entire value chain by means of software tools

Electrolysis process:
Splitting a chemical compound under the influence of the electric current

Heat-treatable plates:
Aluminium plates with increased hardness achieved through special thermal processing

Homogenisation furnace:
Type of furnace used in the casthouse to produce a homogenised microstructure prior to subsequent hot rolling

Horizontal heat-treatment furnace:
Non-continuous, multizone furnace in the rolling mill, utilised for solution annealing of heat-treatable plates

Hot rolling simulation:
Computer simulation of hot rolling to make predictions about the final product prior to the actual rolling process

LIBS scrap sorting plant:
Sorting plant for mixed scrap that can be sorted accurately into several material classes by means of laser technology.

Manufacturing of rolling ingots:
Manufacturing of ingots intended for rolling that are vertically cast in the ingot casthouse

Passivation:
The oxide layer of the aluminium is replaced by an artificial barrier layer, providing a good surface for adhesively bonded joints

Precision cast plates:
Aluminium precision plates cut from rolling slabs and precision-milled on both sides

Primary aluminium:
Aluminium produced from alumina using electric power, petroleum coke, pitch and other raw materials

Rolling:
A forming process. If materials are formed at temperatures above their recrystallisation temperature, the process is referred to as hot rolling, otherwise as cold rolling

Rolling slab:
Vertically cast ingots for deployment in rolling mills

Secondary aluminium:
Aluminium alloy obtained from recycled aluminium scrap

Semi-finished aluminium:
Generic term used to describe aluminium products in the form of sheet, sections and strips, pipes etc

Smart Factory:
Production environment in which manufacturing plants and logistics systems largely organize themselves without human intervention

Sows:
Ordinary cast form for aluminium, suited for re-melting

Special rolled products:
Rolled products that are distinguished from standard products through a combination of specific properties (e.g. bright sheet)

Stretcher:
Stretchers are used to remove unevenness from sheets, strips and plates, and to reduce the material's residual stress

Two-piece ingots and horizontal direct chill cast ingots:
Ingots produced in two-part or horizontally continuous casting lines

FINANCIAL GLOSSARY

ATX Prime:
Benchmark index of the Vienna Stock Exchange that includes all stocks in the prime market segment

Backwardation:
A situation on a futures market where the spot price is higher than the futures price

Compliance:
Adherence to laws, guidelines and voluntary codes

Contango:
A situation with a commodity futures transaction where the spot price is lower than the forward price

Capital employed:
The total of average equity and average net debt (long-term and short-term interest-bearing financial liabilities less liquid assets and short-term securities)

Corporate governance:
Rules of behaviour for responsible management and controlling of companies, as set out in the Austrian Corporate Governance Code; compliance with this code is voluntary

Corporate Social Responsibility (CSR):
Term referring to voluntary initiatives implemented with a view to promoting sustainable corporate governance that extends above and beyond statutory requirements, and reflects all stakeholders' interests

Cash flow:
Financial parameter indicating the net cash received over a period of time; an indicator of a company's solvency

Coverage:
Regular reporting by analysts about a company's development

D&O: Directors and officers:
Legally liable members of company boards such as the management or supervisory board of a public limited company, or corporate officers and directors in a limited liability corporation

Derivative financial instruments:
Financial instruments whose prices are based on other investments' actual or expected prices

Dividend yield:
Ratio between a company's dividend and its share price, expressed in percent; shows the return on invested capital per share

Earnings per share:
Derived by dividing consolidated net profit or loss by the weighted average number of shares in issue

EBIT (Earnings before Interest and Tax):
A measure of operating income after taking depreciation and amortisation into account

EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation):
A measure of cash operating income

EBT (Earnings before Tax):
A measure of profit before the application of tax

Employer branding:
Corporate strategic measure utilising marketing concepts to present a company as an attractive employer overall and to establish a positive distinction from other employment market competitors

Equity ratio:
Ratio between equity and total assets

Gearing:
Ratio of net debt (long-term and short-term interest-bearing borrowings less cash and cash equivalents, and long-term and short-term securities) to equity

Hedging:
Financial risk management measures to limit or avoid the negative impact of market price changes in the areas of interest rates, currencies, asset values or commodities

ISIN (International Security Identification Number):
A reference number for securities

London Metal Exchange (LME):
One of the world's largest metals trading exchanges for spot and forward transactions

Management letter:
A document addressed to a management board with recommendations for potential improvements at the company, published by an independent auditor as part of a legally prescribed auditors' report and opinion

Market capitalisation:
Calculated by multiplying the number of a company's shares in issue by their current share price on the stock market

NOPAT (Net Operating Profit after Tax):
Earnings after tax adjusted to reflect the net interest result and related tax (tax effect deriving from the net financial result)

Price/earnings ratio (PER):
Ratio to value a share on the stock market; ratio between the current share price and earnings per share

Profit attributable to non-controlling interests:
Portion of net income attributable to non-controlling interests. If the amount is positive, a pro rata share of the consolidated subsidiary's net loss is added to consolidated profit.

ROCE (Return on Capital Employed):
NOPAT in relationship to average capital employed = profitability of capital employed

ROE (Return on Equity):
Ratio between earnings after taxes and average equity, expressed as a percentage. It shows the profitability in relation to average equity employed in the course of the financial year

Small and mid caps:
Listed companies with small or medium market capitalisations

Stakeholder:
Person with a vested interest in the conduct of a company (e.g. a shareholder, employee, customer or supplier); the stakeholder value approach assesses the company in its overall socio-economic context with a view to reconciling the needs of the various stakeholder groups

Total shareholder return:
Derived by adding together the dividend paid for a financial year and the share price appreciation realised during the year

Treasury:
Corporate department responsible for finance, market risk management and cash management

Working capital:
Comprises the balance sheet items "inventories" and "trade receivables" less "trade payables"

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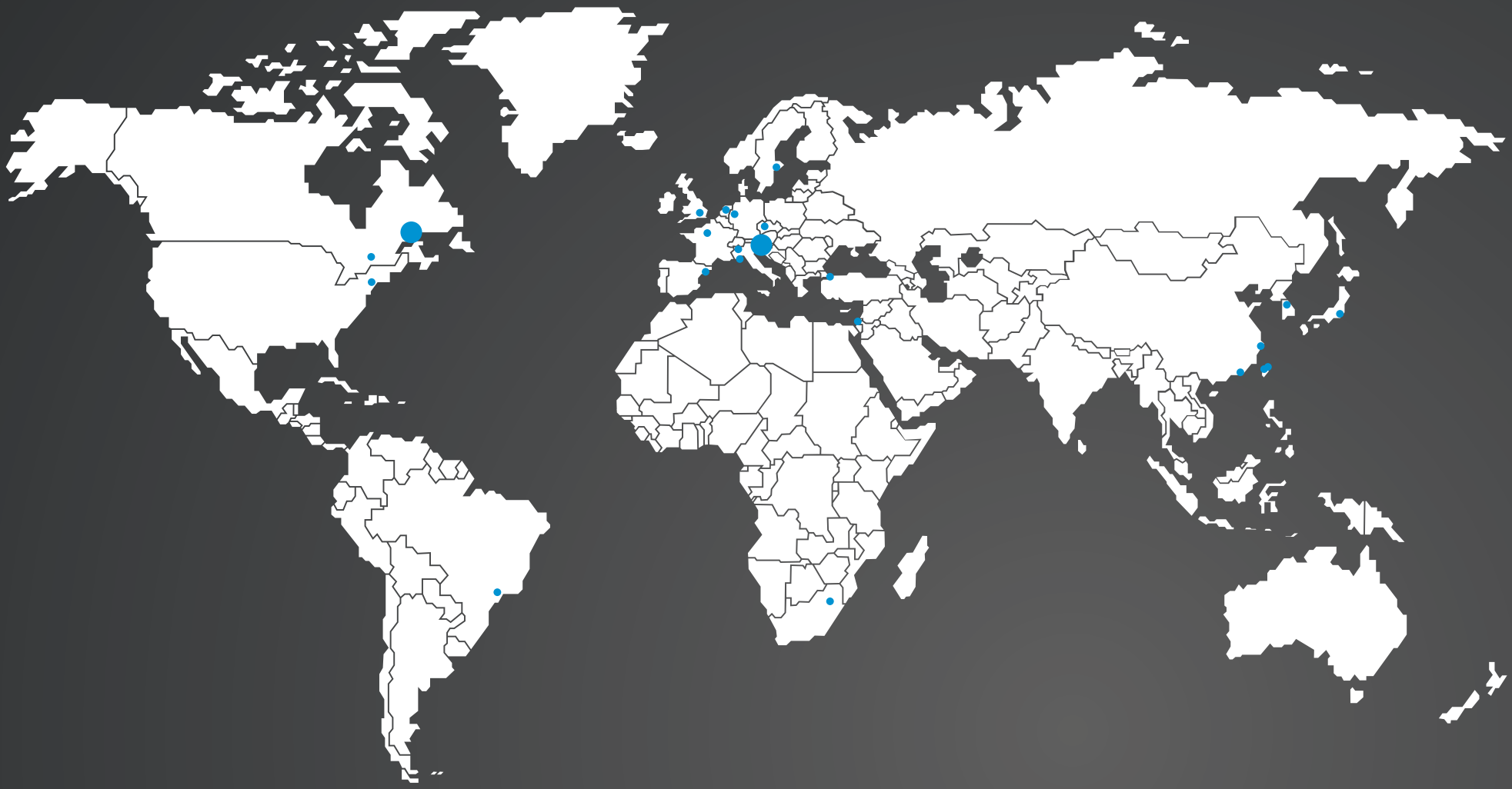

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