

AMAG Annual Report 2016

WE'RE
GROWING

WITH ITS NEW COLD ROLLING MILL,
AMAG WILL DEVELOP INTO ONE OF
THE EUROPEAN ALUMINIUM INDUS-
TRY'S MOST MODERN AND FLEXIBLE
LOCATIONS.



**+ 5.5
hectare**



**+ 100,000 to
capacity**



**+ 250
employees**



AMAG 2020
site expansion
Location: Ranshofen, Austria

Key figures for the AMAG Group

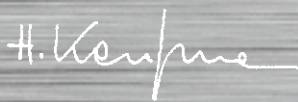
Key figures for the Group in EUR million	2016	2015 ¹⁾	Change in %	2014	2013
Shipments in tons	405,900	381,300	6.5 %	375,900	351,700
External shipments in tons	375,200	347,100	8.1 %	352,100	329,600
Group revenue	906.2	913.3	(0.8 %)	823.0	786.4
thereof, Metal Division	185.9	192.8	(3.6 %)	191.8	188.6
thereof, Casting Division	102.7	129.2	(20.5 %)	111.9	101.2
thereof, Rolling Division	611.9	585.9	4.4 %	513.8	491.0
thereof, Service Division	5.7	5.4	5.4 %	5.4	5.6
EBITDA	143.0	123.9	15.5 %	114.7	122.8
EBITDA margin	15.8 %	13.6 %	-	13.9 %	15.6 %
Operating result (EBIT)	73.0	54.7	33.4 %	59.0	72.4
EBIT margin	8.1 %	6.0 %	-	7.2 %	9.2 %
Earnings before taxes (EBT)	63.0	48.4	30.1 %	56.0	65.0
Net income after taxes	46.3	40.5	14.2 %	59.2	56.0
Cashflow from operating activities	114.9	109.9	4.5 %	95.2	122.2
Cashflow from investing activities	(185.4)	(91.2)	(103.2 %)	(118.4)	(125.2)
Total assets	1,389.7	1,104.3	25.8 %	1,087.2	933.5
Equity	630.5	638.0	(1.2 %)	623.9	584.4
Equity ratio in %	45.4 %	57.8 %	-	57.4 %	62.6 %
Working Capital Employed	256.4	238.5	7.5 %	241.6	223.7
Capital Employed	804.1	732.8	9.7 %	675.7	602.2
ROCE in %	6.5 %	6.2 %	-	9.4 %	10.1 %
ROE in %	7.3 %	6.4 %	-	9.8 %	9.9 %
Net financial debt	225.8	113.8	98.4 %	93.0	50.0
Gearing ratio in %	35.8 %	17.8 %	-	14.9 %	8.6 %
Number of employees - full-time equivalent (annual average) ²⁾	1,762	1,704	3.4 %	1,638	1,564
Stock market indicators in EUR					
Highest price	33.76	36.00	(6.2 %)	28.00	25.10
Lowest price	25.06	26.93	(6.9 %)	21.30	19.60
Closing price	33.25	32.00	3.9 %	27.50	21.68
Earnings per share	1.31	1.15	14.2 %	1.68	1.59
Price/earnings ratio (P/E ratio)	25.32	27.84	(9.0 %)	16.38	13.65
Dividend per share 3)	1.20	1.20	0.0 %	1.20	0.60
Dividend yield (related to annual average price) in %	4.0 %	3.8 %	-	4.8 %	2.6 %
Number of shares	35,264,000	35,264,000	0.0 %	35,264,000	35,264,000

1) A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see section G in the consolidated financial statements).

2) Average number of employees (full-time equivalents) including temporary help workers and excluding apprentices. Includes 20% pro rata share of labour force at Alouette smelter

3) According to proposal to the Annual General Meeting

Management Board of AMAG Austria Metall AG



Priv. Doz. Dipl.-Ing. Dr.
Helmut Kaufmann
Member of the Management Board
(Chief Operating Officer)



Dipl.-Ing.
Helmut Wieser
Chairman of the Management Board
(Chief Executive Officer)



Mag.
Gerald Mayer
Member of the Management Board
(Chief Finance Officer)

Dear reader, valued friends of the company,

All the signs at AMAG are pointing to growth – and to growth in many directions. With our 2016 annual report, we would like to show vividly how we are jointly creating the cornerstones for our future growth and expansion, and thereby successfully shaping the future for AMAG.

First of all, good growth prospects for aluminium form an outstanding starting base. Market research institute CRU forecasts attractive annual rates of increase of up to 4 % up to 2021 for the consumption of primary aluminium and rolled products. The transportation industry, whose annual demand for aluminium rolled products is set to rise by 8 % per year over the coming five years, is an important driver here.

Especially the trend to increasingly lightweight design in the automotive area is benefiting us. Legislation in various countries and regions is forcing automotive manufacturers to reduce their fleets' CO₂ emissions. Lightweight design, especially with aluminium, plays a key role in reaching such objectives. AMAG is an innovation partner to the transportation industry for many years. We are one of just a few producers worldwide that supply both the aerospace and automotive industries with high-quality aluminium rolled products. And it is precisely this expertise in a

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**AMAG is an
innovation partner
to the
transportation
industry for many
years.**
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large number of different alloys and application areas that we deploy to support our customers with innovative and customised products.

We will further extend this role as an innovation and growth partner to our customers with our current plant expansion in Ranshofen. The ramp-up of the new hot rolling mill that was commissioned at the end of 2014 continued successfully during the course of the 2016 financial year. The „AMAG 2020“ expansion project is also continuing to run fully on budget and on schedule. Construction of the approximately 55,000 m² building is already almost completed and the assembling of the plants has been started. This expansion project, weighing in at around EUR 300 million, will be commissioned in mid-2017. With the new cold rolling mill and further finishing plants, we will significantly expand our capacities mainly in the area of cold rolled and heat treated aluminium sheets, and expand our product range to include larger formats. While in the past we were mainly limited in terms of product width, due to the new plants we can also offer our customers a comprehensive product range.

Our customers highly appreciate our growth path we have charted. We signed a new multi-year contract with Airbus in July 2016 entailing a significant increase in business volume from 2017, for example. This is the largest contract that Airbus and AMAG have ever agreed, and will further strengthen our position as an acknowledged supplier to the aircraft manufacturing industry.

Moreover, we will expand our casting and recycling capacities in accordance with our growth program. A new casting plant for rolling slab production will be opened in 2017, for example. As input material to manufacture our own rolling slabs and foundry alloys we use 75 to 80 %

Our customers
highly appreciate
our growth path we
have charted.

aluminium scrap. Recycling aluminium scrap requires up to 95 % less energy than primary aluminium production, which benefits the environment without compromising on quality.

2016 was also a
successful year in
financial terms.

2016 was also a successful year in financial terms, and confirms the growth track we are pursuing. We boosted AMAG Group shipment volumes by 6.5 % to a new record level of 405,900 tonnes. Earnings before interest, tax, depreciation and amortisation (EBITDA) rose by 15.5 % year-on-year to EUR 143.0 million. This especially reflected additional capacity from the new hot rolling mill, which enabled higher shipments and accounted for a significant share of the earnings growth in the Rolling Division. In the Metal Division, we benefited from consistent cost optimisation and more favourable raw materials costs, which more than offset the aluminium price effect. However, we also achieved a solid result in the Casting Division when taking economic conditions into account, thereby making a solid contribution to AMAG's results.

The year-on-year improvement in operating results is also reflected in higher net income after taxes in 2016, which at EUR 46.3 million was 14.2 % above the previous year's EUR 40,5 million. Cash flow from operating activities also improved from EUR 109,9 million to EUR 114.9 million, enabling us to finance a significant proportion of our high level of investment expenditure out of our own funds. Given this positive trend, we consequently propose to the Annual General Meeting that a dividend of EUR 1.20 per share also be distributed for the 2016 financial year, which corresponds to a dividend yield of 4.0 % on the basis of the average share price in 2016.

We are also taking an positive view of the 2017 financial year. First and foremost, the commissioning and ramp-up of the new cold rolling mill in the new financial year will be a major highlight; hereby we will be able to increase shipment volumes in the Rolling Division. In the Metal Division, we will also benefit from more favourable energy costs for the Alouette smelter from 2017 due to the renegotiated electricity contract. Overall, however, the results of this division, and consequently of the AMAG Group too, will depend significantly on the further trend in the aluminium price. As past experience shows, the aluminium price tends to high volatility, and from today's perspective it is still too early to provide a precise results forecast for the AMAG Group. However, we are confident that we can at least achieve the EBITDA level of the 2016 financial year.

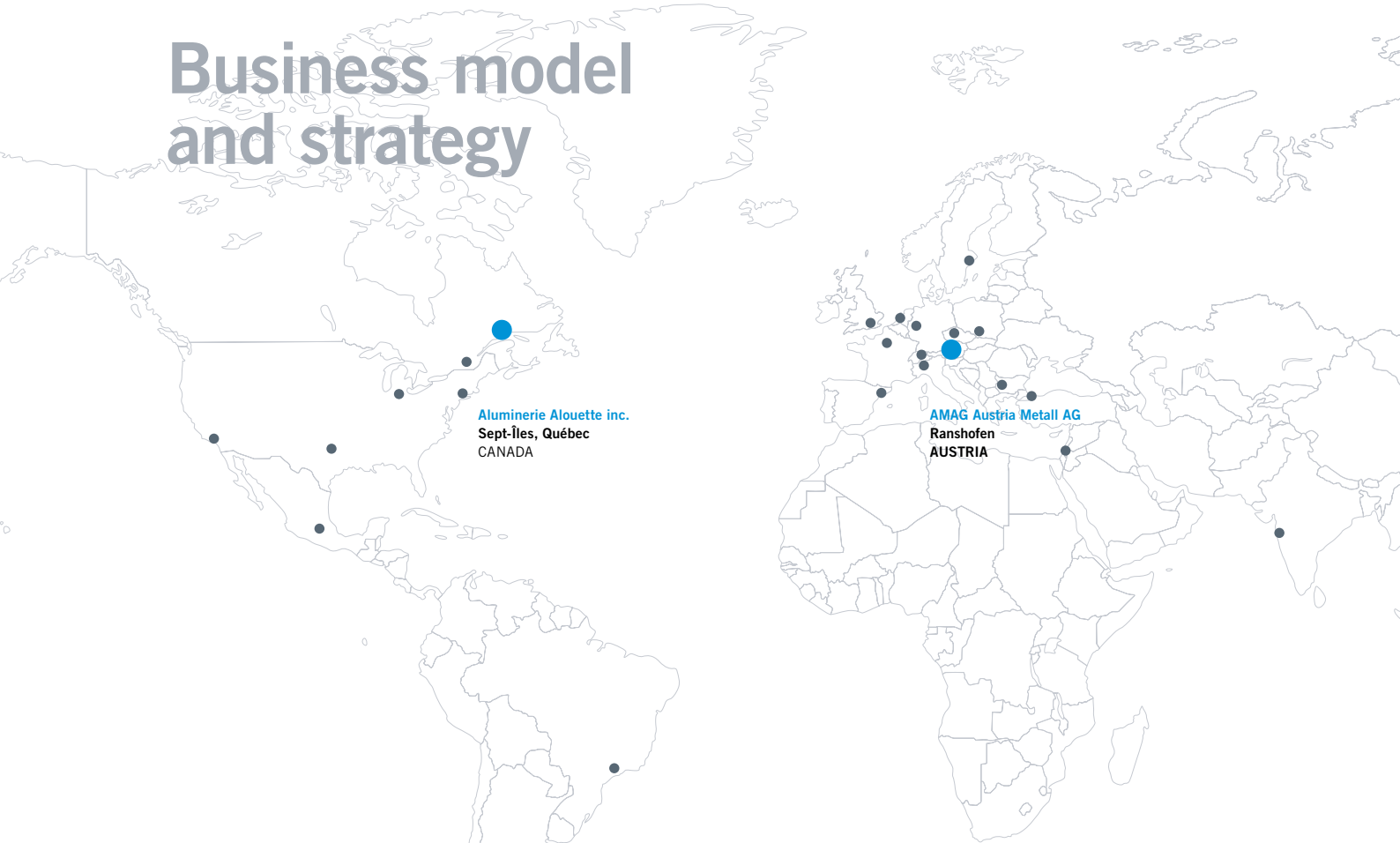
WE'RE
GROWING

... STRATEGY AND SUSTAINING

EGICALLY

ABLY

Business model and strategy



Shipments in tonnes	121,200	86,700
External shipments in tonnes	115,200	62,000
External revenue in EUR million	185.9	102.7
Employees	195	125
Products	Primary aluminium Access to raw materials market	High-quality recycled aluminium foundry alloys
Division ¹⁾	METAL	CASTING

1) 2016 figures



AMAG is a producer of high-quality aluminium products for further processing in a large number of growth sectors, and operates two manufacturing sites.

AMAG owns a 20 % interest in the Alouette smelter in Canada, thereby securing its own primary metal supplies. The smelter has an annual total capacity of around 600,000 tonnes and is consequently the largest smelter in North and South America. Thanks to hydropower electricity and its high energy efficiency, Alouette is distinguished in the sector by an excellent environmental balance, and will also rank among the most cost efficient smelters worldwide, especially due to its new electricity tariffs from 2017.

At AMAG Group headquarters – the integrated site in Ranshofen, Austria – the company manufactures recycling foundry alloys, as well as high-quality aluminium rolled products in the form of aluminium sheets, strips and plates – with a disproportionally high share of special products on a sector comparison.

198,000
198,000
611.9
1,309

High-quality aluminium rolled products

ROLLING

5.7
133

Group management Services at the Ranshofen site

SERVICE

405,900
375,200
906.2
1,762

GROUP

Top AMAG products for various industries

Primary aluminium

Sows and ingots

Foundry alloys

Liquid aluminium, ingots and sows for the use in die casting

Rolled products

Aluminium sheets and plates

- + High strength materials
- + Tread plate
- + Bright products
- + Brazing sheet
- + Foil stock
- + Precision plates
- + Cathode sheets



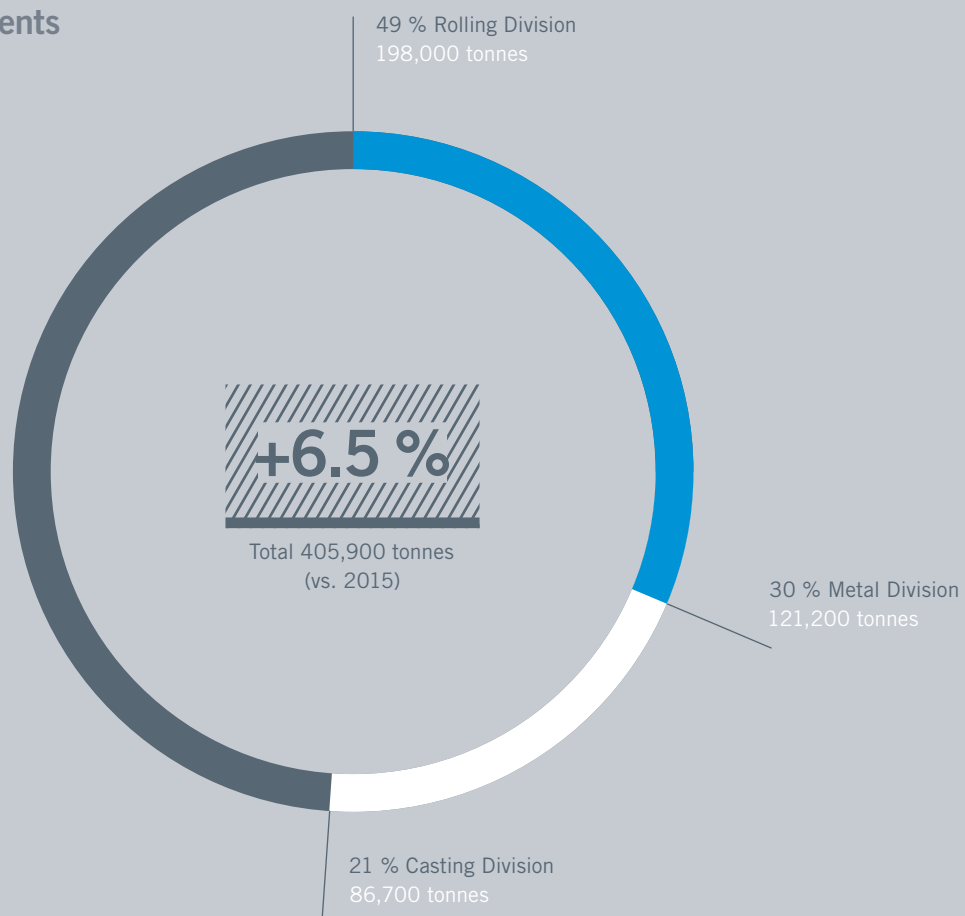
AMAG's high-quality cast and rolled products are used in numerous industries enjoying strong growth prospects

Besides the transport industry (particularly the aviation and automotive industries), AMAG supplies the construction, engineering, sports equipment, electronics and packaging industries. Our aluminium is also a key input material for renewable energy generating plants such as wind farms.

AMAG products are shipped worldwide. The Group's sales revenue generated abroad amounts to 85 %. Sales are handled by the company's headquarters, supported by sales offices in Germany, United Kingdom, France, Italy, the Netherlands, the Czech Republic, Spain, Taiwan, South Korea, Turkey and the USA. Together with further commercial agencies, the AMAG Group is represented overall in more than 20 countries on four continents.

Broad portfolio of specialty products

Shipments 2016



Dynamic market growth

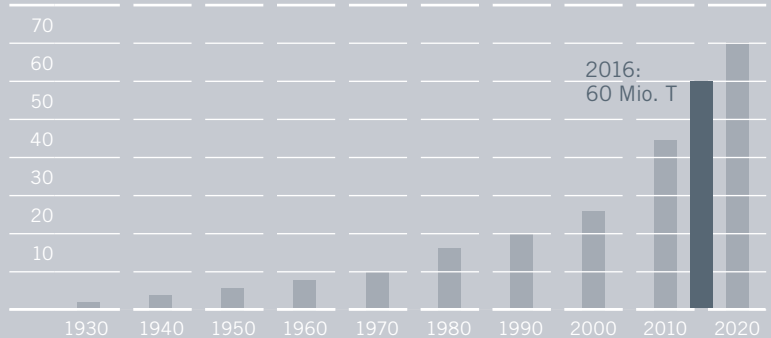
When seen in terms of the history of industry, aluminium is a very young metal, but has developed into industry's second most important metal within just a few decades due to its outstanding properties.

The low specific weight coupled with high strength, conductivity, recyclability and not least valued optical attractiveness of aluminium and its alloys enable it to be deployed in varied ways in highly different application areas. Therefore, it is no surprise that global primary aluminium demand has risen so dramatically over the past decades and is set to increase by a further 10 million tonnes over the coming five years.

A significant share of primary aluminium is deployed in aluminium rolled products. Their outstanding growth prospects form the basis for the current plant expansion at Group headquarters in Ranshofen. Global demand for aluminium rolled products amounted to 25.0 million tonnes in 2016, reflecting 4 % year-on-year growth. Demand over the next five years is expected to increase by around 4 % annually according to current market forecasts.

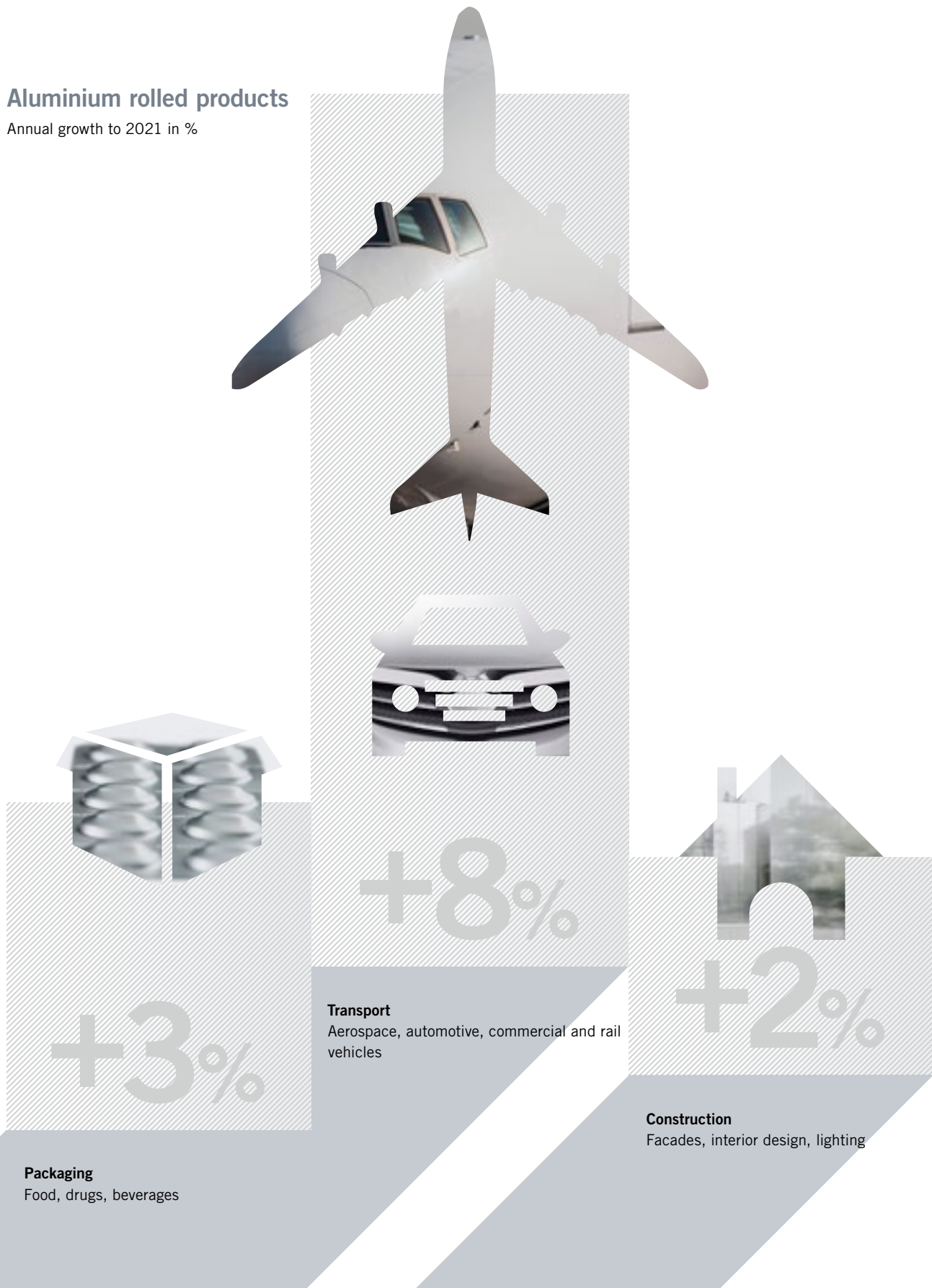
Above all, demand is set to grow significantly from the transportation sector. Here, AMAG is represented with its top products in both the aerospace and automotive industries. While aerospace already exhibits very high aluminium penetration, the automotive industry is recording very high growth dynamics in the demand for aluminium rolled products due to substitution by aluminium, as legislation in various countries and regions is forcing automotive manufacturers to reduce CO₂ emissions and consequently focus on lightweight design. In this context, deploying aluminium in hang-on-parts, such as hoods and fenders, play an important role in reducing weight, and consequently emissions.

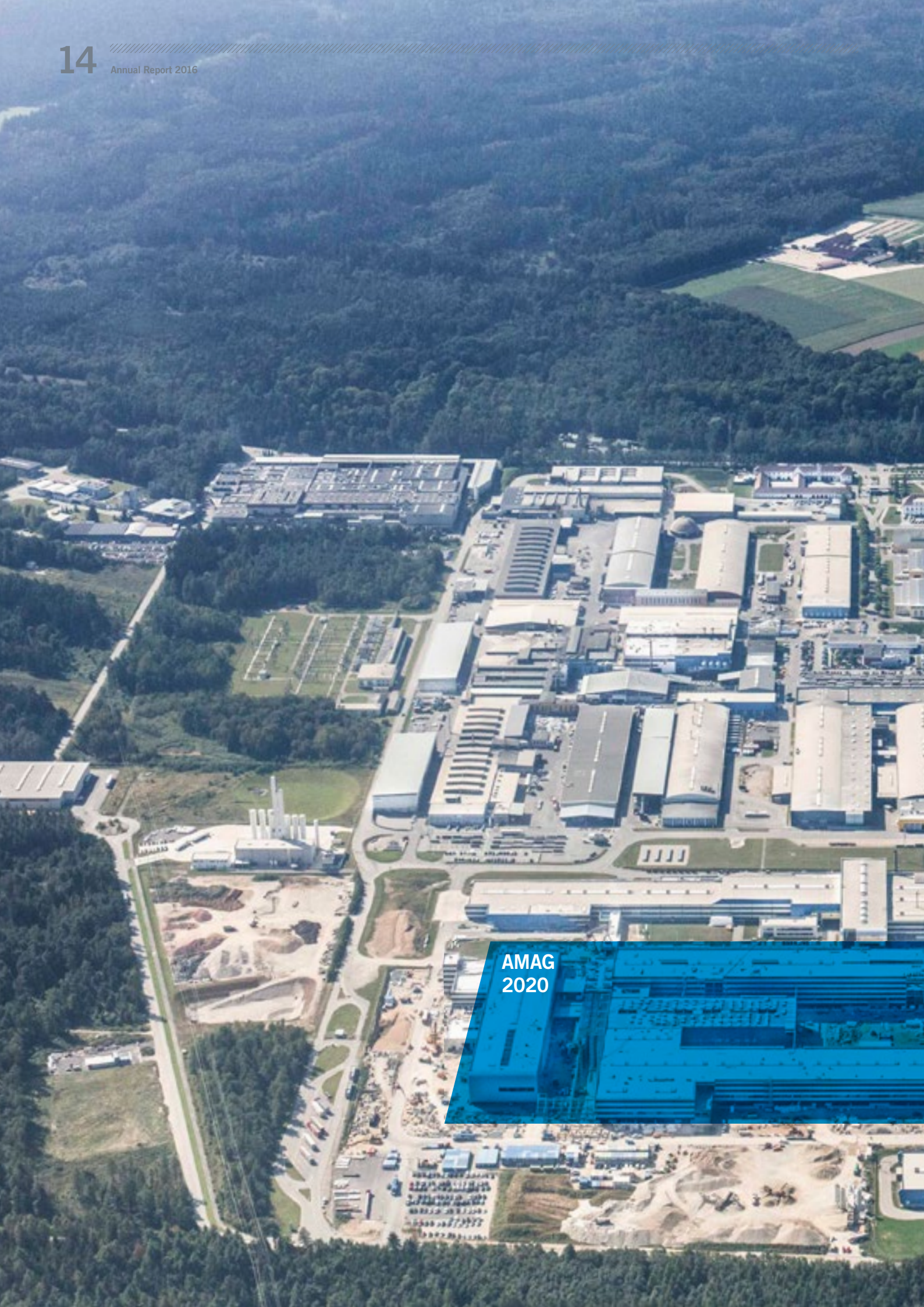
Primary aluminium consumption in million tonnes



Aluminium rolled products

Annual growth to 2021 in %





AMAG
2020

Growth at the Ranshofen site

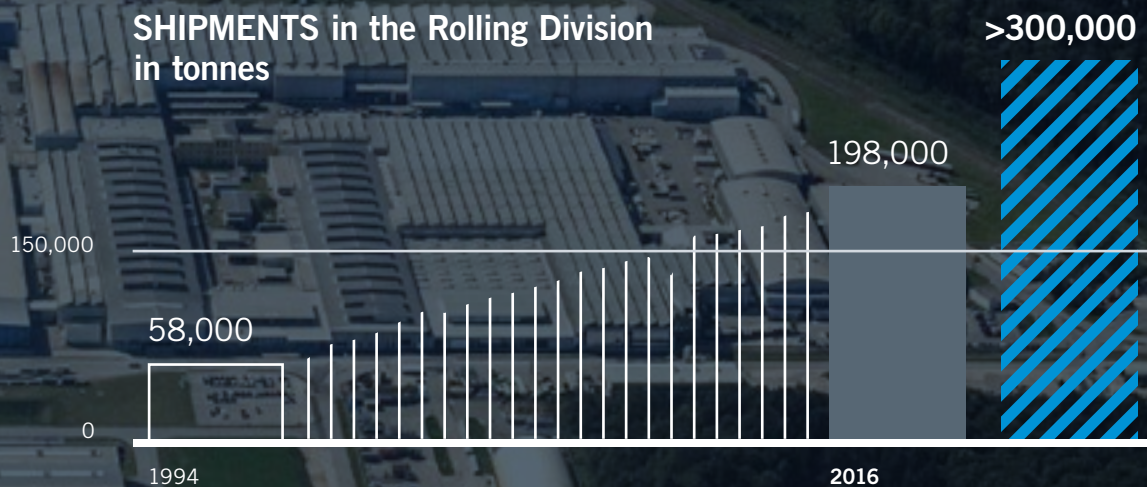
Due to outstanding market prospects and rising customer demands, a strategic growth path was adopted with the plant expansion in Ranshofen.

This plant expansion comprises the two large-scale projects „AMAG 2014“ and „AMAG 2020“, and will increase the capacity for aluminium rolled products to more than 300,000 tonnes. Total investments on these two projects amount to around EUR 520 million.

With these projects, the Ranshofen site is developing into one of the European aluminium industry's most modern locations and will thereby further extend AMAG's role as an innovation and growth partner for its customers from various industries.

With these investments, AMAG is creating the potential to offer its customers a nearly complete product range. With the commissioning of the new cold rolling mill and further finishing plants planned for mid-2017, the product portfolio will be expanded to include cold rolled and heat treated sheet exceeding two metres width. This will position AMAG as a full range supplier of aluminium rolled products for highly varied sectors and customers.

SHIPMENTS in the Rolling Division in tonnes



Growing responsibly

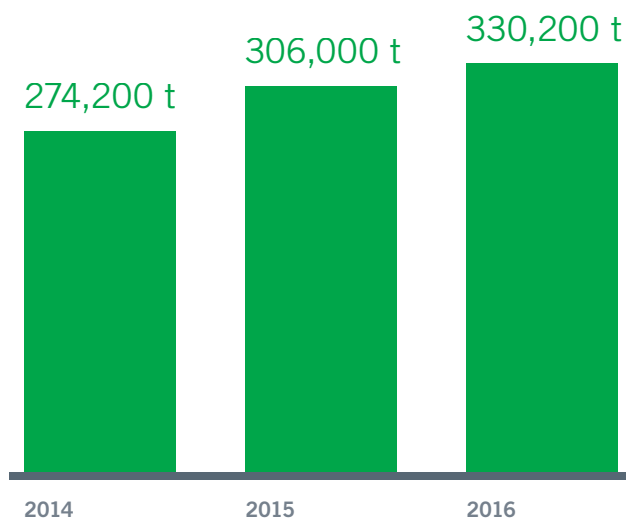
Due to the special characteristic of aluminium enabling recycling without loss of quality, aluminium scrap can be reintroduced repeatedly into the value creation chain and utilised to manufacture high-quality aluminium products.

AMAG is a founding member of the Aluminium Stewardship Initiative (ASI). This initiative established the first standard worldwide for the responsible handling of aluminium across the entire value chain – from production through to recycling.

With an input ratio between 75 and 80 %, aluminium scrap is the most important raw material used at the Ranshofen site. This not only reduces manufacturing costs but is also environmentally compatible, as using aluminium scrap saves up to 95 % energy compared with primary metal production.

AMAG uses a large number of different scrap processing and smelting technologies at its Ranshofen site, requiring and utilising highly differing alloys and aluminium scrap types as a consequence. AMAG has an extensive dealer network and is also advancing the closed-loop approach together with its customers. In other words, fabrication scrap is sorted and returned, and remelted, thereby serving as starting material for AMAG's high-quality products.

Usage of scrap at Ranshofen site in tonnes

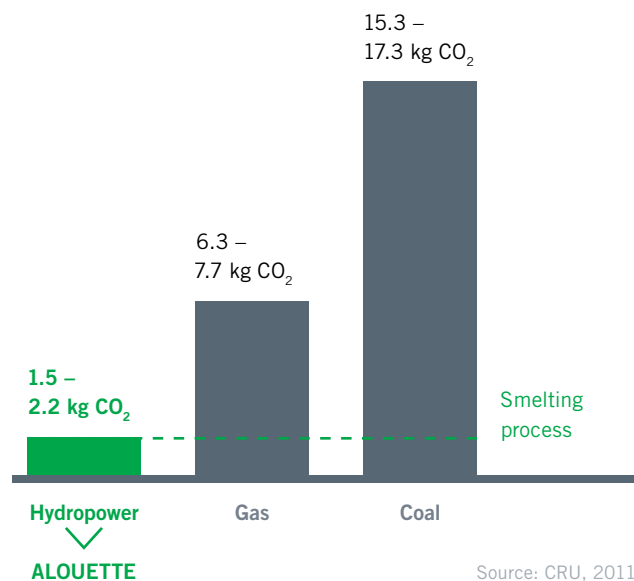


In accordance with the planned increasing of shipment volumes, recycling capacities at the Ranshofen location are also being expanded as part of the „AMAG 2014“ and „AMAG 2020“ expansion projects. Constructing additional smelting and casting capacities for the company's own rolling slab production as well as further investments in scrap processing and sorting will significantly increase aluminium scrap utilisation in the coming years.



In view of the rising demand for aluminium products, primary aluminium manufacturing remains essential. At the Alouette smelter in Canada, where AMAG holds a 20 % interest, the highest ecological standards are adhered to. Alouette is not only distinguished as a global benchmark in the energy efficiency area but also uses hydropower electricity. Accordingly, no CO₂ emissions arise in electricity generated for Alouette.

CO₂ emissions from producing 1 kg of aluminium by energy source



Source: CRU, 2011

To our shareholders



ETHER

Report of the Supervisory Board



Dear ladies and gentlemen,

In the 2016 financial year, the Supervisory Board performed 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 informed the Supervisory Board constantly about important matters. Current specific topics and projects were discussed in regular conversations between the Management Board and the Supervisory Board Chairman.

The Supervisory Board of AMAG Austria Metall AG received the AREX award in the "listed companies" category in 2016. The AREX award for supervisory board excellence was arranged by Board Research, KPMG and Comgest, and reflects the performance and collaboration by the entire Supervisory Board.

Main topics of the meetings

The Supervisory Board of AMAG Austria Metall AG met on February 24, June 8, September 19 and November 17, 2016, in accordance with the obligations laid out by law and the articles of incorporation. These meetings included discussions with the Management Board on the course of business, and the Group's current performance and strategic development. In particular, regular reports were made concerning the progress achieved with the "AMAG 2014" and "AMAG 2020" large-scale investment projects. Future business policy, and future financial position and performance trends, were agreed as part of the forecast for 2017, as well as the medium-term planning through to 2026. The contract of Management Board Chairman Dipl.-Ing. Helmut Wieser (CEO) was extended for the period from January 1, 2016 until December 31, 2018. The Supervisory Board also concerned itself with the compliance officer's annual activity report, and with anticorruption measures and the Supervisory Board's self-assessment.

Moreover, the Supervisory Board of AMAG Austria Metall AG reconstituted itself at its April 12, 2016 meeting. Some of the members of the Strategy Committee were newly elected. The members of the Audit, Nomination and Remuneration committees, as well as of the Committee for Urgent Matters, were re-elected on an unchanged basis.

Supervisory Board and committees

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

The Remuneration Committee of the Supervisory Board of AMAG Austria Metall AG met three times during the reporting year. Representatives of the auditor also attended these meetings in order to report on their activities and findings by way of a management letter. In addition, specific accounting topics were discussed in the presence of the auditor. Along with examining and preparing the approval of the separate and consolidated annual financial statements, the Audit Committee also concerned itself with the 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 subjected to critical scrutiny and monitoring. 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. It concerned itself with the CEO's reappointment, submitting corresponding resolution proposals to the Supervisory Board.

The Remuneration Committee of AMAG Austria Metall AG met three times during the reporting year. Target agreements with the Management Board were handled in depth. The Remuneration Committee also concern itself with extending the contract of Management Board Chairman Dipl.-Ing. Helmut Wieser (CEO).

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

Corporate governance

The Supervisory Board of AMAG is committed to adhering to 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.

Audit and approval of the 2016 annual financial statements

The separate annual financial statements, management report and corporate governance report of AMAG Austria Metall AG prepared by the Management Board, as well as the consolidated financial statements prepared in line with the International Financial Reporting Standards (IFRS), the Group management report as of December 31, 2016, and the disclosures required pursuant to Section 245a of the Austrian Commercial Code (UGB), were audited by auditors Deloitte Audit Wirtschaftsprüfungs GmbH (appointed pursuant to Section 270 UGB), and awarded an unqualified audit opinion. The Supervisory Board, in the auditor's presence, examined in the meaning of Section 96 of the Austrian Stock Corporation Act (AktG) the separate and consolidated annual financial statements, the management report and Group management report as well as the corporate governance report, the proposal for the distribution of profit, and the management letter with the audit findings, and approved them on February 27, 2017. The Supervisory Board concurs with the Management Board's proposal for the application of profits, whereby a dividend of EUR 1.20 per dividend-entitled share is to be distributed, with the remaining amount to be carried forward to a new account. The separate annual financial statements have thereby been adopted pursuant to Section 96 (4) of the Austrian Stock Corporation Act (AktG).

Thanks

The Supervisory Board would like to express its thanks and recognition for the hard work of the Management Board as well as all employees at AMAG. Without their personal input, the gratifying results would not have been possible within an economic environment that not always proved to be easy.

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

Ranshofen, February 27, 2017



Dr. Josef Krenner
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 managing and supervising companies. The Code aims to promote the management and controlling of companies and corporate groups based on 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 basis for the Code published at www.corporate-governance.at is formed by the guidelines of the Austrian Stock Corporation Act (UGB), the Stock Exchange Act and the Capital Market Act, EU recommendations on tasks of Supervisory Board members and remuneration of Management Board members, as well as OECD guidelines on corporate governance, in its principles. This Corporate Governance Report is based on the status of the revised Code published in January 2015.

The Code, which requires voluntary commitment, was recognised and implemented by the Management and Supervisory boards of AMAG Austria Metall AG in the 2016 financial year. AMAG Austria Metall AG is consequently committed to adhering to the Austrian Corporate Governance Code in its latest version.

AMAG Austria Metall AG adheres to all "L rules" and "C rules"²⁾. For the 2017 financial year, an evaluation of compliance with all C rules is to be implemented by an external institution as prescribed by C Rule 62.

Composition of the Management Board

The composition of the Management Board was unchanged compared with the previous year. The Management Board contract of Dipl.-Ing. Helmut Wieser was extended until December 31, 2018.

Dipl.-Ing. Helmut Wieser (1953)

Chairman of the Management Board, Chief Executive Officer

First appointed as Management Board member: March 1, 2014, first appointed as Management Board Chairman (CEO): April 1, 2014

Contract expires on: December 31, 2018

Allocated Group functions: Strategy and Group Communications, Investor Relations, Human Resources, Key Accounts Sales, Purchasing, Service and Infrastructure

Supervisory board mandates held at other companies: OJSC Novolipetsk Steel (NLMK), Russia; RAIN CII, the holding company of Rütgers GmbH, Belgium

Priv. Doz. Dipl.-Ing. Dr. Helmut Kaufmann (1963)

Management Board member, Chief Technology Officer

Appointed on: February 18, 2011, initial appointment to the predecessor company Austria Metall AG in September 2007

Contract expires on: December 31, 2019

Allocated Group functions: AMAG casting GmbH, AMAG rolling GmbH, Corporate Technology, Business Development, Sales, Investment Planning, Occupational Safety, Commercial Law Management and Management Systems

Supervisory board mandates at other companies: -

Mag. Gerald Mayer (1971)

Management Board member, Chief Finance Officer

February 18, 2011, initial appointment to the predecessor company Austria Metall AG in September 2007

Contract expires on: December 31, 2019

Allocated Group functions: Financing, Controlling and Reporting, Financial Accounting, Information Technology, Legal, AMAG metal GmbH (Managing Director) and AMAG service GmbH

Supervisory board mandates at other companies: -

2) The Corporate Governance Code includes the following rules: "L rules" (= Legal), measures prescribed by law; "C rules" (Comply or Explain), where non-compliance must be justified and explained; "R rules" (Recommendations), recommendations that AMAG Austria Metall AG complies with as far as possible.

Composition of the Supervisory Board

The composition of the Supervisory Board has not changed during 2016.

Dr. Josef Krenner (1952)

Supervisory Board Chairman

First appointed: May 16, 2012

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2017 financial year

Supervisory board mandates at other listed companies: Lenzing AG

Dr. Hanno M. Bästlein (1963)

First Deputy Supervisory Board Chairman

First appointed: April 10, 2014

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2016 financial year

Supervisory board mandates at other listed companies: Lenzing AG (Chairman)

Dipl.-Ing. Gerhard Falch (1948)

Deputy Supervisory Board Chairman

First appointed: April 10, 2014

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2016 financial year

Supervisory board mandates at other listed companies: -

Dr. Heinrich Schaller (1959)

Deputy Supervisory Board Chairman

First appointed: May 16, 2012

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2017 financial year

Supervisory board mandates at other listed companies: voestalpine AG (Deputy Chairman), Raiffeisen Bank International AG (Deputy Chairman)

Dr. Franz Gasselsberger, MBA (1959)

Supervisory Board member

First appointed: May 16, 2012

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2017 financial year

Supervisory board mandates at other listed companies: Bank für Tirol und Vorarlberg AG (Chairman), BKS Bank AG (Deputy Chairman), voestalpine AG, Lenzing AG

Otto Höfl (1946)

Supervisory Board member

First appointed: March 21, 2011

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2017 financial year

Supervisory board mandates at other listed companies: -

Mag. Patrick F. Prügger (1975)

Supervisory Board member

First appointed: May 16, 2012

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2017 financial year

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 Annual General Meeting that passes a resolution concerning the discharge for the 2017 financial year

Supervisory board mandates at other listed companies: -

Dipl.-Ing. Franz Viehböck (1960)

Supervisory Board member

First appointed: April 16, 2015

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2017 financial year

Supervisory board mandates at other listed companies: -

Works Council delegates

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

Herbert Schützeneder (1957)

Supervisory Board member

Delegated: April 14, 2011

Mandate expires: December 31, 2016

No Supervisory Board member was absent from more than half of the Supervisory Board meetings during the past financial year.

Disclosures on the independence of Supervisory Board members

With the exception of Gerhard Falch, all members of the Supervisory Board elected by the Annual General Meeting have confirmed that they view themselves as independent based on the criteria defined by the Supervisory Board (rule 53). The criteria defined by the Supervisory Board for independence largely correspond with Annex 1 of the Austrian Corporate Governance Code.

Due to the low free float of below 20 %, rule 54 is no longer applicable for AMAG.

Supervisory Board committees

The articles of incorporation empower the Supervisory Board to form committees from within its ranks and to define their tasks and rights. Committees can also be granted the right to decision-making. The employee representatives appointed to the Supervisory Board have the right to nominate members to Supervisory Board committees in line with the ratio specified in Section 110 (1) of the Austrian Work Organisation Act (ArbVG). This does not apply for committees that handle relationships between the company and its Management Board members.

Audit Committee

The Audit Committee is responsible for the auditing and preparation of the adoption of the separate annual financial statements, the proposal for distributing profit, the management report and the examination of the risk management system. It is also tasked with examining the consolidated financial statements as well as submitting a proposal for the selection of the auditor.

Members of the Audit Committee as of December 31, 2016:

- + Mag. F. Patrick Prügger (Chairman and finance expert)
- + Dr. Josef Krenner (Deputy Chairman)
- + Dr. Hanno M. Bästlein
- + Dr. Heinrich Schaller
- + 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 also has to provide its agreement to appointing and dismissing Group companies' CEOs.

Members of the Nomination Committee as of December 31, 2016:

- + Dr. Josef Krenner (Chairman)
- + Dr. Hanno M. Bästlein (Deputy Chairman)
- + Mag. Patrick Prügger
- + Dr. Heinrich Schaller
- + 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, 2016:

- + Dr. Hanno M. Bästlein (Chairman)
- + Dr. Josef Krenner (Deputy Chairman)
- + Dr. Heinrich Schaller
- + Dipl.-Ing. Franz Viehböck
- + Max Angermeier
- + Robert Hofer

Remuneration Committee

The Remuneration Committee is responsible for drafting, concluding, amending and terminating employment agreements with Management Board members. Moreover, it regularly examines the remuneration policy and checks on the execution and enforcement of Management Board agreements.

Members of the Remuneration Committee as of December 31, 2016:

- + Dr. Josef Krenner (Chairman)
- + Dr. Hanno M. Bästlein (Deputy Chairman)

Committee for Urgent Matters

The Committee for Urgent Matters is authorised to make decisions which, due to particular urgency, cannot be postponed until the next ordinary Supervisory Board meeting.

Members of the Committee for Urgent Matters as of December 31, 2016:

- + Dr. Josef Krenner (Chairman)
- + Dr. Hanno M. Bästlein (Deputy Chairman)
- + Dipl.-Ing. Gerhard Falch
- + Dr. Heinrich Schaller
- + Max Angermeier
- + Robert Hofer

Number and main focuses of Supervisory Board and committee meetings

The Supervisory Board of AMAG Austria Metall AG carried out the tasks assigned to it according to the law and articles of incorporation in the 2016 financial year as part of five ordinary Supervisory Board meetings, including one constitutive meeting. In addition to the ongoing reporting on the current business and financial situation of the AMAG Group, these meetings especially addressed progress made with the "AMAG 2014" and "AMAG 2020" expansion projects. Further focus topics of the Supervisory Board meetings included extending the Management Board contract of Dipl.-Ing. Helmut Wieser, the 2017 budget, and medium-term planning up to 2026. Some Strategy Committee members were newly elected at the inaugural Supervisory Board meeting. No changes were made to the other committees.

At its three meetings, the Audit Committee focused on preparing and examining the consolidated and separate financial statements, the audit findings for 2015 and the audit planning of the auditor for 2016 as well as the effectiveness and functionality of the internal control system, risk management and specific accounting issues.

The Remuneration Committee convened three times during the 2016 financial year. Focus areas included target agreement discussions and the extension of the contract with Management Board Chairman Dipl.-Ing. Helmut Wieser.

The Nomination Committee met once in 2016, concerning itself at this meeting with the CEO's reappointment.

At the one meeting it held, the Strategy Committee concerned itself particularly with the "AMAG 2020" expansion project and AMAG's further strategic development.

Remuneration report for the Management and Supervisory boards

Management Board remuneration

Pursuant to the Management Board contracts valid from 2016, remuneration for the Management Board consists of a current fixed and variable component, as well as a long-term performance-based component.

The measurement basis for the current variable component includes ROCE and personal qualitative targets. Current variable compensation is limited to 75 % of annual basic salary. The ratio of fixed to current variable compensation for the Management Board amounted to around 56 % to 44 % in the 2016 financial year. The calculation of the long-term performance-based component is based on the future development of the equity value of AMAG Austria Metall AG up to the respective contractual duration of the individual Management Board members. The equity value consists of the net debt and the multiplication of the average operating earnings of the respective last four years by a predefined factor. The payout and level of this long-term remuneration component depends on the equity value growth achieved until the respective contract end and on the extension of the Management Board contract. The level of this long-term compensation component is limited to between 100 % to 155 % of the corresponding fixed compensation for the period. A total of EUR 1,650 thousand was provisioned in the 2016 financial year, should the corresponding targets not be achieved in full in 2018 and 2019.

A defined contribution pension scheme exists for all Management Board members. The expenses totalled EUR 123,000 (2015: EUR 112,750) and are contained in the reported current fixed remuneration. Additionally a defined-benefit pension exists for one Member of the Management Board due to his previous position in AMAG. For this an amount of EUR 103,000 was recognised without affecting the income statement.

A change of control clause exists for all Management Board members. A severance entitlement does not exist for the instance that a Management Board contract is dissolved for this reason.

D&O insurance (directors & officers insurance) exists, with the company bearing its costs.

Ongoing Management Board remuneration in EUR thousand

	2016			2015		
	Ongoing fixed compensation	Ongoing variable compensation*	Sum	Ongoing fixed compensation	Ongoing variable compensation*	Sum
Dipl.-Ing. Helmut Wieser	627.5	602.0	1,229.4	560.2	695.0	1,255.2
Dr. Helmut Kaufmann	465.4	307.1	772.4	426.2	320.0	746.2
Mag. Gerald Mayer	465.4	307.1	772.4	426.2	320.0	746.2
Summe	1,558.2	1,216.1	2,774.3	1,412.6	1,335.0	2,747.6

*includes an adjustment of the final account for the previous fiscal year

Supervisory Board remuneration

The principles of remuneration for members of the Supervisory Board are regulated in the articles of incorporation (section 13), which are published on the website.

In accordance with the resolution of the Annual General Meeting 2016, the remuneration for the Supervisory Board in the 2016 financial year including attendance fees was EUR 474.0 thousand.

Paid remuneration for members of the Supervisory Board in EUR thousand	2016
Dr. Josef Krenner	106.7
Dr. Hanno M. Bästlein	87.0
Dipl.-Ing. Gerhard Falch	40.0
Dr. Heinrich Schaller	70.3
Dr. Franz Gasselsberger, MBA	40.3
Otto Höfl	25.0
Mag. Patrick F. Prügger	56.7
Prof. Dr. Sabine Seidler	24.0
Dr. Peter Uggowitz	5.0
Dipl.-Ing. Franz Viehböck	19.0
Summe	474.0

Equal opportunities for women in the Management Board, Supervisory Board and leading positions

Prof. Sabine Seidler, Rector of Vienna University of Technology, became the first female member of the AMAG Supervisory Board in May 2012. The proportion of women in the AMAG Group was unchanged at 13 % in the 2016 financial year. The proportion of women apprentices stood at 27 %. No explicit "female quotas" exist at any of the AMAG Group companies. The continued low ratio compared to other industries is largely due to industry-specific reasons.

AMAG is committed to ensuring equal opportunities in the workplace and works hard to ensure that female employees or not disadvantaged in any way.

Austrian Regulation on Compliance for Issuers

According to the Stock Exchange Act and Austrian Regulation on Compliance for Issuers from the Financial Market Authority, a set of guidelines is in force concerning "the principles for the disclosure of information within the company as well as relevant organisational

measures for avoiding the misuse of insider information". This regulation was fully reworked in 2016 in connection with the EU Market Abuse Regulation.

A compliance officer and two deputies have been appointed, and they are responsible for the ongoing monitoring of adherence to the relevant provisions and reporting directly to the Management Board on compliance issues.

The tasks of the compliance officer are also recorded in the AMAG internal control system and the execution of these tasks is regularly checked as part of this system. AMAG employees receive ongoing issuer compliance training.

Pursuant to the Austrian Stock Exchange Act and the Austrian Regulation on Compliance for Issuers, the dealings of Management and Supervisory board members in financial instruments of AMAG Austria Metall AG are published on AMAG's website and via an electronic information distribution system.

No infringements of compliance provisions were identified in 2016.

AMAG Code of Ethics and Conduct

The company has very high ethical standards. AMAG is conscious of its role as a leading company in Upper Austria, and the responsibility to society, business partners, employees and shareholders that this position entails. The Code of Ethics creates the framework for these standards, and it exists as an internal set of guidelines. It is published on the AMAG website.

Since 2013, a guideline for preventing corruption has also been in place. In an effort to prevent corrupt dealings within AMAG and to support employees in carrying out their work in a moral, legal and ethical manner, clear rules of behaviour have been defined.

AMAG has an internal control structure and an open corporate culture, so that in addition to adhering to the relevant legal provisions, infringements against internal guidelines should also therefore be avoided. Involvement in the company as part of the Employee Foundation boosts the loyalty of the company's employees and reinforces adherence to this behavioural code.

AMAG provides its employees with a communication channel in the form of a compliance line, which employees and business partners can use to report (potential) infringements. In 2016, as in previous years, no infringements were reported through the compliance infringement hotline.

Investor relations

Equity markets

Following a turbulent start to the year and reductions in share prices worldwide in January and February, international equity markets recovered rapidly in quick succession. Losses following the surprising Brexit vote were also quickly offset.

The American equity market performed very well in 2016. The Dow Jones Industrial marked a new historic high at 19,988 points, and at 19,763 points of the year-end was up 13.4 % compared with the previous year's end. The Eurostoxx 50 – consisting of the Eurozone's 50 highest capitalised companies – marked 3,291 points at the end of 2016: its previous year's level. The DAX, Germany's index of leading stocks, ended 2016 at 11,481 points, 6.9 % higher than at the end of 2015. The most important Asian indices tended to be almost unchanged year-on-year. Both the Nikkei 225 and the Hang Seng Index reported marginal gains of 0.4 %.

The Vienna Stock Exchange registered a positive trend in 2016, outperforming many European indices. The ATX index quoted at 2,618 points on December 30, 2016, up 9.2 % year-on-year.

AMAG share price performance

The AMAG share rapidly offset its losses at the start of the year, before trading in a sideways movement from April 2016. The share ended 2016 at a closing price of EUR 33.25, corresponding to a gain of 3.9 % compared with the previous year (December 30, 2016: EUR 32.00). Total shareholder return, including the EUR 1.20 per share dividend paid in 2016, consequently amounted to 7.7 %.

Since the IPO in April 2011, the total shareholder return, including dividends, amounts to 101.8 %, based on the EUR 19.00 issue price, and reflecting a 75.0 % share price gain.

The market capitalisation increased to EUR 1,172.5 million as of the end of 2016 (end of December 2015: EUR 1,128.4 million).

The average trading volume (double counting excluding OTC) in AMAG shares amounted to 8,997 units in 2016, compared with 14,626 in the previous year. OTC volumes (double counting) totalled EUR 34.1 million during the 2016 reporting year (2015: EUR 40.8 million). The share of total turnover of EUR 67.5 million (2015: EUR 98.1 million) thereby amounted to 50.1 %, compared with 41.6 % in 2015.

Share price performance YTD



Share price performance since IPO



Investor relations (IR) work

In the interests of ensuring equal treatment of all shareholders, the company's IR work aims to provide prompt and transparent information on company developments of relevance to the capital markets, which is made available to all shareholders and interested parties at the same time.

In order to raise the profile of AMAG on the capital market and communicate with our investors in person, AMAG attended a number of roadshows and investor conferences in 2016.

As part of six roadshows, four investor conferences, and numerous telephone conferences, the company entered into active dialogue with analysts, and with both private and institutional investors.

Stable core shareholder structure

AMAG Austria Metall AG enjoys a stable ownership structure B&C Industrieholding GmbH continues to hold a majority interest of 52.7 % in the company. The interests held by RLB OÖ Alu Invest GmbH and AMAG Arbeitnehmer Privatstiftung are also unchanged.

Extensive analyst coverage

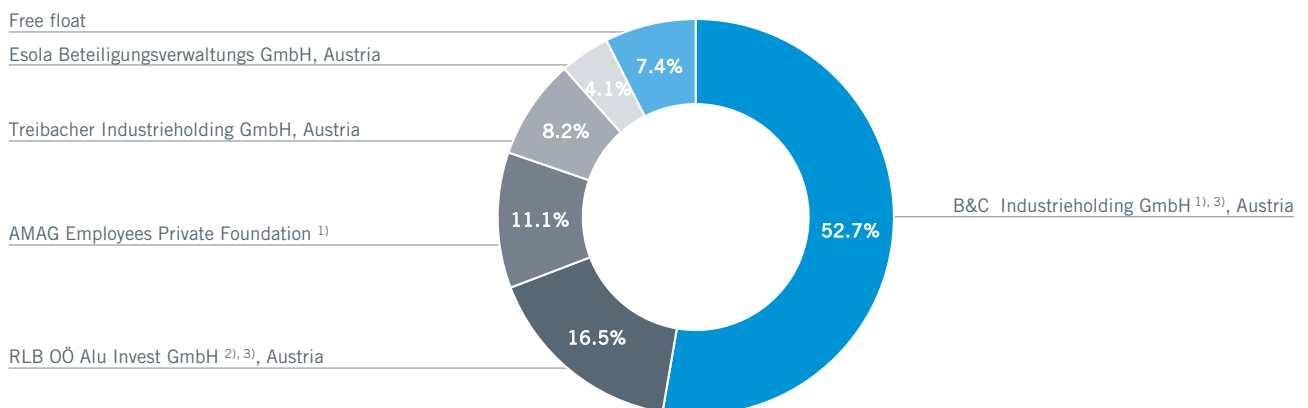
Six financial institutions regularly issued analyses of the AMAG share in the 2016 financial year: Baader Bank (hold), Erste Group (hold), JP Morgan (neutral), Kepler Cheuvreux (hold), Landesbank Baden-Württemberg (buy) and Raiffeisen Centrobank (hold).

Sustainable dividend policy

At the company's sixth Ordinary Annual General Meeting to be held in Linz, Austria, on April 19, 2017, the Management Board will propose a dividend of EUR 1.20 per dividend-entitled share, unchanged compared with the previous year. The dividend yield on the volume-weighted average price of the AMAG share in 2016 consequently amounts to 4.0 %. The ex-dividend date is April 26, 2017. The dividend payment date is April 28, 2017.

Ownership structure

as at December 31, 2016



1) The shareholders' agreement between B&C Industrieholding GmbH and AMAG Employees Private Foundation expired on December 31, 2016

2) RLB OÖ Alu Invest GmbH is an indirect wholly-owned subsidiary of Raiffeisenlandesbank Oberösterreich AG

3) B&C Industrieholding GmbH and Raiffeisenlandesbank Oberösterreich concluded a participation agreement on April 1, 2015

Stock market indicators in EUR	2016	2015	Change in %
Highest price	33.76	36.00	(6.2)
Lowest price	25.06	26.93	(6.9)
Average price (volume-weighted)	30.27	31.58	(4.2)
Closing price	33.25	32.00	3.9
Earnings per share	1.31	1.15	14.2
Cash flow from operating activities per share	3.26	3.12	4.4
Proposed dividend per share	1.20	1.20	0.0
Dividend yield (annual average price)	4.0 %	3.8%	-
Market capitalization on the last trading day of the year in EUR million	1,172.5	1128.4	3.9

Financial calendar 2017

February 28, 2017	Full year results 2016
April 9, 2017	Record date (Annual General Meeting)
April 19, 2017	Annual General Meeting, venue: Linz
April 26, 2017	Ex-dividend date
April 27, 2017	Record date (Dividends)
April 28, 2017	Payment date (Dividends)
May 3, 2017	Report on the 1st quarter 2017
August 2, 2017	Report on the 1st half-year 2017
October 31, 2017	Report on the 3rd quarter 2017

Information on the AMAG stock

ISIN	AT00000AMAG3
Class of shares	Ordinary shares made out to bearer
Ticker symbol on the Vienna Stock Exchange	AMAG
Indexes	ATX-Prime, ATX BI, ATX GP, Voenix, WBI
Reuters	AMAG.VI
Bloomberg	AMAG AV
Trading segment	Official Market
Market segment	Prime Market
First day of trading	8 April 2011
Offer price per share in EUR	19.00
Number of shares outstanding	35,264,000

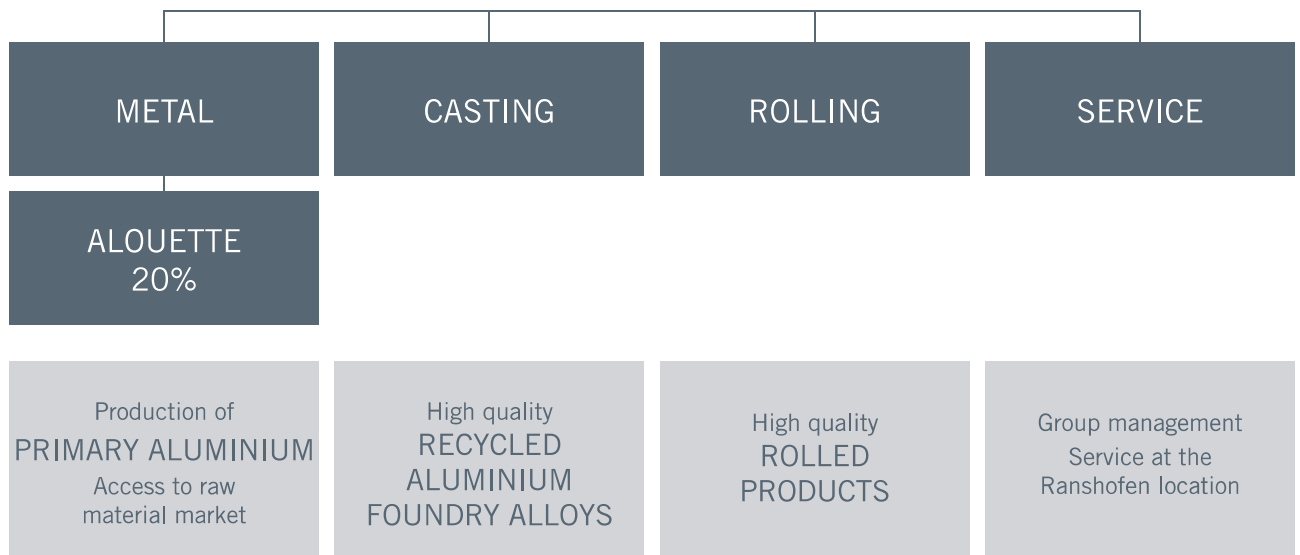
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Company profile

AMAG is a producer of high-quality aluminium products for further processing in a large number of growth sectors. The value chain starts with the production of primary aluminium in Sept-Îles, Québec, Canada.

The manufacturing of foundry alloys and rolling slabs, and the rolling, as well as thermal and mechanical processing, of strips, sheets and plates made from a range of alloys, is performed at the Ranshofen site in Austria.



Metal Division

The Metal Division includes the AMAG Group's 20 % interest in the Aluminerie Alouette smelter, and is responsible for the risk management and steering of metal flows within the AMAG Group. Located in Canada, the Alouette aluminium smelter is one of the most efficient in the world, and benefits from a secure long-term energy supply in a politically stable country.

Casting Division

The AMAG Group's Casting Division recycles aluminium scrap 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), and precision cast 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 with a very high share of scrap.

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. Consequently, this Division creates the preconditions for the operating divisions to concentrate on their respective core businesses.

Economic environment

Economic trends

Global economic growth amounted to 3.1 % in 2016, approximately at the previous year's level of 3.2 %, according to estimates published by the IMF³.

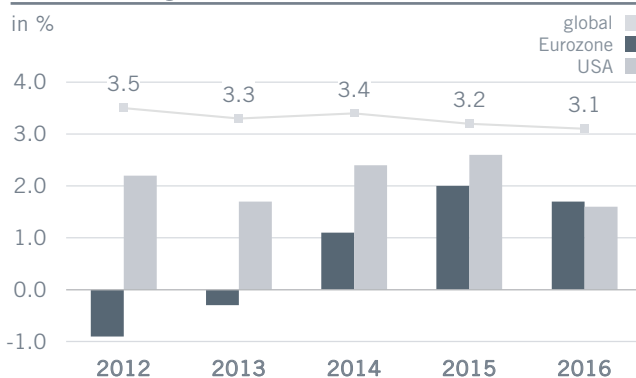
With regard to industrialised economies, the IMF estimates growth of around 1.6 % for 2016 (2015: 2.1 %). This is mainly due to year-on-year lower growth dynamics in the USA as well as political and economic uncertainty following the Brexit decision in the United Kingdom.

Economic growth in the USA amounted to 1.6 % in 2016, compared with 2.6 % in the previous year, according to IMF estimates.

Expansion in the Eurozone amounts to 1.7 % in 2016. Although this failed to achieve the previous year's 2.0 %, economic growth in this important sales market is at a satisfactory level on a five-year comparison. In Germany, the IMF expects an increase of 1.7 %, a slightly better trend than in the previous year (2015: 1.5 %). Austria's economy registered 1.5 % growth (2015: 1.0 %), according to the Austrian Institute of Economic Research (Wifo)⁴.

The group of emerging and developing economies reported a year-on-year unchanged high growth rate of 4.1 %. China's economy is estimated to have expanded by 6.7 % to 2016, compared with an increase of 6.9 % in 2015.

Real economic growth



Demand for aluminium products

AMAG's Metal and Rolling divisions operate worldwide. Consequently global consumption of primary aluminium and rolled products is of central importance.

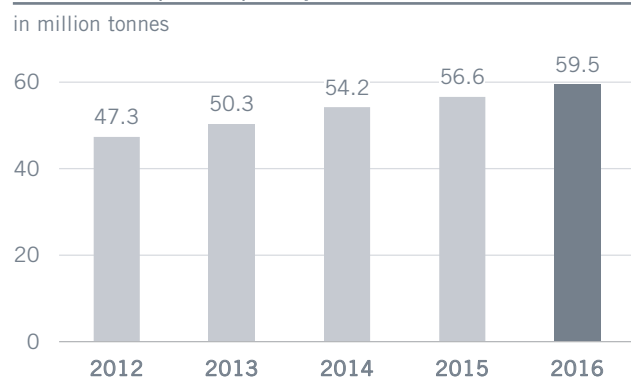
For primary aluminium⁵, global growth of 5.1 % is calculated for 2016 to a total of 59.5 million tonnes.

Global demand for rolled products⁶ increased by 3.8 % to 25.0 million tonnes in 2016, according to the Commodity Research Unit (CRU).

The transportation industry is an important driver currently. A demand increase of 5.4 % compared with the previous year was achieved in this sector. The large-volume packaging area reported 3.6 % demand growth in 2016, according to the most recent estimates from the CRU. Demand in the construction industry rose by 4.7 % worldwide, and that of the mechanical engineering industry by 1.3 %.

In AMAG's Casting Division, the foundry alloys activities rank as a regional business with a focus on Western and Central Europe. In this context, the automotive industry features as the most important client sector, to which this division delivered 57 % of its shipment volumes in 2016, whether directly or indirectly. New car registrations in the European Union⁷ reported further growth in 2016. At 14.6 million units, the figure for the prior-year period was exceeded by 6.8 %. Automobile production in Europe also saw expansion in 2016, with an approximately 3 % increase according to the most recent estimates⁸.

Global consumption of primary aluminium



3) See International Monetary Fund, World Economic Outlook, January 2017

4) See Wifo economic forecast December 2016

5) See CRU Aluminium Market Outlook, October 2016

6) See CRU Aluminium Rolled Products Outlook, November 2016

7) See ACEA (European Automobile Manufacturers Association), press release of January 15, 2017

8) See IHS Automotive, Global Light Vehicle Production Summary, November 2016

Price trends of aluminium and raw materials

The aluminium price (3-month LME) recovered over the course of 2016 from its low for the year of 1,452 USD/t on January 13, 2016, and marked its high for the year at 1,779 USD/t on November 11, 2016. Consequently, the fluctuation range during 2016 amounted to 327 USD/t.

At the year-end, the aluminium price quoted at 1,702 USD/t, 12.4 % higher than at the previous year's end (December 31, 2015: 1,514 USD/t).

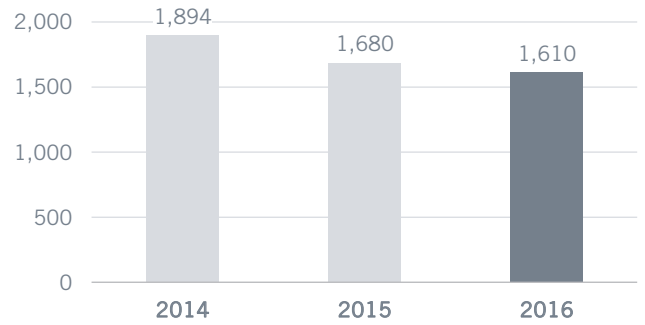
On a year-average basis, the aluminium price (3-month LME) of 1,610 USD/t was registered at 4.2 % below of the previous year's level of 1,680 USD/t.

The premiums that are added to aluminium prices are determined, in particular, by the location of delivery, and by supply and demand. Following high volatility in 2014 and 2015, the fluctuation range of premiums narrowed considerably in 2016. Premiums on average were below the previous year's level.

AMAG holds a 20 % interest in the Canadian Aluminerie Alouette smelter, which has a long-term electricity contract, and is one of the world's most efficient smelters. Despite the use of hedging instruments, the earnings of the Metal Division reflect LME aluminium price trends. The aluminium price risk exposures of the Casting and Rolling divisions are fully hedged at the Ranshofen site.

Average LME aluminium price

(three-month-settlement) in USD/t



Alumina and aluminium scrap are the most important raw materials deployed within the AMAG Group. The alumina price is partially correlated with the price of the aluminium end product. On a year-average basis, the price traded below the previous year's level. Equally, purchase prices for aluminium scrap, petroleum coke, pitch and aluminium fluoride reduced year-on-year.

Aluminium prices

three-month-settlement in USD/t and EUR/t



Business performance

Revenue and earnings trends

Shipments and revenue

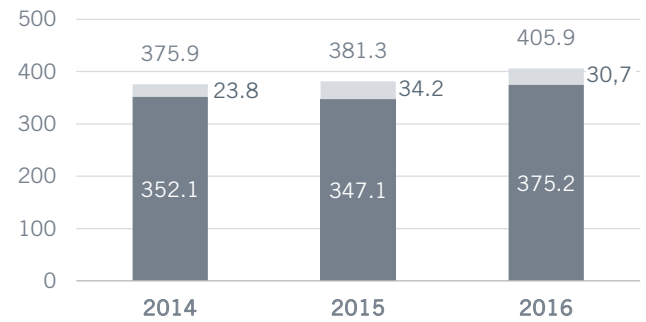
The total shipments of the AMAG Group rose year-on-year from 381,300 to 405,900 tons. This represents an increase of 6.5 % and is mainly due to the additional capacity of the new hot rolling mill. This also ensured that external shipment volumes of 375,200 tonnes were considerably above the previous year's level of 347,100 tons.

The expansion of external shipment volumes also exerted a positive effect on sales revenue, almost compensating the aluminium price driven price effect. In consequence, revenue of EUR 906.2 million in the 2016 financial year was at the previous year's level (2015: EUR 913.3 million).

Shipments

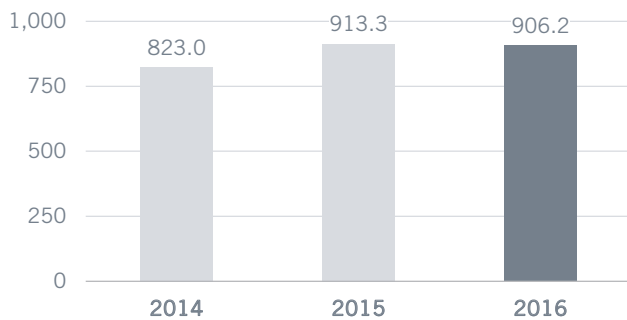
in thousand tonnes

Internal shipments ■
External shipments ■



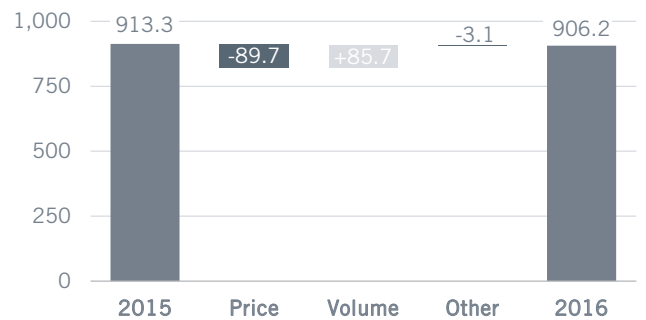
Group revenue

in EUR million



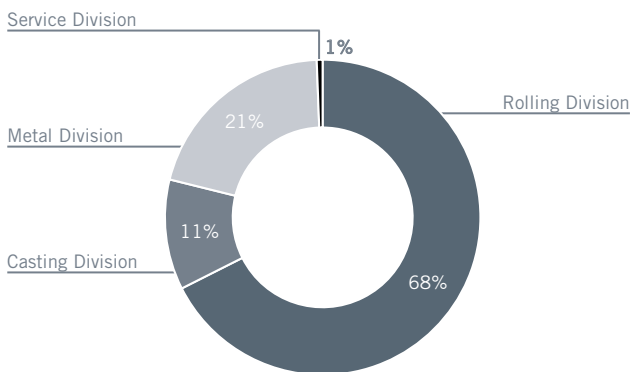
Group revenue bridge

in EUR million



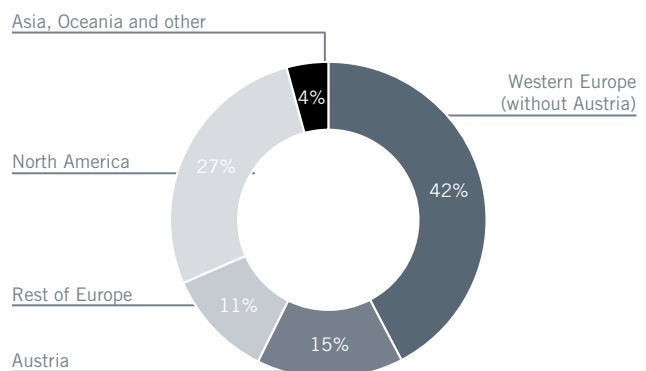
Group revenue by divisions

in %



Group revenue by regions

in %



Earnings performance*

AMAG reports a marked year-on-year increase in its earnings before interest, tax, depreciation and amortisation (EBITDA). At EUR 143.0 million, EBITDA was 15.5 % above the previous year's level of EUR 123.9 million, despite the lower aluminium price exerting a tangibly negative impact on the result. This effect was more than compensated, however, by higher shipment volumes, supported by the new hot rolling mill, more favourable raw materials costs and cost optimisations. The EBITDA margin of 15.8 % represents a significant improvement on the 13.6 % reported in the previous financial year.

The Metal Division benefited from the more favourable raw materials costs and consistent cost optimisation. Despite the considerably lower aluminium price, it reported EBITDA of EUR 37.9 million, above the previous year's result of EUR 33.3 million.

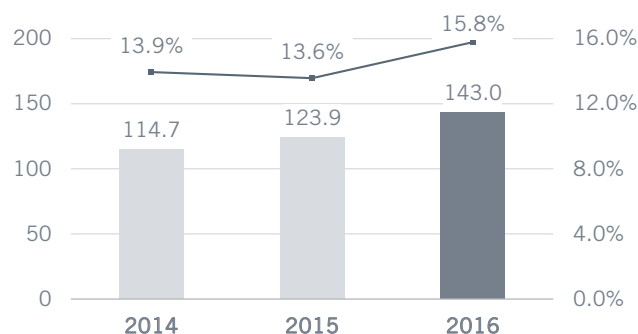
EBITDA in the Casting Division amounted to EUR 6.1 million in the 2016 financial year, compared with EUR 10.9 million in the previous year, which was characterised by a very high margin level on a multi-year comparison.

The Rolling Division translated additional capacity from the new hot rolling mill into higher shipment volumes and an improved operating result. EBITDA rose from EUR 74.0 million to EUR 95.6 million, representing 29.3 % growth.

The Service Division recorded EUR 3.4 million of EBITDA the 2016 financial year, following EUR 5.7 million in the previous year.

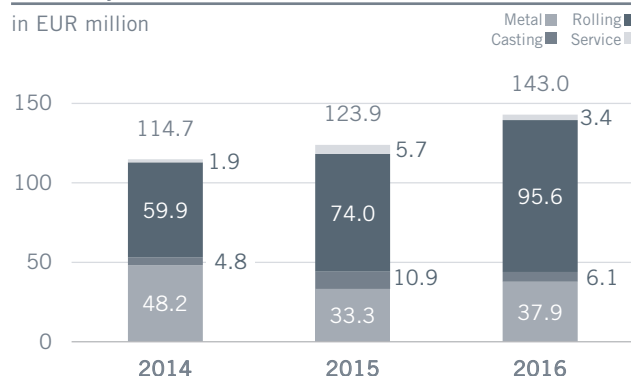
EBITDA and EBITDA margin

In EUR million and %



EBITDA by divisions

in EUR million



Consolidated Statement of Income, condensed in EUR million	2016		2015*		Change in %
	Value	Structure in %	Value	Structure in %	
Revenue	906.2	100.0	913.3	100.0	(0.8)
Cost of sales	(755.9)	(83.4)	(792.7)	(86.8)	4.6
Gross profit	150.4	16.6	120.7	13.2	24.6
Other income	7.0	0.8	14.2	1.6	(50.5)
Selling and distribution expenses	(42.0)	(4.6)	(41.4)	(4.5)	(1.5)
Administrative expenses	(24.6)	(2.7)	(21.5)	(2.4)	(14.2)
Research and development expenses	(10.8)	(1.2)	(11.5)	(1.3)	5.8
Other expenses	(7.0)	(0.8)	(5.8)	(0.6)	(22.1)
Earnings before interests and taxes (EBIT)	73.0	8.1	54.7	6.0	33.4
EBIT margin in %	8.1	-	6.0	-	-
Net financial income (expenses)	(10.0)	(1.1)	(6.3)	(0.7)	(59.0)
Earnings before taxes (EBT)	63.0	6.9	48.4	5.3	30.1
EBT margin in %	6.9	-	5.3	-	-
Income taxes	(16.6)	(1.8)	(7.9)	(0.9)	(111.5)
Net income after taxes	46.3	5.1	40.5	4.4	14.2

* A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see section G in the consolidated financial statements).

The profit and loss statement, which is prepared applying the cost of sales method, reports a cost of sales of EUR 755.9 million for the 2016 financial year. This represents a decrease of 4.6 % compared with the previous year's EUR 792.7 million. This reduction especially reflects the lower average aluminium price that more than offset the volume growth effect.

Other income stood at EUR 7.0 million in the 2016 financial year, and includes not only income passed on for maintenance and infrastructure services but also currency translation income. The previous year's other income of EUR 14.2 million was comparatively high due to such currency translation income.

Selling and distribution expenses rose by 1.5 %, from EUR 41.4 million to EUR 42.0 million. The increase is mainly attributable to logistics expenses connected with higher shipment volumes in the Rolling Division.

Administrative expenses increased by 14.2 %, from EUR 21.5 million to EUR 24.6 million, especially due to changes in provisions.

Research and development activities were expanded further in 2016. In Ranshofen, research and development costs reported a 12.1 % increase compared with the previous year. The fact that the research and development expenses for the entire AMAG Group in 2016 of EUR 10.8 million were below the previous year's level of EUR 11.5 million is solely attributable to a positive one-off effect of EUR 1.8 million in the Metal Division connected with a research grant.

Other expenses of EUR 7.0 million in the 2016 financial year were ahead of the previous year's EUR 5.8 million, and include non-capitalisable expenses connected with the "AMAG 2020" plant expansion, among other items.

Depreciation and amortisation of EUR 70.0 million was approximately at the previous year's level (2015: EUR 69.1 million), as plants for the "AMAG 2020" expansion project had not yet been commissioned as of the 2016 year-end.

In line with EBITDA, the operating result (EBIT) of the AMAG Group also registered a significant increase, amounting to EUR 73.0 million in 2016 compared with the previous year's EUR 54.7 million. The corresponding EBIT margin amounted to 8.1 % in the year just ended, compared with 6.0 % in the previous year.

The net financial result stood at EUR -10.0 million, after the previous year's EUR -6.3 million. This change is predominantly attributable to higher borrowing costs and the effects of measuring derivatives.

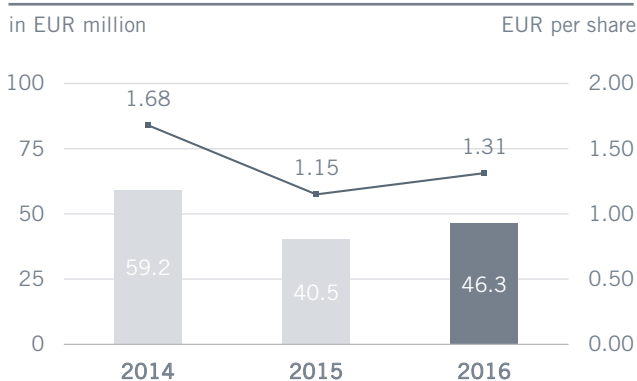
Earnings before tax (EBT) were increased by 30.1 % to EUR 63.0 million due to the positive operating trend (previous year: EUR 48.4 million).

Current tax expenses of EUR 8.1 million and deferred tax expenses of EUR 8.6 million resulted in an income tax expense of EUR 16.6 million in 2016. Income taxes in the previous year (2015: EUR 7.9 million) still reflected positive effects in the deferred tax area.

Overall, AMAG reported a significant year-on-year improvement in its net income after taxes due to the improved operating result. The EUR 46.3 million result exceeded the previous year's level of EUR 40.5 million by 14.2 %.

Taking a year-on-year unchanged number of AMAG shares into account, earnings per share amount to EUR 1.31 (2015: EUR 1.15).

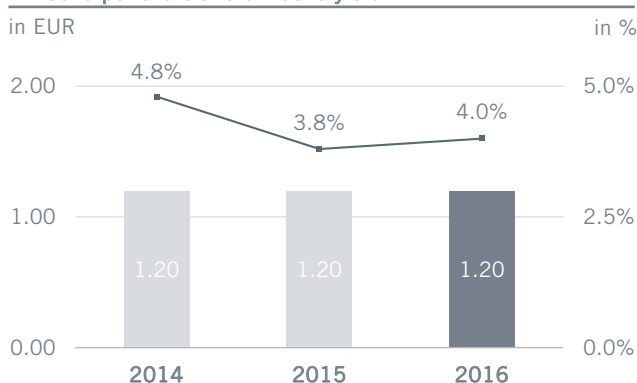
Net income after taxes



Dividend

The Management Board will propose to the Annual General Meeting to be held on April 19, 2017, that it approves a dividend payment of EUR 1.20 per share. This corresponds to the dividend paid in the previous two years. Based on the average share price in 2016 of EUR 30.27, it is equivalent to a 4.0 % dividend yield.

Dividend per share and dividend yield



Structure of assets and capital*

Consolidated statement of financial position

The total assets of the AMAG Group of EUR 1,389.7 million as of the end of 2016 were above the previous year's level (previous year-end: EUR 1,104.3 million).

Non-current assets increased from EUR 647.9 million to EUR 876.9 million. This growth reflects a higher level of property, plant and equipment connected with investments for the "AMAG 2020" project. Other non-current assets of EUR 98.8 million also arose from the fair value measurement of the new electricity contract for the Alouette smelter.

Inventories of EUR 199.0 million as of the year-end were slightly above the previous year's level due to the aluminium price (December 31, 2015: EUR 187.2 million). Trade receivables were up from EUR 93.2 million to EUR 102.6 million mainly due to higher sales volumes. Other receivables rose from EUR 40.6 million in 2015 to EUR 58.2 million during the year elapsed. This amount also includes EUR 16.5 million of other assets connected with the recognition on the balance sheet of the new electricity contract.

The equity of the AMAG Group changed from EUR 638.0 million at the end of 2015 to EUR 630.5 million as of the end of 2016. Despite the higher result and an unchanged dividend payment of EUR 42.3 million, equity reduced by EUR -7.6 million, predominantly due to negative currency translation effects and higher actuarial losses.

Non-current liabilities increased from EUR 327.6 million to EUR 555.8 million. These were affected by the drawing down of EUR

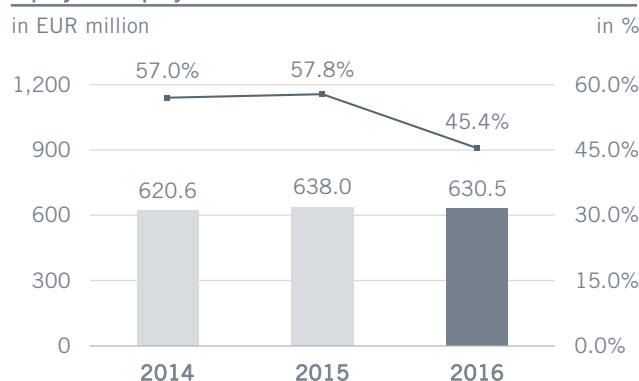
140.0 million of long-term financing. The recognition of the new electricity contract in an amount of EUR 96.5 million also raised the level of non-current liabilities.

Current liabilities rose especially due to higher liabilities arising from investments deriving for the expansion project in Ranshofen, derivative measurement effects, the current portion of the recognition of the electricity contracts, and the reclassification of non-current and current financial liabilities of EUR 138.7 million in 2015 to EUR 203.5 million as of the end of 2016.

Equity ratio

The equity ratio expresses the relationship between equity and the sum of equity and liabilities. The equity ratio stood at 45.4 % at the end of 2016. The reduction compared with the previous year (December 31, 2015: 57.8 %) is particularly attributable to the higher net debt to refinance the capital expenditure on the expansion project in Ranshofen and the higher level of assets due to the measurement of the electricity contract.

Equity and equity ratio



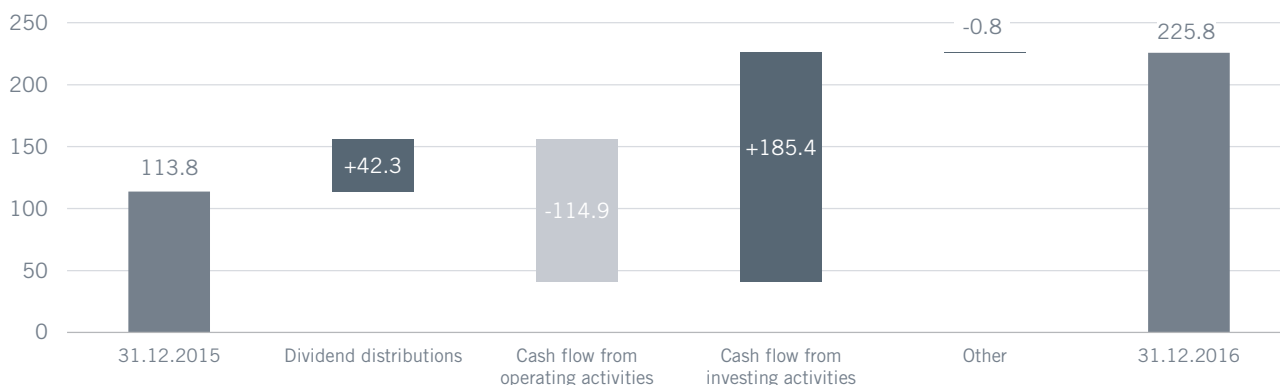
Consolidated Balance Sheet, condensed in EUR million

	2016	Structure in %	2015*	Structure in %
Intangible assets, property, plant and equipment	750.8	54.0	616.2	55.8
Other non-current assets and deferred taxes	126.1	9.1	31.8	2.9
Non-current assets	876.9	63.1	647.9	58.7
Inventories	199.0	14.3	187.2	16.9
Trade receivables	102.6	7.4	93.2	8.4
Current tax assets	3.2	0.2	3.1	0.3
Other receivables	58.2	4.2	40.6	3.7
Cash and cash equivalents	149.8	10.8	132.3	12.0
Current assets	512.8	36.9	456.4	41.3
Assets	1,389.7	100.0	1,104.3	100.0
Equity	630.5	45.4	638.0	57.8
Non-current liabilities	555.8	40.0	327.6	29.7
Current liabilities	203.5	14.6	138.7	12.6
Equity and liabilities	1,389.7	100.0	1,104.3	100.0

* A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see section G in the consolidated financial statements).

Net debt development

in EUR million

**Net financial debt**

Net debt comprises cash and cash equivalents and loans receivable less borrowings. The net financial debt of EUR 225.8 million as at the end of 2016 was above the previous year's level (2015 year-end: EUR 113.8 million). In this context, a significant proportion of the investments that had risen due to the "AMAG 2020" expansion project were financed from the company's own cash flow from operating activities.

Gearing

Gearing represents the ratio between net financial debt and equity. At 35.8 % as of the end of December 2016 this ratio is up year-on-year (2015 year-end: 17.8 %), which, as with net debt, is chiefly attributable to investment in the expansion project.

Cash flow

Cash flow from operating activities of EUR 114.9 million in the 2016 financial year was up by 4.5 % compared with the previous year's EUR 109.9 million. This increase particularly reflects the improved operating result, which more than offset the working capital increase. In turn, the working capital expansion was mainly due to the aluminium price.

Cash flow from investing activities stood at EUR -185.4 million (2015: EUR -91.2 million), being particularly affected by the "AMAG 2020" expansion project.

Free cash flow consequently amounted to EUR -70.5 million in the 2016 reporting year, compared with EUR 18.7 million in the previous year.

Cash flow from financing activities stood at EUR 84.7 million in 2016. Drawdowns of borrowings totalled EUR 140.4 million (previous year: EUR 80.9 million), while dividend payments amounted to EUR -42.3 million (previous year: EUR -42.3 million) and debt repayments totalled EUR -13.4 million (previous year: EUR -73.4 million).

Consolidated Cash flow Statement, condensed in EUR million

	2016	2015	Change in %
Cash flow from operating activities	114.9	109.9	4.5
Cash flow from investing activities	(185.4)	(91.2)	(103.2)
Free cash flow	(70.5)	18.7	(477.8)
Cash flow from financing activities	84.7	(34.8)	343.1

Investments

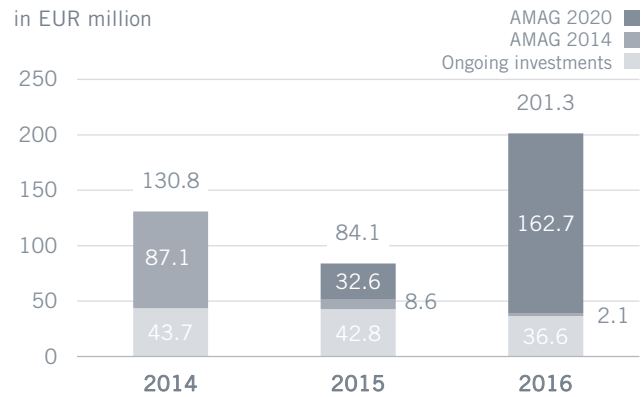
The AMAG Group invested EUR 201.3 million in the 2016 financial year (2015: EUR 84.1 million), EUR 199.9 million of which was attributable to property, plant and equipment, and EUR 1.5 million to intangible assets. As a consequence, investments were significantly above depreciation and amortisation charges of EUR 70.0 million again (2015 depreciation and amortisation: EUR 69.1 million).

The increase in investments realised by the AMAG Group is predominantly due to the large-scale "AMAG 2020" project. This plant expansion project comprises a new cold rolling mill, a continuous heat treatment line and additional finishing plants. "AMAG 2020" also includes the expansion of the rolling slab casthouse. Commissioning of the new cold rolling mill is planned for mid-2017. The expansion project has an overall volume of more than EUR 300 million, of which EUR 162.7 million is booked in 2016 as a plant addition.

A total of EUR 2.1 million was still invested in 2016 for the predecessor project, "AMAG 2014".

The expansion projects concern the Rolling and Service divisions.

Group investments



Excluding the "AMAG 2014" and "AMAG 2020" expansion projects, investment volumes of EUR 36.6 million were 14.6 % below their 2015 level. Investment activity in the Metal Division focussed on new refractory linings for smelter cells. Investments in the Casting and Rolling divisions especially relate to the modernisation of plant and machinery.

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 a business based on average capital employed in the course of 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 return on capital employed of the AMAG Group was increased from the previous year's 6.2 % to 6.5 %.

The improvement in the operating result after tax, in particular, contributed to this change. The increase in NOPAT was correspondingly higher than that in capital employed, which rose especially as a consequence of the investments in the "AMAG 2020" expansion project.

Return on Equity

Return on equity is the ratio between net income 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.

The return on equity increased from 6.4 % in the previous year to 7.3 % in the 2016 reporting year elapsed. While the equity of the AMAG Group hardly changed, the improvement in net income after tax led to a rise in ROE.

Calculation of ROCE and ROE in EUR million	2016	2015*
Net income after taxes	46.3	40.5
Net interest income (expenses)	(8.3)	(6.1)
Taxes on interest income	2.1	1.5
NOPAT	52.5	45.1
Equity ¹⁾	634.2	629.3
Non-current interest-bearing financial liabilities ¹⁾	287.6	225.4
Current interest-bearing financial liabilities ¹⁾	23.5	16.3
Cash and cash equivalents ¹⁾	(141.3)	(138.3)
Capital Employed ¹⁾	804.1	732.8
ROCE in %	6.5	6.2
Net income after taxes	46.3	40.5
Equity ¹⁾	634.2	629.3
ROE in %	7.3	6.4

1) Annual average

* A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see section G in the consolidated financial statements).

Metal Division

Economic environment

The aluminium price (3-month LME) recovered over the course of 2016 from its low for the year of 1,452 USD/t on January 13, 2016, and marked its high for the year at 1,779 USD/t on November 11, 2016. Consequently, the fluctuation range during 2016 amounted to 327 USD/t.

At the year-end, the aluminium price quoted at 1,702 USD/t, 12.4 % higher than at the previous year's end (December 31, 2015: 1,514 USD/t).

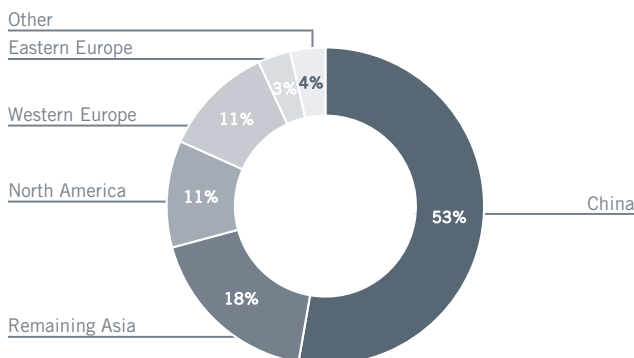
On a year-average basis, the aluminium price (3-month LME) of 1,610 USD/t was registered at 4.2 % below of the previous year's level of 1,680 USD/t.

The premiums that are added to aluminium prices are determined, in particular, by the location of delivery, and by supply and demand. Following high volatility in 2014 and 2015, the fluctuation range of premiums narrowed considerably in 2016. Premiums on average were below the previous year's level.

Global consumption of primary aluminium rose further during the 2016 financial year. Demand increased from 56.6 million tonnes (2015) to 59.5 million tonnes (2016), according to the Commodity Research Unit (CRU)⁹, the market research institute. This corresponds to 5.1 % year-on-year growth. Demand in China rose by 7.1 % overall to 31.4 million tonnes, which corresponds to approximately 53 % of global demand. In Europe, demand for primary aluminium was up by 2.6 %, compared with 2.2 % demand growth in North America.

Consumption of primary aluminium in 2016 by region

in %



Global primary aluminium production was up from 57.1 million tonnes to 59.0 million tonnes, representing a growth rate of 3.3 %. Production reported slower growth in demand accordingly, with a global market deficit of around 0.5 million tonnes forming in 2016 according to the CRU's forecast.

Primary aluminium stocks at LME-registered warehouses continued to reduce, amounting to 2.1 million tonnes at the end of 2016 (2015 year-end: 2.9 million tonnes). The CRU estimates total global primary aluminium stocks at around 13.5 million tonnes at the end of December 2016, compared with 14.0 million tonnes in the previous year.

Aluminium price risk management

The Metal Division hedges the risk exposure of the Rolling and Casting divisions to the aluminium price, which arises from purchases, sales and stocks of aluminium. Derivatives deployed for hedging purposes are arranged with brokers on the LME (London Metal Exchange). A fee for these services is charged to each division at normal market rates. The Metal Division's earnings also depend on the term structure for aluminium. During 2016, longer-term futures prices for aluminium were mostly higher than the spot price, with hedging of stocks generating EUR 1.0 million of additional contango gains (2015: EUR 2.9 million).

In order to ensure stable net income flows from the Group's interest in the Alouette smelter, the selling price for a portion of output is hedged on the stock exchange, in some cases for several years, using forwards and options. This limits the risk of losses on the Alouette investment due to low aluminium prices, while also securing the possibility to reap the benefits of rising prices. Besides the current market situation, projected aluminium price trends and resultant production cost changes comprise key decision-making criteria for such hedging transactions. Subsequent physical settlement of such transactions is not envisioned, and they are normally covered by other hedges. On a multi-year comparison, the Metal Division currently had a greater exposure to aluminium price fluctuations. This reflected, firstly, the discontinuation of natural price hedging as a result of changing the pricing of alumina to index-based price-fixing, and, secondly, the fact that price hedging has proved unattractive over the past three years due to the low aluminium price.

In the 2016 financial year, the new long-term electricity contract for the Alouette smelter was signed. The electricity price during this period will be based on the market price for aluminium. Accordingly, the aluminium price exposure will tend to reduce somewhat due to this natural price hedging over the coming years.

9) See CRU Aluminium Market Outlook, October 2016

2016 financial year

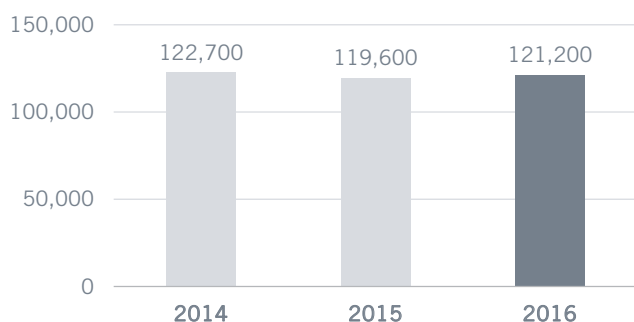
The proportionate procurement of alumina forms one of the core tasks of the Metal Division. Purchasing volumes amounted to around 240,000 tonnes in 2016 (2015: 230,000 tonnes). The pricing of this key raw material in 2016 was conducted on the basis of the Alumina Price Index (API), as a rule.

The Alouette smelter has an annual capacity of about 600,000 tonnes of primary aluminium. The production volume attributable to the Metal Division amounted to 121,700 tonnes in 2016, consequently 0.8 % above the previous year's level of 120,700 tonnes.

Total shipments amounted to 121,200 tonnes in the 2016 financial year, corresponding to 1.3 % year-on-year growth (2015: 119,600 tonnes). Internal shipments of 6,000 tonnes within the Metal Division were significantly lower than in the previous financial year (2015: 15,200 tonnes).

Metal Division shipments in tonnes

(rounded)



2016 earnings trends

Due to the lower average aluminium price, revenue reduced from EUR 647.6 million in the previous year to EUR 611.1 million in the financial year under review. Of this amount, EUR 425.2 million was attributable to intragroup revenue. These consisted mainly of deliveries of input materials, including primary aluminium, scrap and rolling slabs, to the casthouse and rolling mill.

The EBITDA generated by the Metal Division amounted to EUR 37.9 million in the 2016 financial year, up compared with the previous year's level (2015: EUR 33.3 million) despite the lower average aluminium price. Cost optimisations and more favourable raw materials prices exerted a positive effect on results. The EBITDA margin improved from 5.1 % to 6.2 %.

The operating result (EBIT) improved accordingly, more than doubling year-on-year to reach EUR 9.2 million. The EBIT margin amounted to 1.5 %, compared with 0.7 % in the previous year.

Investments

Investments in property, plant and equipment and in intangible assets in the Metal Division amounted to EUR 7.0 million (previous year: EUR 15.9 million), and related mainly to new refractory linings for smelter cells.

Employees

The average number of employees of 195 reduced slightly compared with the previous year's level (203 employees).

Key figures for the Metal Division in EUR million

	2016	2015	Change in %
Revenue	611.1	647.6	(5.6)
thereof, internal revenue	425.2	454.9	(6.5)
EBITDA	37.9	33.3	13.7
EBITDA margin in %	6.2	5.1	-
EBIT	9.2	4.3	113.4
EBIT margin in %	1.5	0.7	-
Investments	7.0	15.9	(56.1)
Employees 1)	195	203	(3.9)

1) Enthält den 20%igen Personalanteil an der Elektrolyse Alouette

Casting Division

Economic environment

The Casting Division's key geographical markets are mainly Germany and Austria, as well as other neighbouring countries. The automotive sector (including its respective supply industry) comprises the division's largest customer, accounting for a 57 % share of shipments. Consequently, the European automotive industry trends have the main effect on the business environment for the Casting Division.

Demand for new cars in the European Union advanced further in 2016. With a total of 14.6 million units, the previous year's level of 13.7 million units was exceeded by 6.8 %.¹⁰ The highest growth in absolute terms was registered in Italy, where new registrations were up from 1.6 million to 1.8 million units. In Germany too, the European Union's largest car market, registration figures also reported a further increase with a total of 3.4 million new vehicles being registered (2015: 3.2 million units).

The European automotive industry's production figures also reported a positive trend. Overall, automotive production recorded an approximately 3 % increase compared with the previous year, according to the most recent forecast from IHS¹¹. Automotive production in Germany¹², the most important market for the Casting Division, also grew in 2016. A total of 5.7 million units were produced, around 1 % more than in the previous year.

The demand situation for recycling foundry alloys remained positive in 2016. Reflecting higher supply, the margin level for recycling foundry alloys was below the previous year's level, however.

2016 financial year

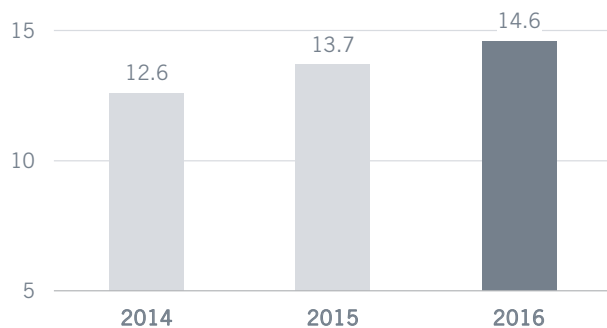
Capacities in the Casting Division were fully utilised again in 2016. Total shipment volumes, including internal deliveries to the Rolling Division, of 86,700 tonnes were at the previous year's level of 86,100 tonnes.

The product area of recycling alloys for structural automotive components continued to perform well in 2016. Shipment volumes for these specialty products reported further significant year-on-year growth. The Casting Division also achieved volume growth in the targeted processing of specific scrap types for the Rolling Division.

Through scrap recycling expertise and the deployment of different processing and smelting technologies, the Casting Division has thereby made a further significant contribution to sustainable raw material supplies at the Ranshofen site and helped significantly boost the total scrap input volume processed at the Ranshofen location compared with the previous year.

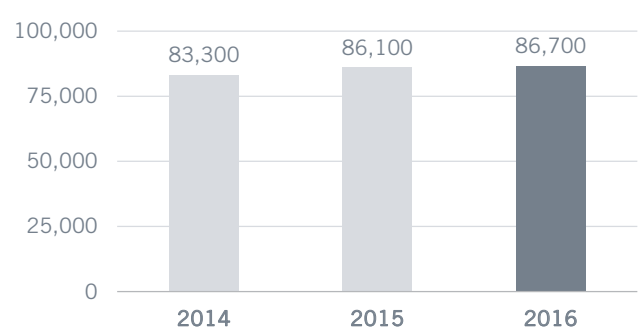
European Union new car registrations

(in million units)



Casting Division shipments in tonnes

(rounded)



10) See ACEA (European Automobile Manufacturers Association), press release of January 15, 2017

11) See IHS Automotive, Global Light Vehicle Production Summary, November 2016

12) See VDA (German Association of the Automotive Industry), press release of January 4, 2017

2016 earnings trends

Due to the lower price level for recycling foundry alloys, revenue reduced from EUR 137.5 million to EUR 112.1 million.

EBITDA during the 2016 financial year amounted to EUR 6.1 million, compared with EUR 10.9 million in the previous year. This reduction in results was mainly due to the lower margin level, reflecting market conditions.

The EBIT margin amounted to 5.5 %, compared with 7.9 % in the previous year. The operating result (EBIT) decreased to EUR 3.9 million (previous year: EUR 8.4 million). The EBIT margin amounted to 3.5 % (2015: 6.1 %).

Investments

Investment in property, plant and equipment in the Casting Division amounted to EUR 1.1 million in 2016 (previous year: EUR 1.3 million). One of the focus points was on modernising the operating plants.

Employees

The average number of employees of 125 stood slightly above the previous year's level (123 employees).

Key figures for the Casting Division in EUR million	2016	2015	Change in %
Revenue	112.1	137.5	(18.5)
thereof, internal revenue	9.4	8.2	14.0
EBITDA	6.1	10.9	(43.6)
EBITDA margin in %	5.5	7.9	-
EBIT	3.9	8.4	(53.2)
EBIT margin in %	3.5	6.1	-
Investments	1.1	1.3	(12.4)
Employees	125	123	1.6

Rolling Division

Economic environment

2016 demand trends

Demand for aluminium rolled products reached a further new record level in 2016, according to the latest estimates from the CRU¹³. At 25.0 million tonnes, global demand was up by a total of 3.8 % compared with the previous year's 24.1 million tonnes.

All regions reported positive growth rates in this context. Consumption of rolled aluminium products was up by 2.6 % to 4.2 million tonnes in Western Europe, AMAG's most important sales market. An increase of 1.4 % to 5.2 million tonnes was registered in North America. High demand growth was observable in Asian countries. In China, demand for aluminium rolled products was up by 7.0 % to 8.6 million tonnes.

As in the two previous years, demand in the transportation industry registered a further considerable year-on-year gain. In 2016, total of 4.0 million tonnes of aluminium rolled products were required in the transport industry. This corresponds to 5.4 % year-on-year growth.

Attractive market growth is also recorded in other sectors. Demand in the mechanical engineering industry grew by 1.3 % to 1.9 million tonnes in 2016. The packaging industry required 12.7 million tonnes of aluminium rolled products, 3.6 % more than in the previous year, according to CRU estimates. In the construction industry, too, rising demand was registered worldwide. Demand increased by 4.7 % overall to 3.6 million tonnes.

Demand trends up to 2021

Current CRU forecasts up to 2021 confirm the growth path the Rolling Division is pursuing.

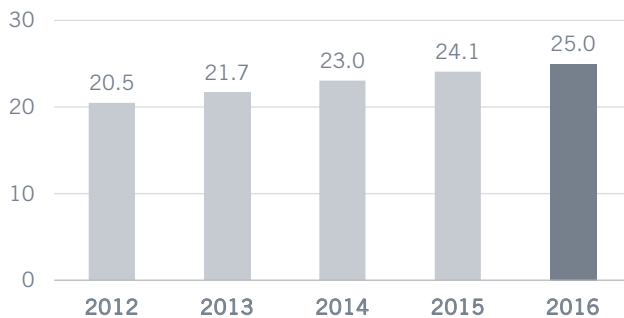
As far as global consumption of aluminium rolled products is concerned, the CRU expects an annual average growth rate of 3.9 % for the next five years. Demand for aluminium products is expected to amount to 30.3 million tonnes worldwide by 2021. This corresponds to an increase of around 5 million tonnes compared with 2016.

Growth is expected in all regions of relevance to AMAG, including in the core market of Western Europe, where demand is anticipated to increase by around 2.5 % per year up to 2021. In North America, annual growth of 3.7 % is forecast up to 2021.

The fastest demand growth worldwide is set to derive from the transportation industry. The CRU forecasts annual global growth of 7.8 % up to 2021. In particular, demand from the automotive industry for aluminium rolled products will increase in order to meet CO₂ reduction targets over the coming years through stepping up the deployment of lightweight design. The CRU also anticipates that other sectors, such as mechanical engineering, electronics, as well as the construction packaging industries, will report attractive annual growth rates of between 2 and 4 %, however.

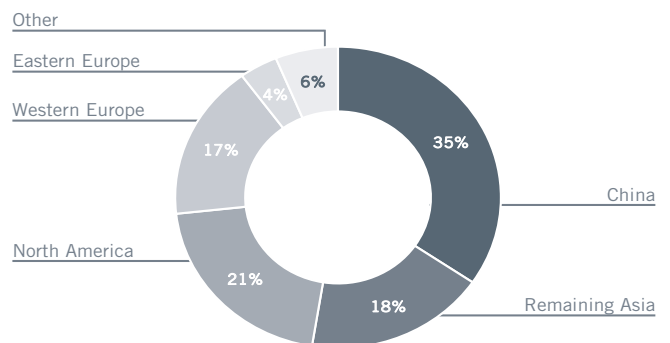
Global consumption of aluminium rolled products

in million tonnes



Consumption of rolled products in 2016 by region

in %



13) See CRU Aluminium Rolled Products Market Outlook, November 2016

2016 financial year

The ramp-up of the new hot rolling mill that was commissioned at the end of 2014 continued successfully in 2016.

Supported by these additional capacities, shipment volumes in the Rolling Division were boosted to a new record level. With a total of 198,000 tonnes, the previous year's level of 175,500 tonnes was exceeded by 12.8 %.

Year-on-year volume increases were achieved in products for the automotive and aviation industries, among other areas, and year-on-year shipment volume growth was also registered in the packaging industry, as well as in tread plates. Demand in the construction industry stabilised at the 2015 level. Further focus areas of the broadly diversified product portfolio include applications for the sports, leisure and electronics industries.

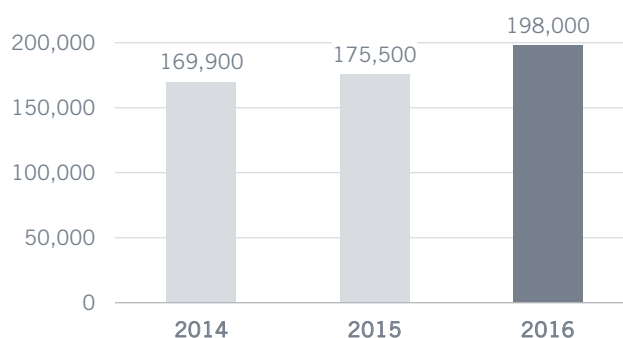
An important highlight of the 2016 financial year in the Rolling Division was the conclusion of a new multi-year contract with Airbus. This agreement entails a significant expansion of business volume from 2017 and is the largest contract ever signed with Airbus.

High-quality rolled products are manufactured using rolling slabs. Some rolled products require an electrolysis-based input material. AMAG procures such rolling slabs from qualified suppliers. Most of the rolling slabs are produced utilising aluminium scrap, predominantly deploying state-of-the-art casting technologies in our own wrought alloy casthouse at the Ranshofen site. The plant expansion in Ranshofen also includes expanding recycling capacities for the company to produce its own rolling slabs. Overall, rolling slab production was increased by 10.5 % compared with the previous year.

The extensive use of scrap is vital for environmental and economic reasons, since it makes production more energy efficient and consumes fewer resources. Scrap input volumes in the Rolling Division were increased in 2016 by around 24,000 tonnes, or 12 %, compared with the previous year.

Rolling Division shipments in tonnes

(rounded)



2016 earnings trends*

Revenue of EUR 702.2 million in the 2016 reporting year was slightly above the previous year's level of EUR 693.0 million. The effect from the lower aluminium price was more than compensated by the higher shipment volumes.

EBITDA amounted to a total of EUR 95.6 million in the 2016 financial year, following EUR 74.0 million in the previous year. This growth was mainly due to the increase in the volume of shipments by 22,500 tonnes to 198,000 tonnes, which was achieved as a result of the additional capacities in the new hot rolling mill. The EBITDA margin of 13.6 % reflects an improvement compared with the previous year's 10.7 %.

The operating result (EBIT) rose by 44.7 % to EUR 66.6 million in 2016, with depreciation and amortisation increasing by 3.7 % as a result of investments.

Key figures for the Rolling Division in EUR million

	2016	2015*	Change in %
Revenue	702.2	693.0	1.3
thereof, internal revenue	90.3	107.1	(15.7)
EBITDA	95.6	74.0	29.3
EBITDA margin in %	13.6	10.7	-
EBIT	66.6	46.0	44.7
EBIT margin in %	9.5	6.6	-
Investments	138.2	51.9	166.2
Employees	1,309	1,243	5.3

* A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see section G in the consolidated financial statements).

Investments

Investments in property, plant and equipment and in intangible assets amounted to EUR 138.2 million in 2016, 166.2 % above the previous year's EUR 51.9 million.

The "AMAG 2020" expansion project formed the focus of investment activity in 2016. A start was already made in 2016 with assembling the new cold rolling mill and further finishing plants. Commissioning of the plants is planned for mid-2017.

Along with modernisation measures, individual investments geared to improving product quality and plant security were also realised.

Employees

The number of employees (full-time equivalents) amounted to 1,309 individuals on a year-average basis, 5.3 % above the previous year's 1,243 staff, reflecting the personnel requirements for the expansion project.

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.

Service Division areas

The facility management function is responsible for around 300 hectares of ground area, with buildings occupying approximately 100 hectares of this total space. Particular focus areas in 2016 included constructing the 55,000 m² building for the cold rolling mill and expanding the rolling slab casthouse hall as part of the "AMAG 2020" expansion project.

In 2016, the supplies function provided a procurement volume of 196 GWh (previous year: 184 GWh) of electric energy and approximately 41 million m³ of natural gas (previous year: around 39 million m³ of natural gas).

Besides managing the Group, the responsibility of the Service Division also includes waste disposal, as well as steps aimed at preventing waste and boosting recycling. The works services function comprises site infrastructure services such as security guards and messengers.

2016 earnings trends

Revenue amounted to EUR 71.7 million in 2016 (previous year: EUR 70.7 million), and included services for the other divisions as well as for entities outside the Group.

The Service Division generated EUR 3.4 million of EBITDA (previous year: EUR 5.7 million), with the year-on-year change being mainly due to a lower level of need for provisioning.

Investments

Investments of EUR 55.0 million (previous year: EUR 15.0 million) related in particular to infrastructure and buildings for the "AMAG 2020" expansion project at the Ranshofen site.

Employees

The average number of employees of 133 was slightly under the previous year's level (135 employees).

Key figures for the Service Division in EUR million

	2016	2015	Change in %
Revenue	71.7	70.7	1.3
thereof, internal revenue	66.0	65.3	1.0
EBITDA	3.4	5.7	(40.3)
EBITDA margin in %	4.8	8.1	-
EBIT	(6.8)	(4.1)	(67.9)
EBIT margin in %	(9.5)	(5.8)	-
Investments	55.0	15.0	265.6
Employees	133	135	(1.5)

Human resources

Employees and personnel strategy

As an employer, AMAG provides attractive and modern jobs, integrated into an operating environment that is characterised by mutual respect, and a relationship with its employees that finds the right balance between supporting and fostering them on the one hand, and demanding and challenging them on the other. Qualified and motivated staff comprise a key element in AMAG's success. Along with the further development of the existing workforce, the hiring of qualified staff represents a particularly important aspect in accordance with the capacity expansion measures.

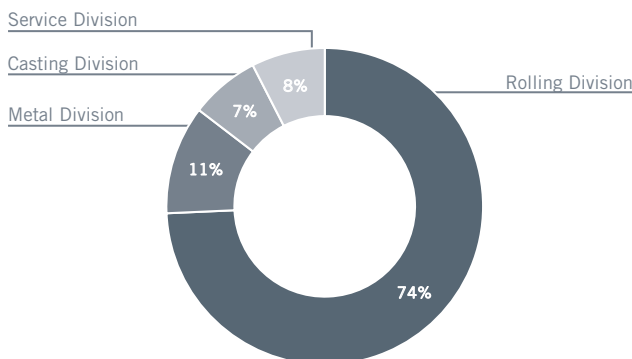
Facts and figures

The total number of personnel (including apprentices) rose by 3.7 %, amounting to 1,906 individuals as of the end of the year. The AMAG Group employed a total of 1,762 staff (full-time equivalents) on average over the course of 2016. The Group's focus on industrial operations means that 64 % of staff are classified as blue-collar workers, 32 % as salaried employees and 4 % as apprentices.

A total of 11.1 % of employees work in the Metal Division, 7.1 % in the Casting Division, 74.3 % in the Rolling Division and 7.5 % in the Service Division. In terms of geographic distribution, the majority of the workforce is based in Austria.

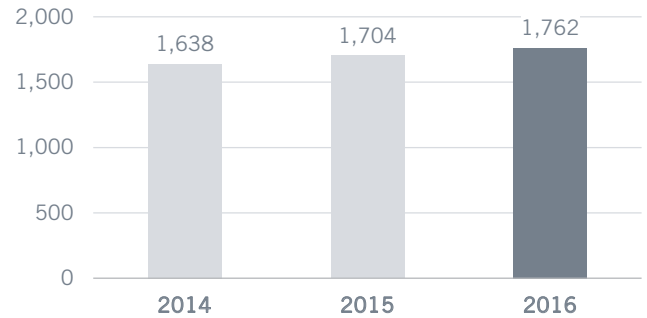
Employees by division

in %



Employees, full-time equivalent

(annual average)



Staff development

The promotion and development of employees both technically and personally is a matter of particular concern for AMAG. All professional groups, from apprentices through to managers, are able to attend training and further training courses. An important tool in this context is the annual staff appraisal, where managers and employees reflect jointly on developments over the past year. Strengths are ascertained, potentials for improvement are identified, and targets for the coming year are set. The appraisal is also a tool for pinpointing further training needs. These can range from technical training courses to health and safety topics or social skills. Special internal programs over extended periods make a significant contribution to its open corporate culture and a cross-divisional understanding of the Group. Personnel development programs, especially for up-and-coming young managers and master craft personnel, are conducted at regular intervals for this purpose.

Apprenticeship training at AMAG

Securing specialist staff for the future also represents a challenge for AMAG. Apprenticeship training enjoys a special role in this context. More than 2,200 apprentices have been trained at AMAG over the past decades. A total of 10 different types of apprenticeships are currently offered, and around 20 to 25 new apprentices are taken on each year. AMAG employed 73 apprentices as of December 31, 2016. The focus is on the areas of metals, electrics and commercial training.

Along with specialist training, a further emphasis is on developing social skills. The three-pronged training scheme (operational training, training in the apprenticeship workshops at the ABZ Braunau training centre, and training of social skills at the "Apprentice Academy") guarantees a high level of quality and the best possible integration of young people into the company. Winning the "Innovation meets Education 2016" apprenticeship competition confirms the high quality of the training. In this competition focusing on machining technology, AMAG apprentices outperformed other companies and schools (higher technical colleges and vocational schools) with their work – a functioning model of the new hot rolling mill. An outstanding piece of work was produced with a great deal of commitment and initiative, before then being skilfully presented before a specialist jury in Vorarlberg.

To continue to receive sufficient applications for apprenticeships in the future, AMAG undertakes many activities such as its AMAG apprentice information day, apprentice fairs, girls' days, power girls, trial apprenticeships, information at schools, and online platforms.

Cooperation with further education institutions

Opportunities for cooperation with further education institutions are highly varied. These partnerships take a variety of different forms, from offering bachelor, master and doctoral theses to providing students with the chance to complete project-based internships. AMAG has established relationships with further education institutions both in Austria and abroad of relevance to AMAG's operations. These relationships ensure that training and research at AMAG are closely integrated with actual practice. Additionally, AMAG invites university professors to hold lectures at the company, and Group managers give talks at higher education institutions. The Group also comes into contact with students by participating in careers fairs and organising information evenings.

Attractive employer

With "AMAG 2014", a large-scale investment was realised at the Ranshofen site that is being continued in the "AMAG 2020" project. A resultant requirement for more personnel goes hand-in-hand with greater interest in AMAG as an employer. AMAG stands for modern and future-oriented jobs. Along with performance-based compensation and flexible working hours, AMAG also offers interesting professional challenges with future prospects, the opportunity to contribute ideas, structured and targeted training and further development measures, social benefits and health measures, as well as a supportive, friendly and team-based working environment.

It is particularly pleasing that the average age of the workforce is very low at 38 years. An average period of employment at the company of 11.5 years guarantees that knowledge and expertise that has been built up remains with the company.

Occupational Health & Safety

Occupational safety enjoys top priority at AMAG. Improving occupational safety forms a fixed element within the integrated management system. To underscore the topic's importance, recourse is also made to occupational safety as a criterion for measuring variable compensation of AMAG managers.

Along with compliance with statutory regulations, AMAG's zero accidents strategy aims, with the help of all staff, to systematically identify, analyse, and measure potential safety risks, and eliminate them through appropriate measures.

Due to the success of the "Consistently Safe" occupational safety initiative that we launched in 2012, we continued to operate it in 2016 with extensive training measures, safety audits, and workshops as part of the continuous improvement process.

In 2016, these included successfully implementing a system at the entire site in Ranshofen that prevents plant and machinery from being started unintentionally.

The Safety Certificate for Contractors (SCC) is implemented for operational managers of smaller suppliers that regularly work for AMAG. Larger suppliers normally already have such certification. Moreover, electronic training entailing knowledge testing is required for third-party firms.

The occupational safety department is also intensively involved in the expansion project in Ranshofen. It supports the project teams from as early as the planning stage and subsequently through the entire project phase, making an important contribution to the safe implementation of these expansion projects.

The internationally established OSHA total recordable injury frequency rate (TRIFR) amounted to 2.6 in 2016 (2015: 2.2). This figure shows lost time injuries and events entailing medical treatment per 200,000 working hours.

Workplace health promotion has been central to the company's philosophy since 1999. The aim is not only to help prevent illness, but also to help employees enjoy the best possible standards of health – which additionally boosts productivity and job satisfaction. Our principles, and the workplace health promotion measures that we have implemented, were confirmed with a further seal of quality certification from the Network of the Association for Workplace Health Promotion (BGF). This certification is valid until 2017.

The "AMAG Vital Check" plays a key role in our efforts to promote individual health. This is a voluntary general medical check-up, with different supplementary tests offered each year. In 2016 the focus was on analysing vitamin D levels.

In 2016, all employees were also offered financial support for individual measures to improve their health (including quitting smoking seminars and fitness programs, etc.).

The AMAG Group's health and safety system was recertified in accordance with the Occupational Health and Safety Assessment System (OHSAS) 18001 standard in 2015. Certification is valid until 2018.

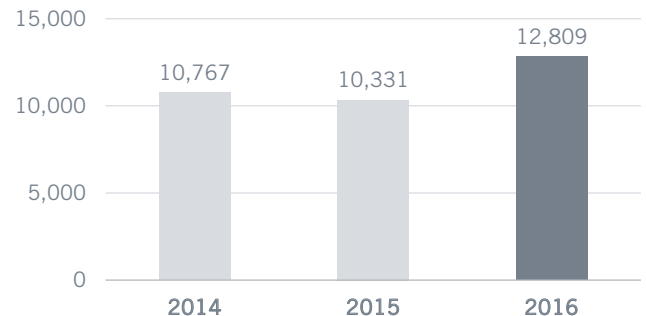
Continuous improvement process (CIP)

Continuous improvement refers to the ongoing, incremental improvement of Group processes by employees. This increases AMAG's competitiveness, as well as giving staff the opportunity to play a part in shaping processes, assume responsibility, and deepen their relationship with the company. It also promotes a culture of change and constant improvement. The CIP forms a central element of AMAG's innovative capabilities.

The ramp-up and optimisation of the new hot rolling mill were the main focus areas in 2016. Joint workshops with customers in the areas of production planning and packaging were also held. The occupational safety topic forms a focus every year.

An absolute record was achieved in 2016 with a total of 12,809 suggestions, up 24 % on the previous year's level. The average number per employee also improved significantly to 8.9 suggestions (previous year: 7.2 suggestions).

Number of suggestions as part of the CIP



Sustainability concept

The AMAG corporate strategy is based on a modern understanding of corporate responsibility that is geared to general global conditions. We not only integrate sustainability into our business model – and thereby tap new business opportunities – but also into our organisation – thereby establishing the necessary commitment.

Our sustainability strategy is based on our sustainability compass, with the following six priority topics:



Sustainable business

Sustainable business practices secure our competitiveness and form the basis for our business success. We attach great importance to operating to the highest moral, legal and ethical standards, in order to expand profitably in line with the principles of fair competition.

Sound relationships with customers

The strategic approach of this area of activities is to maintain long-term, partnership-based and fair relationships with customers, and to acquire new customers. We achieve this chiefly by top product quality and innovations, and maximum customer satisfaction.

Further information about the topic of sustainability can be found on the website at www.amag.at and in the Sustainability Report 2015.

Honest relationships with employees

Together with recruiting new staff, this area of activity comprises the systematic training and further training of our employees, the balancing of work and family demands, as well as occupational health & safety programs.

Commitment to environmental protection

Environmental protection is essential to us. The sparing use of resources and environmental compatibility, as well as energy efficiency and the recycling economy, form important cornerstones of our environmental principles. We are convinced that expedient and meaningful environmental behaviour is also economically viable on a long-term basis.

Responsible value chain management

This area involves dealing responsibly with the individuals and organisations that have a stake – whether directly or indirectly – in the Group's development, in particular by means of employee-friendly working conditions, and the conservation of raw materials across the value chain.

A future-viable society

AMAG is well aware of its role and responsibilities as a leading company. Along with the creation of attractive employment opportunities, key elements of our social commitment and involvement include co-operation with schools and universities, as well as support for sports, social and cultural activities.

Research and development

AMAG's research strategy was reviewed and updated in 2016 in consultation with the Group's science and technology advisory board. In joint discussion with the board, resolution was passed to expand and deepen AMAG competencies in the texture area. The aim is for AMAG to stand out to an even greater extent from its competitors as a result of its materials expertise. A worldwide acknowledged authority in this area was recruited to the board with Prof. Dr.-Ing. Dierk Raabe from the Max Planck Institute in Düsseldorf. Initial discussions and project meetings were already held in 2016.

In connection with the "AMAG 2020" expansion project, the technology department started preparatory work to rapidly commission and qualify the new products, especially in the sheet area. Customers were already actively included when preparing the precise working plan, in order to rapidly supply the market with products from the new plant and thereby ensure the planned ramp-up curve.

Project work in the new hot rolling mill focused on optimising the plant to further boost key materials metrics. This especially related to the aviation area, where plates made from high tensile alloys with a thickness of up to 150 mm and a width of more than two metres are now being qualified at several customers, and have already been being shipped. This was preceded by intensive work and tests to ensure constant quality within a plate. In particular, porosity was reduced to an absolute minimum in terms of both volume and size. This was achieved through optimising process parameters along the entire process chain, starting with setting the casting parameters through to a precisely defined pass schedule sequence, all of which was supported by preselection of test parameters by way of a corresponding simulation. Based on these successes, AMAG was included in two development projects for an important aircraft manufacturer. AMAG was also qualified with a new product for bodywork applications following more than seven years' development in the aluminium sheet area.

Simulation expertise was also expanded further. Understanding of materials and processes was enhanced in projects with scientific partners. Simulation predictability was improved significantly with the capability to significantly reduce and eliminate the homogenisation period for certain alloys through targeted modification of chemistry and process parameters. In this context, it is always important for AMAG to establish redundant in-house expertise. This succeeded with the taking on of two dissertation students concerning themselves with these questions as part of AMAG projects. The focus in this context was on further developing the process simulation. In this context, it was possible to correctly simulate the starting conditions for the continuous casting start for the first time. The tensions arising in the ingot can now be calculated from the temperature ranges verified with reality, and can be reduced to a minimum through virtual variation of the process parameters. Along with greater safety in casting, this also contributes to improved productivity and a boosting of the capacity of the casting plants.

AMAG is working continuously on its cost structure and thereby on improving its competitiveness in international competition. The technology department is also extensively involved to this end. Besides improvements in processes, a number of projects were implemented

to optimise production costs from a technological perspective. These include the precise analysis of the entire process chain from input material through to packaging the finished product. Several alloys were standardised, manufacturing processes accelerated and productivity boosted, for example.

In the new product area, major progress was achieved with façade sheet. Although this segment of AMAG is still very young, a patent for a specialty façade product was submitted and also granted. Despite the highest requirements in terms of shine and surface evenness, it is possible as a consequence to utilise a significant share of scrap for such products, and offer an ecologically and economically meaningful alternative to standard façade sheets. Stable production routes for very different surface requirements were also developed.

Recycling remains strategically essential to AMAG, and is being expanded to secure the raw materials base and high scrap input. In this connection, and based on technology evaluations, a further investment in an automated scrap processing plant for the Recycling Center Ranshofen was approved. Optimisation of the plant and enhancing sensitivity and selectivity are currently running full speed ahead.

In the Casting Division, the deployment potential for chassis and structural alloys with high shares of recycling content was expanded through joint developments with a wide range of automotive OEMs. In the chassis area, it was proved that the recycling alloy that was developed delivers the same performance in series application as the reference alloy produced from primary aluminium. A corresponding specification is currently being developed with a renowned customer. In structural foundry alloys, a testing procedure was developed together with the customer as part of a dissertation, which provides a quantitative, meaningful and reproducible figure relating to the material's suitability for self-piercing riveting. Self-piercing riveting is a joining technology applied increasingly in automotive manufacturing.

In the Rolling Division, significant steps were completed for the qualification of wide products. AMAG is now qualified for wide products in the areas of marine, tread plate and foil stock, among other areas.

In the automotive area, early qualification for the supply of automotive sheets from the new plants of the two expansion projects "AMAG 2014" and "AMAG 2020" are of great significance. For this reason, qualification with the already existing hot rolling mill has already started. As part of product qualification, now only some of the "AMAG 2020" project plants that are to be commissioned in mid-2017 are to be tested, considerably reducing the requisite qualification period.

In the area of brazing sheets, many new products have also been qualified with customers. It was evident again in this context that AMAG benefits as an integrated location from its expertise in all alloy families. For example, a plating technology from the bright product area was successfully implemented for brazing products, and patented.

Niche products such as cathode sheets for zinc electrolysis are also being further developed constantly. A further patent issued in this area takes AMAG's speciality and niche strategy into account.

All of these developments are only possible at this speed and efficiency with a well-functioning and constantly growing network of scientific partners. In-house expertise was also expanded through consistent R&D work and further hiring, however.

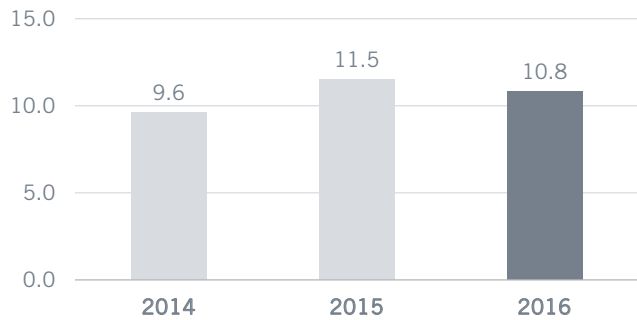
Along with readiness for deployment, such knowledge forms a basic requirement for rapid implementation from development through to application. Customers from very varied sectors greatly appreciate such expertise, which constantly leads to joint development projects. This creates the preconditions enabling the company to continue to expand its share of specialty products in the future.

Research and development expenses amounted to EUR 10.8 million in 2016. The reduction compared with the previous year is solely attributable to a EUR 1.8 million positive one-off effect in the Metal Division connected with a research grant. Research and development expenses for the Ranshofen location were increased by a total of 12.1 % year-on-year.

A total of around 94 individuals (full-time equivalents) were engaged with R&D and innovation tasks in 2016. This reflects a 14.6 % year-on-year increase.

AMAG Group research and development expenditure

in EUR million



Risk and opportunity report

A formalised risk management system designed to identify, assess and manage all the Group's significant risk exposures and opportunities is integral to our business activities. Risks should be identified as early as possible and be countered proactively where possible, in order to limit them to the greatest possible extent. At the same time we seek to capitalise on the business opportunities open to us. A balanced approach to opportunity and risk management is one of the Group's key success factors.

Risk management system

AMAG's risk management system is aimed at a sustainably positive trend in the financial position and performance of the entire Group. The system relies primarily on:

- + Groupwide standards 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 (aluminium price and exchange rate volatility),
- + covering certain risks under a comprehensive insurance strategy.

Risks are managed at all levels in the management hierarchy on the basis of these standards. Strategic and operating risks are reviewed on an annual basis, and any business policy adjustments required are made as part of an institutionalised process. The standards, and the scope and amount of insurance cover, are subject to ongoing review and updated whenever necessary.

In addition, an external auditor conducts evaluations on a case-by-case basis in selected areas of the business 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 accounting process

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

The integrated financial accounting and reporting system 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 to payment is governed by stringent regulations and guidelines, which are intended to ensure that all associated risks are avoided.

The 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 by and large based on standard software, and protected against unauthorised access.

A standardised financial reporting system is available throughout the AMAG Group. The management is kept up-to-date on all important matters, including additional company-specific information as required. The Austria Metall AG Supervisory Board is informed at the Supervisory Board meeting, which occurs at least every quarter, about current business progress, and also annually about the Group's operating planning and medium-term strategy. The Supervisory Board is also informed directly in special cases. The audit committee meetings also confer about the internal controlling system, the risk management system and corruption prevention measures.

Personnel risks

As a result of their expertise and commitment, AMAG Group staff form a critical factor to AMAG's success. In order to secure and strengthen this factor, investments in occupational safety ("consistently safe") and the promoting of health enjoy a very high priority. In the accident prevention area, extensive measures are in place, such as job evaluation and safe structuring, preventative measures and ongoing staff training. AMAG prides itself on its performance-related rewards system, its training and continuing education programs, its early identification and promotion of talent, and its attractive incentive system for managers. We take the protection of our employees' personal data very seriously.

The investment in the AMAG expansion projects will create additional jobs at the Group. Employer branding activities have also been stepped up to strengthen AMAG's position as an attractive employer.

Operational risks

Production-related risks

At various stages in the value chain, AMAG's operating companies are exposed to the risk of interruption of operations and risks with respect to quality and occupational safety. Such risks are largely avoided as the result of comprehensive established procedures in production, quality management and occupational safety, including as part of the continuous improvement process (CIP), which encourage employees to assume personal responsibility. The risks of plant breakdown and interruption of energy supply at AMAG are also countered with systematic preventive maintenance and regular risk-based maintenance (RBM), as well as a regular evaluation of technical plant risk and setting appropriate measures. In addition, modernisation and replacement investments are planned long-term. After implementing the expansion investments arising from "AMAG 2014" and "AMAG 2020", the redundancy of the plants at the Ranshofen site is increased with state-of-the-art technology. Emergency plans were prepared for important products that enable quick transitioning to a replacement manufacturing route in the case of a plant standstill. Additional security is provided by machine breakdown insurance.

Technological development risks

In technologically advanced sectors such as aerospace, automotive engineering and sport, the risk exists of aluminium being displaced by the development of alternative lightweight materials with comparable properties, such as carbon fibre composites, plastics, magnesium and advanced steels. Equally, new processes to manufacture aluminium products or technical upheaval in individual customer sectors might affect markets of relevance to AMAG. The AMAG Group endeavours to offset this potential risk by carefully monitoring the market, by engaging in joint development work with its customers, and by continuously improving the properties of the aluminium materials offered. In parallel, it works on developing new applications for aluminium alloys.

Natural hazard risks

Appropriate measures are taken to minimise natural hazard risks.

- + Fire prevention: structural, technical and organisational measures appropriate to the potential hazards. Examples include works fire services, fire compartments, fire alarm systems, carbon dioxide fire protection systems, fire insurance policies, and the construction of sprinkler plants in the new hot rolling mill and in plate manufacturing.
- + Flood and other natural hazard risks: ongoing improvement of preventive measures.

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 Chief Information Officer is responsible for Groupwide control of IT activities on the basis of the Group's IT standard.

The standard is designed to ensure that IT services meet the requirements with respect to availability, reliability, disaster tolerance and response time, and that human and product resources are used effectively and efficiently in providing IT services.

Security and user authorisation systems are also in place. Back-up computer centres are available to reduce the risk of a system failure caused by defective hardware, data loss or data tampering.

IT security training sessions are also held regularly to raise employee awareness about such risks (e.g. cyber attacks).

Risks arising from insufficient supervisory systems and fraudulent activities

An extensive internal controlling system has been set up to identify risks at an early stage, and to monitor and avoid them. The 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

The prices and availability of electricity and alumina represent a significant risk to the Alouette smelter in which AMAG owns an interest. This risk is minimised by medium- and long-term supply contracts, however.

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 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. The possibility also exists to purchase primary aluminium for the Ranshofen site directly from the Alouette smelter.

The rolling mill sources most of its rolling slabs, which use a high percentage of recycled materials, from its 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.

Materials procurement risk for AMAG Group can be considered as low accordingly.

Compliance rules for AMAG suppliers include descriptions of codes of conduct connected with the particular responsibility with regard to society, shareholders, employees and business partners. Suppliers are obligated to comply with such rules accordingly.

Sales risks

The broad product range of the AMAG Group ensures its independence from a handful of large customers, client sectors or sales regions. In 2016, its top 10 customers accounted for 32.3 % of sales. Long-term agreements with key customers help to keep sales risks to a minimum. At the same time, we are continuing to work on extending the product range and target markets into premium segments that require innovative solutions and top quality. The new hot rolling mill also makes a positive contribution in this context, having expanded the product range in aluminium sheet and tread plate to comprise larger dimensions. Meeting the highest standards, particularly those of the automotive and aerospace industries, is of crucial importance to AMAG. 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, aerospace, automotive, and automotive suppliers.

Our focus on premium products and the 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. Aluminium price risks and currency risks are minimised by active hedging.

Project risks

The risks related to the "AMAG 2020" expansion project are monitored at regular project supervision meetings headed by the AMAG Management Board and executive managers with respective responsibilities, and with the participation of the project team. 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, achieving 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 the 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, and 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 AMAG's code of ethics.

AMAG's compliance structure is divided into separate compliance areas. The respective compliance officers support the organisation through ongoing training measures, and supervise compliance with internal regulations, for example. A compliance hotline also exists that can be used to report any compliance breaches.

Research and development risks

The general increase in intellectual property rights, encouraged in particular by the continuing consolidation of the aluminium industry, poses a risk for development work.

When planning development activities, it is consequently essential to review and document the present status of research in Austria and abroad, in order to establish the extent of related risk, including the implications for the competitive situation and intellectual property rights. Internal technical risks and the effects of a project on the Group's financial performance must be clarified when submitting a project proposal. An R&D steering group consisting of the Group's senior management and an external group of renowned experts regularly reviews project proposals and the progress of existing projects. Joint research activities are also conducted at customer locations. This is intended to minimise the risk of defective developments. Also in order to minimise risk, the company performs patent monitoring with external lawyers via all relevant databases and personal research conducted by AMAG staff, patent lawyers and members of the scientific advisory council.

Environmental risks

Environmental risks are minimised by the certified environmental management system within the relevant Group companies. Rising environmental protection expenses are partly offset by savings on energy and waste disposal costs enabled by deployment of modern technologies. Past pollution from earlier use of the Ranshofen site has been rectified by prompt implementation of remedial measures. The expected costs are otherwise covered by provisions. Input materials carrying pollution risks are exhaustively examined at the time of delivery, and rejected where required.

Legal risks

The AMAG Group is exposed to a number of legal risks due to its international customer portfolio. It operates a specialised legal department that examines and appraises legal risks in-house or through recourse to external lawyers depending on requirement and jurisdiction. Risks in the structuring of contracts 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 general rule these are also used by the individual operating companies.

Compliance with legal obligations is subject to regular controls in the context of internal audits conducted as part of implemented management systems (e.g. environmental law, employee protection).

Financial risks

As a producer and processor of aluminium, 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 have a direct impact on AMAG's profitability. The Group's mandatory guidelines – its metal management guidelines and financial management guidelines – set out procedures for recording and hedging these two main risks.

In order to stabilise the earnings of AMAG's interest in the Alouette smelter, the sales prices of part of production can be hedged on a rolling basis by forward sales and options. Along with 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 inventories, and all of the operating companies' LME-related sales, and constantly calculates the aluminium price risk exposure. The "metals book" – an SAP application developed at AMAG – comprises an important aid in managing the 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 movements in the hedges. All underlying and hedge transactions in the metals book are marked to market daily. Since foundry alloys and LME prices are largely insufficiently price-correlated, foundry alloy sales are hedged by physical purchases of input materials. The position is monitored constantly.

Potential margin requirements associated with hedging (liquidity risks) are covered with liquid funds or bank guarantees. 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 to limit default risk on receivables.

All financing and investment activities, the hedging of such activities, and foreign currency management are managed centrally for the 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 pre-view and budget data. Interest-rate risks pertaining to variable rate financing facilities can be hedged proportionally by way of swaps or caps.

Counterparty risks relating to bank balances are actively managed by setting deposit limits for each bank, and – where available – 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 protection against exchange rate risk, AMAG

proportionally hedges major foreign currency exposures through forward currency transactions and, where required, options.

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

Risks from the interest in Aluminerie Alouette

The significant agreements relating to the joint operation 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 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.

As part of the planned expansion of capacity at the Alouette smelter (phase 3), the consortium members, the Government of Québec and electricity utility Hydro Québec signed a long-term power supply contract in June 2012. With this contract, the partner companies obligate themselves to purchase an additional volume of electricity. In the event of non-fulfilment of the agreement, Alouette's owners would be obliged to pay a penalty, which would have an impact on AMAG's profit in proportion to its equity interest.

A new long-term electricity contract was signed in 2016 for the existing smelter. The electricity price is based on the market price for aluminium. When taking into account the overall period, this new arrangement will also significantly improve the risk profile in terms of aluminium price and currency exchange rate fluctuations. Due to IFRS accounting standards, the new electricity price formula generates an embedded derivative whose recognition might temporarily affect the reported equity of the AMAG Group.

As far as operating risks are concerned, a propriety 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. Since the end of 2015, even greater electric energy supply security has existed due to the creation of a redundant electricity line.

Business opportunities

The AMAG Group concentrates systematically on premium products in attractive market niches across a broad spread 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.

AMAG's integrated site with foundries and rolling mills, and its geographic proximity to strong industrial regions foster technological further development and 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. To the unique alloy and product diversity at a single site, AMAG can offer its customers innovative and tailored products for very different application areas.

AMAG is distinguished by a very high proportion of specialty products on a sector comparison, and will further strengthen its innovative capability over the coming years through expanding its research and development activities. The high level of specialist and technical expertise of AMAG employees plays an important role in this context. AMAG also makes recourse to an extensive network of renowned universities and research institutions.

Our outstanding technological capabilities in casting and rolling, cladding, and the surface and heat treatment of rolled products, open up opportunities for further expansion in attractive growth sectors, such as automotive, aerospace, packaging, construction, bright products and engineering applications, and high-strength materials for sports industry applications, as well as brazing materials and cathode sheets.

The plant expansion at the Ranshofen site extends the aluminium rolled product portfolio towards larger dimensions (width, thickness). As a result, new markets are being tapped and existing customer relationships are expanded. Productivity enhancement improves the cost position and competitiveness on the global market.

Considerable potential also exists for successful growth in marketing high-quality products worldwide. For this reason, the international sales marketing 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, and special plant for scrap processing. The Recycling Center Ranshofen has been expanded consistently over the past years.

A long-term trend to greater sustainability is observable over the past years. The target of reducing CO₂ emissions plays an especially important role worldwide here. AMAG is very well positioned in this context due to utilising hydropower electricity for its Canadian smelter Alouette and the high recycling component on a sector comparison at its Ranshofen site. New sales opportunities arise thanks to this good net CO₂ impact. AMAG will also benefit from the growing trend to lightweight design in the automotive area. Deploying aluminium rolled products in the automotive industry will increase significantly over the coming years to reduce weight and consequently car emissions.

The Alouette smelter in which AMAG owns a 20 % interest already commands an advantageous cost position on a sector comparison. As a result of the newly agreed electricity terms and the additionally agreed 70 MW electricity block, this cost position will improve even further on an international comparison. The electricity price in the coming years will be based on the market price for aluminium. This will also significantly improve the risk profile in terms of aluminium price and currency exchange rate fluctuations.

Disclosures pursuant to Section 243a (1) of the Austrian Commercial Code (UGB)

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

1. 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. Every share carries a right to one vote at the annual general meeting (AGM). No differing classes of shares exist.

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

- + Participation agreement between B&C Industrieholding GmbH and Oberbank AG: Besides agreements concerning the exercising of the voting rights arising from shares in AMAG, which result in attribution of all shares to the B&C Group that are held by B&C Industrieholding GmbH and Oberbank AG, B&C Industrieholding GmbH and Oberbank AG have agreed that B&C Industrieholding GmbH shall be entitled to acquire ordinary shares in AMAG held by Oberbank Industrie- und Handelsbeteiligungsholding GmbH if: (i) Oberbank Industrie- und Handelsbeteiligungsholding GmbH decides to sell the ordinary shares that it holds (or any part thereof) to any entity not belonging to the Oberbank Group ("Oberbank AG and all the companies which are wholly owned by the latter and in which it holds all the voting rights"); or ii) the company that owns these ordinary shares in AMAG were no longer to be a member of the Oberbank Group. These rights of pre-emption and first refusal on the part of B&C Industrieholding GmbH shall expire two years after the termination of the participation agreement, or on December 31, 2019 at the earliest. According to an announcement made by Oberbank AG on October 17, 2014, Oberbank AG has sold the 1,729,737 ordinary shares to the B&C Group. The participation agreement remains in place for the remaining 36,264 ordinary shares (equivalent to 0.1 % of the share capital) held by Oberbank AG.
- + Shareholder agreement between B&C Industrieholding GmbH and AMAG Arbeitnehmer Privatstiftung (ANPS): ANPS have agreed, inter alia, that B&C Industrieholding GmbH shall, in the event that ANPS decides to sell all or any part of the 3,922,106 ordinary shares in AMAG and like number of voting rights held by it (approximately 11.12 % of the voting rights), that it shall be entitled to acquire those shares that ANPS intends to sell. This shareholder agreement was dissolved with effect as of December 31, 2016.
- + On March 1, 2013, B&C Industrieholding GmbH and RLB OÖ Alu Invest GmbH concluded an agreement on rights of pre-emption and first refusal in respect of 2,292,160 AMAG ordinary shares currently owned by RLB OÖ Alu Invest GmbH (approximately 6.50 % of the voting rights). This agreement relating to pre-emption and first refusal rights shall end on December 31, 2016.
- + Participation agreement between B&C Industrieholding GmbH and Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

dated April 1, 2015: on the basis of this participation agreement with Raiffeisenlandesbank Oberösterreich Aktiengesellschaft and pursuant to Section 92 of the Austrian Stock Exchange Act (BörseG), a further 5,818,560 shares and an equal number of voting rights in AMAG that are held by RLB OÖ Alu Invest GmbH are to be attributed to B&C Industrieholding GmbH. Also pursuant to this participation agreement, a further 18,588,631 shares in AMAG that are held by the B&C Group and an equal number of voting rights are to be attributed to Raiffeisenlandesbank Oberösterreich Aktiengesellschaft in addition to the voting rights arising from the shares held by RLB OÖ Alu Invest GmbH on the basis of a participation agreement pursuant to Section 92 of the Austrian Stock Exchange Act (BörseG).

3. Direct or indirect holdings in the company representing ten percent or more of its capital are comprised as follows:

B&C Industrieholding GmbH	52.7 %
Raiffeisenlandesbank Oberösterreich	16.5 %
Alu Invest GmbH	
AMAG Arbeitnehmer Privatstiftung	11.1 %

4. No shares exist that carry special control rights.

5. The voting rights attaching to the shares held in AMAG Austria Metall AG by 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 chairperson of the management board has a casting vote. The AMAG Group's Austrian employees are the beneficiaries of the Foundation.

6. Amendments to the company's articles of association 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.

7. At the AGM of AMAG Austria Metall AG on April 16, 2015, the Management Board was authorised to exercise the following powers connected with the issuing and repurchase of shares:

- + With a resolution of the AGM of AMAG Austria Metall AG of April 16, 2015, the company's Management Board was authorised for a period of five years after the entry in the commercial register of the corresponding amendment to the articles of incorporation, 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) nil par value 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).
- + 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.
 - + 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 (seventeen million five hundred thousand euros) (Conditional Capital 2015) through issuing up to 17,500,000 (seventeen million five hundred thousand) ordinary nil par value ordinary bearer shares (nil par value shares) for issuing to holders of convertible bonds that the Management Board issues in the future on the basis of the authorisation granted at the April 16, 2015 AGM, with Supervisory Board assent (Convertible Bond 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 of the new shares 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.
 - + With a resolution passed by the AGM of AMAG Austria Metall AG on April 16, 2015, the Management Board was authorised pursuant to Section 65 (1) Clauses 4 and 8 as well as (1a) and (1b) of the Austrian Stock Corporation Act (AktG), in each case with Supervisory Board approval, to purchase through the stock market 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 16, 2015, 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 228 (3) of the Austrian Commercial Code [UGB]), or for the company's account by third parties. The purchase can occur through the stock market or off-bourse, in compliance with statutory regulations.
- The Management Board is also authorised to withdraw or resell without a further AGM resolution treasury shares purchased on the basis of the resolution pursuant to Section 1 of this agenda item, and to determine the terms of the disposal. 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.
- The Management Board is authorised, pursuant to Section 65 (1b) of the Austrian Stock Corporation Act (AktG), for the period of 5 years from April 16, 2015, to approve 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' resale rights, and to determine the terms of the disposal.

8. Loans as part of a promissory loan note, two committed credit lines, and eight bilateral loan agreements 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. 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.

9. The employment contracts of all members of the Management Board contain change of control clauses. A severance entitlement does not exist for the instance that a Management Board contract is dissolved for this reason.

Corporate governance report

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

Outlook

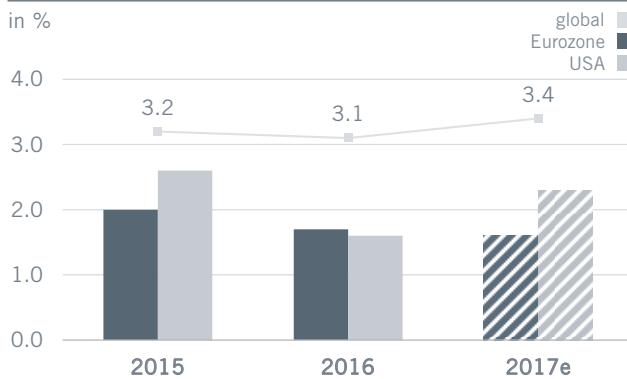
Economic outlook

Following an expansion of 3.1 % in 2016, the IMF forecast¹⁴ of a total of 3.4 % for 2017 reflects somewhat higher global economic growth, although risks have increased as a result of continuing uncertainty about the US government's economic policy and the unclear situation concerning Great Britain's announced exit from the EU.

The economic forecast for industrialised nations was upgraded slightly compared with the October forecast. Growth in 2017 is now expected to amount to 1.9 %, compared with 1.6 % in 2016, chiefly reflecting higher growth dynamics in the USA. An increase of 2.3 % is forecast for the USA for 2017, after 1.6 % in 2016. As far as the Eurozone is concerned, the IMF anticipates an almost unchanged growth rate compared with 2016 with a forecast expansion of 1.6 % (2016: 1.7 %).

The IMF expects the group of emerging and developing economies to register growth of 4.5 % in total in 2017 (2016: +4.1 %). With regard to China, an increase of 6.5 % is forecast, following 6.7 % growth in 2016.

Real economic growth



Aluminium market outlook

Recourse was made to CRU forecasts, among others, in gauging overall conditions for AMAG's medium-term growth and 2017 outlook. According to recent forecasts, worldwide demand for primary aluminium¹⁵ and rolled products¹⁶ should grow by 3.3 % and 3.9 % per year until 2021.

With a look to 2017, the CRU expects global demand for primary aluminium to grow by 3.9 % to 61.8 million tonnes, with this growth anticipated to occur in all regions worldwide. Demand in China is forecast to grow by 4.8 % to 32.9 million tonnes. For Europe, the CRU expects demand to increase by 1.7 %. A rise of 2.9 % to 6.7 million tonnes is expected in North America.

European automotive industry trends are the main drivers for the Casting Division. IHS forecasts that European automobile production will grow by around 2 % in 2017.¹⁷

The CRU is forecasting 3.9 % growth for the consumption of aluminium rolled products in 2017, with demand gaining momentum predominantly in AMAG's core markets. An increase of 2.9 % is forecast for Western Europe for 2017 (2016: +2.6 %). In the USA, the CRU expects growth of 4.3 %, following expansion of 1.4 % in 2016.

The transportation industry is an important driver of global demand for aluminium rolled products. With a higher forecast up by 8.1 % to 4.3 million tonnes, this sector is anticipated to register the highest percentage rise in demand for aluminium rolled products. In the construction sector, a growth rate of 2.4 % to 3.6 million tonnes is expected. Demand for aluminium rolled products in the mechanical engineering sector is anticipated to expand by 3.6 % to 2.0 million tonnes and in the packaging industry by 3.2 % to 13.1 million tonnes.

14) See International Monetary Fund, World Economic Outlook, January 2017

15) See CRU Aluminium Market Outlook, October 2016

16) See CRU Aluminium Rolled Products Market Outlook, November 2016

17) See IHS Automotive, Global Light Vehicle Production Summary, November 2016

Business trend outlook for 2017

Rising demand for aluminium and its alloys offers the very promising basis for the growth course the company is pursuing, and for a positive business trend in the coming years.

In 2017, the Metal Division will benefit for the first time from the new electricity terms for the Alouette smelter that are valid from January. This will significantly reduce electricity costs compared with the previous year, especially if aluminium prices are low. Moreover, the company's risk profile is improving in relation to fluctuations in the USD/CAD exchange rate. Potential measurement effects when recognising the long-term electricity contract are only of a temporary nature. Segment results are mainly affected by further price trends for aluminium and the raw materials required, however.

The Management Board anticipates a robust earnings performance in the Casting Division.

In the Rolling Division, the new cold rolling mill and further finishing plants, as well as the additional casting plant for rolling slab production, will be commissioned in 2017. Based on this organic growth path, the Rolling Division will achieve a further increase in shipment volumes compared with 2016, although this is offset by additional costs for ramping up the new plants and higher depreciation.

As experience shows that commodity and currency markets prove to be very volatile, it is still too early to provide a revenue and results forecast for the 2017 financial year. Overall, however, the Management Board is confident that EBITDA can at least reach the level achieved in the 2016 financial year.

Ranshofen, February 10, 2017

The Management Board



Dipl.-Ing. Helmut Wieser
Management Board Chairman
(Chief Executive Officer)



Priv. Doz. Dipl.-Ing.
Dr. Helmut Kaufmann
Management Board member
(Chief Operating Officer)



Mag. Gerald Mayer
Management Board member
(Chief Financial Officer)

Consolidated financial statements

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A BASIS

Consolidated statement of financial position as of December 31, 2016

Assets in EUR thousand	Chapter H	December 31, 2016	December 31, 2015*	December 31, 2014*
Intangible assets	1	7,420	6,627	6,363
Property, plant and equipment	1	743,381	609,547	576,874
Other non-current assets and financial assets	2	102,728	3,182	9,521
Deferred tax assets	3, 18	23,406	28,579	35,537
Non-current assets		876,935	647,935	628,295
Inventories	4	198,989	187,180	186,584
Trade receivables	5	102,641	93,244	86,756
Current tax assets		3,164	3,114	3,176
Other assets	6	58,166	40,577	39,222
Cash and cash equivalents	7	149,833	132,282	144,285
Current assets		512,793	456,398	460,024
TOTAL ASSETS		1,389,727	1,104,333	1,088,319
Equity and liabilities in EUR thousand	Chapter H	December 31, 2016	December 31, 2015*	December 31, 2014*
Share capital	8	35,264	35,264	35,264
Capital reserves	8	379,337	379,337	379,337
Hedging reserve	8	(18,457)	(7,471)	449
Revaluation of defined benefit plans	8	(18,519)	(10,739)	(15,161)
Exchange differences	8	59,833	52,633	29,958
Retained earnings	8	193,003	189,014	190,798
Equity		630,460	638,039	620,646
Non-current provisions	9, 10	79,167	66,795	76,409
Interest-bearing non-current financial liabilities	11	343,451	231,761	219,043
Other non-current liabilities and grants	13	120,113	13,262	11,820
Deferred tax liabilities	18	13,066	15,746	19,188
Non-current liabilities		555,797	327,563	326,460
Current provisions	9, 10	17,434	25,460	19,052
Interest-bearing current financial liabilities	11	32,673	14,318	18,272
Trade payables	12	73,322	55,566	55,428
Current tax liabilities		6,732	4,151	6,093
Other current liabilities and grants	13	73,309	39,236	42,369
Current liabilities		203,470	138,731	141,213
TOTAL EQUITY AND LIABILITIES		1,389,727	1,104,333	1,088,319

* A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see chapter G).

The following notes to the consolidated financial statements form an essential component of the consolidated statement of financial position.

Consolidated statement of profit or loss for the 2016 financial year

acc. to the cost of sales method in EUR thousand	Chapter I	1-12/2016	1-12/2015*
Revenue	1	906,246	913,331
Cost of sales	3	(755,871)	(792,655)
Gross profit		150,375	120,676
Other income	4	7,026	14,182
Selling and distribution expenses		(41,992)	(41,371)
Administrative expenses		(24,552)	(21,508)
Research and development expenses		(10,842)	(11,504)
Other expenses		(7,043)	(5,769)
Earnings before interest and taxes (EBIT)		72,971	54,705
Net interest result		(8,262)	(6,131)
Other financial result		(1,756)	(171)
Net financial income (expenses)	7	(10,018)	(6,302)
Earnings before taxes (EBT)		62,953	48,402
Current taxes		(8,078)	(4,940)
Deferred taxes		(8,570)	(2,929)
Income taxes	8	(16,648)	(7,869)
Net income after taxes		46,305	40,533
Of which			
Attributable to the equity holders of the parent		46,305	40,533
Total number of no-par-value shares		35,264,000	35,264,000
Earnings per share		1.31	1.15
Proposed dividend per non-par-value share (in EUR)	H8	1.20	1.20

* A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see chapter G).

The following notes to the consolidated financial statements form an essential component of the consolidated statement of profit or loss.

Consolidated statement of comprehensive income for the 2016 financial year

in EUR thousand	1-12/2016	1-12/2015*
Net income after taxes	46,305	40,533
Items that are or may be reclassified to profit or loss		
Currency translation differences	7,200	22,675
Changes in the hedging reserve		
Recognised (expenses) and income during the financial year	(13,486)	(17,198)
Reclassifications of amounts that have been recognized in the statement of profit or loss	(1,224)	5,277
Deferred taxes relating thereto	3,727	3,150
Currency translation differences	(4)	851
Items that will never be reclassified to profit or loss		
Remeasurement of defined benefit plans	(10,049)	7,117
Deferred taxes relating thereto	2,521	(1,820)
Currency translation differences	(252)	(876)
Other comprehensive income for the year net of tax	(11,567)	19,177
Of which		
Attributable to the equity holders of the parent	(11,567)	19,177
Total comprehensive income for the year	34,738	59,710

* A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see chapter G).

Consolidated statement of cash flows for the 2016 financial year

in EUR thousand	1-12/2016	1-12/2015*
Earnings before taxes (EBT)	62,953	48,402
Interest income (expenses)	8,262	6,131
Depreciation, amortisation and impairment losses / reversal of impairment losses on non-current assets	70,026	69,146
Losses/gains from the disposal of non-current assets	913	569
Other non-cash expenses/income	346	(3,011)
Changes in inventories	(11,099)	2,001
Changes in trade receivables	(9,389)	(6,669)
Changes in trade payables	2,470	9,264
Changes in provisions	(8,004)	(844)
Changes in derivatives	(91,391)	(5,315)
Changes in other receivables and liabilities	100,640	837
	125,727	120,511
Tax payments	(5,735)	(7,249)
Interest received	721	509
Interest paid	(5,836)	(3,893)
Cash flow from operating activities	114,877	109,878
Proceeds from disposals of non-current assets	503	136
Payments for investments in property, plant and equipment and intangible assets	(186,834)	(92,091)
Proceeds from grants for investments	941	738
Cash flow from investing activities	(185,390)	(91,217)
Repayments of borrowings	(13,371)	(73,386)
Proceeds from borrowings	140,357	80,878
Dividends paid	(42,317)	(42,317)
Cash flow from financing activities	84,669	(34,824)
Change in cash and cash equivalents	14,156	(16,162)
Cash and cash equivalents at the beginning of the period	132,282	144,285
Effect of exchange rate changes on cash and cash equivalents	3,394	4,160
Cash and cash equivalents at the end of the period	149,833	132,282

* A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see chapter G).

Consolidated statement of changes in equity for the 2016 financial year

in EUR thousand	Share capital	Capital reserves	Hedging reserve	Revaluation of defined benefit plans	Exchange differences	Retained earnings*	Equity*
Balance as of January 1, 2015	35,264	379,337	449	(15,161)	29,958	190,798	620,646
Net income after taxes						40,533	40,533
Other comprehensive income for the year net of tax			(7,920)	4,422	22,675		19,177
Total comprehensive income for the year			(7,920)	4,422	22,675	40,533	59,710
Transactions with equity holders							
Dividend distributions						(42,317)	(42,317)
Balance as of December 31, 2015 = January 1, 2016	35,264	379,337	(7,471)	(10,739)	52,633	189,014	638,039
Net income after taxes						46,305	46,305
Other comprehensive income for the year net of tax			(10,986)	(7,780)	7,200		(11,567)
Total comprehensive income for the year			(10,986)	(7,780)	7,200	46,305	34,738
Transactions with equity holders							
Dividend distributions						(42,317)	(42,317)
Balance as of December 31, 2016	35,264	379,337	(18,457)	(18,519)	59,833	193,003	630,460

* A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see chapter G).

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 have been included in the consolidated financial statements of B&C Holding Österreich GmbH. The ultimate parent company of B&C Holding Österreich GmbH and consequently of the company is B&C Privatstiftung based in Vienna.

B Basis of accounting

Conformity with IFRS

The consolidated financial statements for the 2016 financial year were prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as formulated by the International Accounting Standards Board (IASB) and adopted by the European Union, which require mandatory application in 2016, 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.

Approval

The Management Board approved the consolidated financial statements on February 10, 2017 (previous year: February 10, 2016), 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.

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 at 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 -1,782 thousand were recognised in profit or loss (previous year: EUR 7,016 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 at the end of the reporting period		Annual average rate for the reporting period	
	December 31, 2016	December 31, 2015	1-12/2016	1-12/2015
U.S. Dollar (USD)	1.0541	1.0887	1.1066	1.1096
Canadian Dollar (CAD)	1.4188	1.5116	1.4664	1.4176
Pound Sterling (GBP)	0.8562	0.7340	0.8189	0.7260
Swiss Franc (CHF)	1.0739	1.0835	1.0902	1.0676
Japanese Yen (JPY)	123.4000	131.0700	120.3138	134.2865
Norwegian Krone (NOK)	9.0863	9.6030	9.2927	8.9417

D Consolidation principles

Scope of consolidation and consolidation method

Compared with the previous year's reporting date, the scope of consolidation has not changed, and as of December 31, 2016 comprises both the parent company, AMAG Austria Metall AG, and 17 fully consolidated companies, as well as one jointly controlled operation (see chapter O "Group companies").

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 given in the notes, under chapter O "Group companies".

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, 2016.

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.

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 the joint arrangement, the parties have joint control of the business operations of the aluminium smelter (see also "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, 2016 comprise the following amounts for the jointly controlled operation of Aluminerie Alouette Inc.:

amounts jointly controlled operations in EUR thousand	2016	2015
Non-current assets	259,426	177,815
Current assets	30,747	18,288
Non-current provisions and liabilities	134,648	39,258
Current provisions and liabilities	33,425	14,145
Expenses	123,450	124,472

The significant arrangements relating to the joint operation 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, among other things, the procurement of AMAG's share of the alumina required for production.

E Accounting policies

First-time or early adoption of standards

In the 2016 financial year, the following amended standards were applied for the first time as required:

The amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" relate to the consolidation exception for investment entities: "Investment Entities: Applying the Consolidation Exception". The amendments serve to clarify three questions relating to the application of the consolidation exception for investment entities that measure their subsidiaries at fair value.

Amendments to IFRS 11: The acquirer of shares in a jointly controlled operation that comprise an operation pursuant to IFRS 3 is required to apply all principles relating to the accounting of business combinations deriving from IFRS 3 and other IFRS, as long as they do not contravene the guidelines in IFRS 11.

Amendments to IAS 1: Relate mainly to clarifications and assistance in deciding which information to present in the notes to financial statements.

Amendments to IAS 16/IAS 38: The amendments provide guidelines to select the depreciation or amortisation methods for property, plant and equipment, and intangible assets. In IAS 16, it is clarified that revenue-based methods are inappropriate to calculate asset depreciation. In IAS 38, the rebuttable assumption is supplemented to the extent that revenue-based amortisation methods are inappropriate for intangible assets.

Amendments to IAS 16/IAS 41: The amendments include fruit-bearing plants that are no longer subject to significant biological changes within the application scope of IAS 16, allowing them to be treated in the same way as property, plant and equipment.

Amendments to IAS 27: This amendment re-admits the possibility to equity-account investments in subsidiaries, joint ventures and associates in separate financial statements.

Annual Improvements to IFRS Cycles 2010-2012 and 2012-2014: These relate to clarifications of existing regulations.

First-time application of the aforementioned standards creates no significant changes compared with the previous year. The amendments have no significant effect on accounting policies 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 positions of AMAG Group
IFRS 9 Financial Instruments	01/01/2018	22/11/2016	see below
IFRS 15 Revenue Recognition	01/01/2018	22/09/2016	see below
IFRS 16 Leasing	01/01/2019	-	see below
IFRS 2 Share-based Payments - Classification and Valuation	01/01/2018	-	currently no impact
Amendment to IFRS 4 Insurance Contracts	01/01/2018	-	currently no impact
Amendment to IFRS 10 and IAS 28 Sale or contribution of assets of an investor	postponed indefinitely	-	currently no impact
Amendment to IAS 7 Notes to Statement of Cash Flow	01/01/2017	-	will be implemented
Amendment to IAS 12 Recognition of deferred taxes on losses carried forward	01/01/2017	-	currently no impact
Amendment to IAS 40 Classification of Investment property under construction	01/01/2018	-	currently no impact
Amendment of IFRIC 22 Foreign Currency Transactions of Advance Considerations	01/01/2018	-	currently no impact
Other Annual Improvements to IFRS - Cycle 2014 - 2016	01/01/2018	-	currently no impact

Amendments to IFRS 9 "Financial Instruments"

In November 2016, the EU adopted the final version of IFRS 9 Financial Instruments.

The new version of IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement", and all previous versions of IFRS 9. IFRS 9 does not replace rules for a portfolio fair value hedge against interest rate risks pursuant to IAS 39. The part of the IFRS 9 project that originally related to this topic was pursued further as a separate IASB agenda project under the heading of "macro hedges", as it entailed greater time requirements, and it was not anticipated that the project would be completed quickly. A discussion paper was published for this project in April 2014 as part of due process: "Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging". Given this, the possibility exists to continue to opt to apply the rules for a portfolio value hedge against interest rate risks, or to present hedging relationships pursuant to the general rules of IAS 39.

Effects within the AMAG Group:

IFRS 9 is applicable for the first time in the first reporting period of a financial year beginning on or after January 1, 2018, although earlier application is permitted. At present, the Group intends to apply IFRS 9 for the first time as of January 1, 2018. Early application is currently being evaluated.

IFRS 9 contains a new categorisation and measurement approach for financial assets reflecting the business model in whose context the assets are held, as well as the characteristics of their cash flows. Based on a preliminary appraisal, the AMAG Group is currently not of the opinion that this will have significant effects on the financial accounting. Moreover, IFRS 9 includes regulations concerning the impairment of financial assets. The assessment to date has shown that impairments will be assessed in the future on the basis of the lifetime expected credit loss. It is currently not possible to quantify the effect, as the level of assets to which impairment losses are to be applied as of January 1, 2018 cannot be estimated.

The AMAG Group intends to apply the IFRS 9 regulations to hedge accounting. A preliminary evaluation suggests that the types of accounting treatment of current hedges should meet the requirements of IFRS 9. Any amendments that might be required to internal documentation and control mechanisms will be implemented accordingly.

The preliminary evaluation suggests that the expected amendments to financial accounting methods for hedging costs and inventory purchase hedges would have no significant effects if they had been applied to group hedge accounting during 2016.

The actual effects of applying IFRS 9 to the consolidated financial statements in 2018 are not known, and cannot be estimated reliably, as they depend on the financial instruments the group holds and economic conditions prevailing at that time, as well as on the selection of accounting methods and discretionary decisions the group makes.

Amendments to IFRS 15 "Revenue from Contracts with Customers"

In September 2016, the EU adopted the final version of IFRS 15 "Revenue from Contracts with Customers".

IFRS 15 aggregates within one standard the rules relating to revenue recognition. In future, the decisive factor for the recognition of revenue is no longer the transfer of significant opportunities and risks, but instead the date on which the customer gains control of the agreed goods and services, and can draw benefit from them. In the future, IFRS 15 replaces IAS 11 "Construction Contracts" and IAS 18 "Revenue".

Effects within the AMAG Group:

IFRS 15 is applicable for the first time in the first reporting period of a financial year beginning on or after January 1, 2018, although earlier application is permitted. From today's perspective, the company is not considering early application.

Contracts are currently evaluated in relation to their future recognition and measurement applying the five-step model (identification of the contract with the customer, identification of the separate performance obligations, determining the transaction price, allocation of the transaction price to the performance obligations and revenue recognition). Initial evaluation suggests effects may arise in the area of regulations for the sale of goods. Such effects cannot yet be estimated precisely from today's perspective, as the analyses of contracts have not yet been fully completed. As the appraisal has not yet been completely concluded, a decision has not yet been made in favour of either the cumulative or retrospective approach for adopting IFRS 15.

Amendments to IFRS 16 "Leases"

The new IFRS 16 standard replaces IAS 17 "Leases". The introduction of IFRS 16 dispenses in future with the differentiation between finance and operating leases that IAS 17 has required for the lessee. For leases, the lessee recognises on its balance sheet a lease liability for the obligation to make lease payments in the future. At the same time, the lessee capitalises a right to use the underlying asset. This corresponds, as a matter of principle, to the present value of the future lease payments plus directly attributable costs. During the duration of the lease contract, the lease liability is carried forward on the balance sheet similarly to IAS 17 regulations for finance leases. The right of use is amortised straight-line, resulting in higher expenses at the start of the duration of the lease contract, as a matter of principle. Accounting simplifications apply to short-term leases and low-value leased assets. For the lessor, the new standard's regulations are similar to existing IAS 17 regulations.

Effects within the AMAG Group:

IFRS 16 is applicable for the first time in the first reporting period of a financial year beginning on or after January 1, 2019, although earlier application is permitted (only if IFRS 15 is also applied early). From today's perspective, the company is not considering early application.

As part of an initial assessment of potential effects, the fact that new assets and liabilities are to be recognised for operating leases was identified as the most significant impact. Besides this, the type of expenses connected with these leases will now change, as IFRS 16 replaces straight-line expenses for operating leases with an amortisation cost for right-of-use assets, and borrowing costs for liabilities arising from the lease. The AMAG Group has not yet decided whether it will utilise the exemption regulations. No significant effects for the Group's finance leases are anticipated.

Miscellaneous amendments to standards

The amendments to IFRS 2 "Share-based Payments: Classification and Valuation" relate to three definable areas that are presented differently due to a lack of specific instructions for practical application. The three areas relate to the treatment of exercise conditions for cash-settled share-based payment transactions, the classification of share-based payments envisaging net settlement, and a change of payment classification from "cash-settled" to "equity-settled".

The amendment to IFRS 4 "Insurance Contracts" relates to the first-time application of IFRS 9 "Financial Instruments" for insurers.

The amendment to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" concerning the disposal or contribution of assets between an investor and its associate or joint venture relate to the elimination of an inconsistency between the requirements of IFRS 10 and IAS 28. This clarifies the treatment of unrealised gains arising from transactions between an investor and its associate or joint venture.

The amendment to IAS 7 "Statements of Cash Flows" is intended to improve information published in IFRS financial statements about changes to a company's debt. According to the amendments, disclosures about changes to financial liabilities are to be made where cash inflows and cash outflows from such financial liabilities are shown under cash flow from financing activities in the cash flow statement.

The amendment to IAS 12 "Income Taxes – Recognition of Deferred Tax Assets on Unrealised Losses" serve to clarify how some IAS 12 regulations are to be applied when recognising deferred tax assets deriving from the fair value measurement of acquired debt instruments.

The amendment to IAS 40 "Investment Properties Under Construction" serves to clarify in which cases the classification of a property as an investment property starts and ends.

The amendment to IFRIC 22 "Foreign Currency Transactions of Advance Consideration" clarifies which date to apply as the basis to derive the exchange rate to translate foreign-currency transactions, including prepayments received or rendered.

Three IFRS standards were amended by annual improvements to the IFRS 2014-2016 Cycle. The amendments relate to IFRS 1 "First-Time Adoption of IFRS", which abolished the remaining restricted-period exemption regulations. The amendment to IFRS 12 "Disclosure of interest in Other Entities" clarifies that the standard's disclosure regulations are also valid for interests falling within the application scope of IFRS 5. The amendment to IAS 28 "Investments in Associates and Joint Ventures" concerns a clarification that an option to measure an interest in an associate or joint venture held by a venture capital company or another qualified entity can be exercised differently for each interest.

Significant accounting policies

The principal accounting policies applied in the presentation of the consolidated financial statements of AMAG Austria Metall AG are set out below.

Consolidated statement of financial position

The consolidated financial statements have been prepared on the basis of historical cost, with the exception of financial instruments measured at fair value.

Non-current and current assets and liabilities

Pursuant to IAS 1, the consolidated statement of financial position is structured on a term basis. Assets and liabilities with maturities of up to one year are classified as current, and those with terms of over one year as non-current. The maturities are always determined with reference to the date at the end of the reporting period.

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 of between 3 and 29 years. No intangible assets with indefinite useful lives exist at present.

Changes in the amortisation method or period necessitated by changes in the expected useful life or the expected consumption of the future economic benefits of an asset are treated as changes in estimates. 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 expected useful life and depreciation method applied are reviewed periodically to assess whether they reflect the economic benefits embodied by the assets.

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 on a straight-line basis over the expected economic life of the asset:

Office, factory and other buildings	25-50 years
Plant and machinery	2-50 years
Other fixtures and fittings, tools and equipment	2-20 years

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 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.

Borrowing costs that are directly attributable to the cost of an asset that necessarily takes a substantial period of time to make ready for its intended use or sale are capitalised as part of the cost of the asset in accordance with IAS 23.

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.

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.

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 recoverable amount of the asset is estimated in order to determine the scope of any impairment loss to be applied. 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) fall below 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.

Leases

Under IAS 17, the criterion for the attribution of a leased asset to the lessor or lessee is determined by assessing to which party all of the significant risks and rewards inherent in ownership transfer. Leased items of property, plant and equipment that represent asset purchases financed by long-term borrowings (finance leases) are recognised at the lower of the fair value or the present value of the minimum lease payments at the commencement of the lease term, in accordance with IAS 17. Depreciation is applied over the economic life of the assets. The commitments arising from the future lease payments are recognised as liabilities. The other lease or hire contracts are treated as operating leases, and the assets are attributed to the lessor or owner, while the current lease payments are expensed.

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 costs of conversion or net realisable value. Costs of conversion include direct material and production costs, as well as reasonable material and production overheads, based on normal production capacity. General administrative and selling costs are not taken into consideration. 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 market value (average value of customer orders) is lower on the reporting date, this market value is recognised.

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 and liabilities as defined by IAS 39 are classified as financial assets or financial liabilities at fair value through profit or loss, as loans and receivables, as held-to-maturity investments or as available-for-sale financial assets. 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 estimate the fair value of financial instruments at the end of a reporting period. The fair values of financial assets and liabilities 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 IAS 39.19 (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.

Other non-current financial assets and financial investments

Other non-current assets and financial investments comprise non-consolidated equity interests, available-for-sale financial assets and other non-current assets. These are reported at cost less any impairment. Impairment losses are recognised in profit or loss. Impairment losses are reversed directly in equity in the case of equity instruments, and in profit or loss in the case of debt instruments.

Interest on securities is accrued in the appropriate periods and reported under the net interest result. Income from non-consolidated equity interests and miscellaneous other financial assets is shown under the other net financial result.

Receivables

Receivables are classified as loans and receivables in accordance with IAS 39, and measured at amortised cost less any impairment losses. Foreign currency receivables are measured at the average rate prevailing on the balance sheet date. If indications of impairment exist, an impairment loss is recognised up to the present value of the future cash flows. The proportion of uncollectible receivables is calculated on the basis of term structure. An impairment loss is also recognised if objective evidence exists that a receivable is unlikely to be collected. Impairment losses are recorded on an allowance account. Receivables are only derecognised in the event of insolvency or unsuccessful attempts to enforce claims by taking legal action. Reversals of impairment losses are recognised in profit or loss. Interest-free or low-interest receivables with an expected residual maturity of over one year are discounted.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term investments. They are mark to market on the balance sheet date.

Liabilities

Liabilities are recognised at amortised cost in accordance with IAS 39, 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 and hedging

Derivative financial instruments

Derivative instruments that do not meet the criteria for hedge accounting as per IAS 39 are classified as held for trading, and recognised at fair value through profit and loss in accordance with IAS 39. Where material, measurement takes into account counterparty credit risk as well as the company's own credit risk.

Cash flow hedges

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 other net financial result. If the hedge subsequently results in the recognition of an asset or liability, the amounts deferred in equity are reclassified to profit or loss in the same period or periods during which the hedged position affects profit or loss. 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.

Interest rate swaps are used to 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 the impact of future changes in interest rates on the cash flows derived from the underlying variable-rate financial liabilities.

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.

Fair value hedges

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. Some of the physical inventories are hedged by forward sales on the LME, and hedge accounting is partly used for these contracts. Subsequent measurement is at market value, as a matter of principle.

Physical stocks are hedged against exchange rate and price movements.

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.

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.

Power supply contract concluded by Aluminerie Alouette Inc.

Alouette has a power contract with a state-owned utility that directly ties the electricity rate to be paid by Alouette to the market price of aluminium under a contractual pricing formula.

The existing electricity purchasing contract for which a total fair value of EUR 9,331 thousand was recognised on the previous year's reporting date under other current receivables expired as of December 31, 2016.

As of October 11, 2016, a new electricity purchasing contract was concluded that regulates electricity supplies from January 1, 2017.

The new contract contains an embedded derivative due to the linkage between electricity and aluminium prices. This derivative will act as a hedging instrument for future primary aluminium sales by way of a cashflow hedge. 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 (in other words, a mark-to-market price is not directly observable). A discounted cash flow analysis is consequently employed to value the derivative, applying an electricity reference price, related yield curves, and forward aluminium prices and 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 aluminium forward prices, and compared with the present value of future electricity payments based on Alouette's reference electricity price taking into account USD/CAD forward structures. This approach provides a model-based valuation of the embedded derivative.

The derivative's positive fair value on initial measurement was classified as a public grant (from the Government of Québec), and reported under other non-current and current liabilities accordingly. The grant is released through profit or loss in line with the expenses expected for the conditions regulated in the contract.

A fair value of EUR 16,451 thousand was recognised under other current assets and a fair value of EUR 98,785 thousand under other non-current assets for the new electricity contract as of December 31, 2016. For the grant to the new electricity contract, an amount of EUR 15,856 thousand was recognised under other current liabilities and grants as of December 31, 2016, and an amount of EUR 96,478 thousand under other non-current liabilities and grants.

Share capital

The subscribed share capital exclusively comprises ordinary shares securitising the same rights and all of which are issued.

Capital reserves

The capital reserves include shareholder contributions, payments made by shareholders in connection with the issuance of shares, and effects arising from reorganisations.

Provisions for severance payments, pensions, medical care benefits and service anniversary bonuses

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.

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 account. The consumer price index serves as the basis for pension adjustments in Austria. In Canada, cost trends for medical care services reflect the circumstances prevailing there.

Staff turnover rates are calculated on a country-specific basis. No staff turnover is taken into consideration for the pension obligations in Austria because no commitments to active employees exist.

Actuarial gains and losses other than those related to service anniversary bonuses are stated under other comprehensive income.

For the Austrian companies, current data from the Austrian Actuaries Association (AVÖ), the 2008-P mortality tables with generational effect for salaried employees, are utilised (although not for invalidity and marriage probability). These are derived from Ettl-Pagler basic probability data that have been used to date, being further developed with new assumptions concerning further mortality trends in the form of generation tables deriving from existing period tables. At the Canadian company Aluminerie Alouette Inc., the "CPM2014Priv projected with scale CPMB (2 dimensions)" are applied as the basis for mortality, with a reduction in the mortality rate of 2.5 % and 5 % respectively.

Where a pension plan qualifies for offsetting of the plan assets against the provision required by IAS 19, such offsetting is performed.

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.

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.

Consolidated statement of profit or loss

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 10,842 thousand were recognised as research and development expenses in the year under review (previous year: EUR 11,504 thousand).

Revenue recognition

Revenue from deliveries is not recognised until the significant risks and rewards of ownership of the goods delivered have transferred to the buyer. In the AMAG Group, satisfaction of this criterion is primarily based on contractually agreed Incoterms. Revenue from services is recognised if the service has been rendered, the level of revenue can be calculated reliably, and the economic benefit is likely to accrue to the Group.

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 2016 financial year, expense-related government grants of EUR 1,888 thousand were recognised in profit or loss (previous year: EUR 2,492 thousand).

The interest is accrued pro rata at the respective interest rate. Dividends are recognised when shareholders' rights to receive payment are substantiated.

Borrowing costs

Borrowing costs comprise interest and other costs incurred in connection with borrowings. Borrowing costs that are directly attributable to the purchase, construction or manufacturing of an asset that necessarily takes a substantial period of time to make ready for its intended use or for sale are capitalised as part of the cost of the asset. All the other borrowing costs are expensed in the period in which they are incurred.

Income taxes

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 annual profit, taking deferred tax into account. 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.

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 tax 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. Tax planning for the coming years is utilised as the basis for measurement.

In Austria, dividend payouts from the Group companies to the Group parent company are free of tax. Pursuant to double taxation treaties between Canada and Austria, dividend payments incur withholding tax of 5 %. If the entire net profit of the Canadian subsidiary of USD 77.5 million (previous year: USD 76.6 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.

Accounting judgements and estimates

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 consequently scrutinised constantly. Changes in the estimates are recognised in the periods in which they are made.

Accounting judgements

The interest held in smelting company Aluminerie Alouette Inc., Sept-Îles, Canada, is classified as a jointly controlled operation (IFRS 11.15) within the AMAG Group primarily 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 does not generate any revenue from third parties, and the company's owners are obligated to purchase a pro rata share of total output. 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 primary source of cash flows, and consequently obligated to cover any debts that Alouette might incur.

Assumptions and estimation uncertainties

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:

If an asset is tested for impairment at the level of a cash-generating unit, assumptions must be made about future cash inflows and cash outflows, in particular. These relate to both the planning period and trends in the subsequent period. To calculate future cash inflows and cash outflows, the management determines planning assumptions that are updated and regularly compared with external information sources. In particular, these planning assumptions take into account expectations about the profitability of the product portfolio, future market share trends, economic trends (such as changes in foreign currency exchange rates, interest rates and commodity prices), and legal conditions, as well as empirical data. In the year under review, no indications existed of impairment to assets.

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, 2016, provisions of EUR 68,504 thousand were recognised for severance payments, pensions, medical care benefits and service anniversary bonuses (previous year: EUR 56,011 thousand). Further details can be found in chapter H "Notes to the consolidated statement of financial position", subchapter 9.

To measure deferred tax assets, assumptions relating to future taxable income and the timing of realisation are to be made. For this, budgeted operating business results and earnings effects arising from the reversal of taxable temporary differences are taken into account. 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.

Within the AMAG Group, non-forfeitable loss carryforwards exist mainly at the Austria Metall GmbH tax group and at the AMAG Austria Metall AG tax group. Deferred tax assets relating to non-forfeitable loss carryforwards are measured on the basis of medium-term planning for the coming five years, which is reconciled with the tax planning account. The Austria Metall GmbH tax group anticipates taxable income during this period. The deferred tax assets relating to loss carryforwards for this tax group amount to EUR 9,847 thousand (previous year: EUR 24,400 thousand). Based on the current tax planning account for the AMAG Austria Metall AG tax group, positive tax results are also expected for the corresponding period. Deferred taxes of EUR 6,571 thousand (previous year: EUR 6,034 thousand) were also formed for these

loss carryforwards as a consequence. Further details can be found in chapter H "Notes to the consolidated statement of financial position", subchapter 3.

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.

Contingent liabilities as per IFRS 3 deriving from previous years for environmental cleanup 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 recognition for derecognition nor the criteria for a provision pursuant to IAS 37 were met as of the balance sheet date.

The AMAG Group is obligated to clean leachate deriving from a closed and sealed waste site to comply with prescribed consensus levels. This obligation was measured with the present value of the estimated operating costs until 2029. 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 4,574 thousand (previous year: EUR 4,730 thousand).

Further details can be found in chapter H "Notes to the consolidated statement of financial position", subchapter 10.

F Contingent liabilities and assets

Contingent liabilities are not shown on the statement of financial position, apart from those accounted for in accordance with IFRS 3. They are disclosed when the possibility of an outflow of resources embodying economic benefits cannot be excluded, although the criteria for the recognition of a provision are not met.

Contingent assets are disclosed in the consolidated financial statements only if an inflow of resources embodying economic benefits is probable.

G Adjustments pursuant to IAS 8

In this set of annual financial statements, the following matter was adjusted retrospectively pursuant to IAS 8. An erroneous interpretation in calculating levies connected with cross-border merchandise movement was corrected for the period from December 2012 until December 2015, and taken into retrospective account. Ongoing effects during the current year are included in the consolidated financial statements.

Accordingly, an amount of EUR 7,211 thousand in the Rolling Division was provisioned retrospectively as of December 31, 2015, and receivables of EUR 1,803 thousand deriving from current and deferred taxes were capitalised. The effect in equity amounts to EUR -5,409 thousand.

Adjustments were applied to the following balance sheet items:

in EUR thousand	December 31, 2014			December 31, 2015		
	before	revised	changed	before	revised	changed
Deferred tax assets	34,726	35,537	811	27,227	28,579	1,352
Current tax assets	2,906	3,176	270	2,664	3,114	451
TOTAL ASSETS	1,087,237	1,088,319	1,081	1,102,530	1,104,333	1,803
Equity	623,890	620,646	(3,244)	643,447	638,039	(5,409)
Deferred tax liabilities	19,188	19,188	0	15,746	15,746	0
Current provisions	14,726	19,052	4,326	18,248	25,460	7,211
TOTAL EQUITY AND LIABILITIES	1,087,237	1,088,319	1,081	1,102,530	1,104,333	1,803

The profit and loss statement was adapted as follows:

in EUR thousand	2015		
	before	revised	changed
Cost of sales	(789,770)	(792,655)	(2,886)
Earnings before interest and taxes (EBIT)	57,590	54,705	(2,886)
Net income after taxes	42,697	40,533	(2,164)
Earnings per share (in EUR)	1.21	1.15	(0.06)

In the cash flow statement, only a shift within cash flow from operating activities occurred:

in EUR thousand	2015		
	before	revised	changed
Earnings before taxes (EBT)	51,288	48,402	(2,886)
Changes in provisions	(3,729)	(844)	2,886

Adjustments to the consolidated statement of comprehensive income:

in EUR thousand	2015		
	before	revised	changed
Earnings after taxes	42,697	40,533	(2,164)
Total comprehensive income for the year	61,874	59,710	(2,164)

H Notes to the consolidated statement of financial position

01 Consolidated statement of changes in non-current assets

Changes in historical cost

in EUR thousand	As of Jan. 1, 2016	exchange differences	Additions	Disposals	Reclassifi- cations	As of Dec. 31, 2016
Intangible assets	8,189	111	1,464	(30)	62	9,797
Undeveloped land	17,450	0	0	0	0	17,450
Land - developed land	17,808	26	1	0	0	17,835
Buildings - developed land	177,507	1,460	2,390	(2,531)	2,417	181,242
Plant and machinery	703,806	10,161	38,383	(11,893)	27,014	767,471
Other fixtures and fittings, tools and equipment	36,969	73	6,431	(1,528)	657	42,602
Advance payments made and assets under construction	53,200	(74)	152,665	(8)	(30,150)	175,632
Property, plant and equipment	1,006,739	11,645	199,870	(15,960)	(62)	1,202,232

in EUR thousand	As of Jan. 1, 2015	exchange differences	Additions	Disposals	Reclassifi- cations	As of Dec. 31, 2015
Intangible assets	7,315	398	1,119	(4)	(639)	8,189
Undeveloped land	13,997	0	3,516	(28)	(36)	17,450
Land - developed land	22,255	485	1	(24)	(4,909)	17,808
Buildings - developed land	159,775	3,912	3,300	(53)	10,573	177,507
Plant and machinery	646,966	32,267	20,004	(19,947)	24,516	703,806
Other fixtures and fittings, tools and equipment	32,597	214	5,862	(2,170)	465	36,969
Advance payments made and assets under construction	32,748	663	50,302	(542)	(29,971)	53,200
Property, plant and equipment	908,339	37,540	82,986	(22,764)	639	1,006,739

Amortisation, depreciation and impairment losses

in EUR thousand	As of Jan. 1, 2016	exchange differences	Additions	Disposals	Reclassifi- cations	As of Dec. 31, 2016
Intangible assets	1,562	17	827	(30)	0	2,377
Undeveloped land	0	0	0	0	0	0
Land - developed land	0	8	169	0	0	177
Buildings - developed land	67,939	869	9,457	(1,562)	0	76,702
Plant and machinery	308,396	6,067	54,080	(11,607)	0	356,936
Other fixtures and fittings, tools and equipment	20,858	49	5,494	(1,366)	0	25,036
Advance payments made and assets under construction	0	0	0	0	0	0
Property, plant and equipment	397,193	6,994	69,200	(14,535)	0	458,850

in EUR thousand	As of Jan. 1, 2015	exchange differences	Additions	Disposals	Reclassifi- cations	As of Dec. 31, 2015
Intangible assets	952	27	635	(1)	(50)	1,562
Undeveloped land	0	0	0	0	0	0
Land - developed land	3,392	312	170	0	(3,874)	0
Buildings - developed land	52,868	1,823	9,393	(25)	3,880	67,939
Plant and machinery	257,425	16,037	54,018	(19,128)	44	308,396
Other fixtures and fittings, tools and equipment	17,780	155	4,930	(2,006)	(0)	20,858
Advance payments made and assets under construction	0	0	0	0	0	0
Property, plant and equipment	331,465	18,327	68,511	(21,160)	50	397,193

Carrying amounts

in EUR thousand	Historical cost Dec. 31, 2016	Accumulated Amort./Depr. Dec. 31, 2016	Book values Dec. 31, 2016	Book values Dec. 31, 2015
Intangible assets	9,797	2,377	7,420	6,627
Undeveloped land	17,450	0	17,450	17,450
Land - developed land	17,835	177	17,658	17,808
Buildings - developed land	181,242	76,702	104,540	109,568
Plant and machinery	767,471	356,936	410,535	395,410
Other fixtures and fittings, tools and equipment	42,602	25,036	17,566	16,110
Advance payments made and assets under construction	175,632	0	175,632	53,200
Property, plant and equipment	1,202,232	458,850	743,381	609,547

Advance payments made and assets under construction

During the course of the financial year, investments in the "AMAG 2020" 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

As in the previous year, in 2016 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 133 thousand were recognised as assets (previous year: EUR 79 thousand).

Borrowing costs

In the 2016 financial year, borrowing costs in an amount of EUR 226 thousand were capitalised in relation to qualifying assets (previous year: EUR 12 thousand). The calculated effective interest rate for the ERP financing of 0.40 % was applied as the basis (previous year: 1.63 %).

Finance leases

Other fixtures and fittings, tools and equipment include IT hardware that qualifies as a finance lease with a carrying amount of EUR 1,200 thousand (previous year: EUR 1,486 thousand).

Additions to fixtures and fittings, tools and equipment do not include any non-cash investments (previous year: EUR 1,723 thousand).

Payment obligations under finance leases in EUR thousand	2016	2015
Minimum lease payments		
Up to one year	506	446
More than one year up to five years	716	1,078
Over five years	0	0
less:		
Future finance costs	22	37
Present value of lease obligation		
Up to one year	492	428
More than one year up to five years	709	1,059
Over five years	0	0
	1,200	1,486

Finance lease payment obligations are reported under interest-bearing financial liabilities in the consolidated statement of financial position.

Operating leases

The Group is the lessee under a number of operating leases relating to buildings, machinery, office space and other items.

They do not contain any restrictions on the Group's activities with regard to dividends, additional borrowing or other leasing agreements.

Lease payments of EUR 691 thousand were expensed in the year under review (previous year: EUR 776 thousand).

The Group's future obligations under operating leases are as follows:

Payment obligations under operating leases in EUR thousand	2016	2015
Up to one year	631	736
More than one year up to five years	1,983	1,850
Over five years	0	0
	2,615	2,586

Obligations arising from investments in plant

Obligations arising from investments in plant amounted to EUR 56,984 thousand as of December 31, 2016 (previous year: EUR 126,742 thousand).

02 Other non-current assets and financial assets

in EUR thousand	2016	2015
Equity investments	27	27
Other non-current assets	2,406	2,553
Derivatives recognized as non-current assets	99,942	249
Securities available for sale	354	354
	102,728	3,182

This item includes binding commitments for government grants, and undertakings from customers subject to insolvency or bankruptcy proceedings to pay receivables.

Derivatives recognised as non-current assets include EUR 99,443 thousand of cash flow hedge derivatives (previous year: EUR 245 thousand), and held-for-trading derivatives of EUR 456 thousand (previous year: EUR 4 thousand). This also includes the non-current portion of EUR 98,785 thousand of the derivative embedded in the power supply contract of Aluminerie Alouette Inc. (previous year: EUR 0 thousand).

Securities include non-controlling interests of less than 20 % in three companies.

03 Deferred tax assets

in EUR thousand	2016	2015*
Deferred tax assets affecting net income	11,700	22,483
Deferred tax assets not affecting net income	11,705	6,097
	23,406	28,579

* A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see chapter G).

This item includes deferred tax assets relating to loss carryforwards in an amount of EUR 16,418 thousand (previous year: EUR 30,508 thousand). These derive from EUR 39,389 thousand of loss carryforwards of the Austria Metall GmbH tax group (previous year: EUR 97,599 thousand), and EUR 26,284 thousand of the AMAG Austria Metall AG tax group (previous year: EUR 24,138 thousand), where prospects exist of realising them based on tax planning. The EUR 61 thousand of deferred taxes for the pre-consolidation losses of AMAG Erste Beteiligungsverwaltungs GmbH (previous year: EUR 74 thousand) were revalued, as no possibility exists to realise them in subsequent years.

No deferred tax assets have been recognised for loss carryforwards in an amount of EUR 402 thousand, as it is unlikely that they can be realised (previous year: EUR 120 thousand).

An offsetting of EUR 2,239 thousand of deferred taxes was also applied at the level of the Austria Metall GmbH tax group in the year under review (previous year: EUR 5,290 thousand).

04 Inventories

in EUR thousand	2016	2015
Raw materials and consumables	98,948	103,829
Work in progress	40,381	32,507
Finished goods	58,804	49,896
Merchandise	856	948
	198,989	187,180

This item includes impairment losses of EUR 22,119 thousand (previous year: EUR 21,271 thousand). Of the change in the impairment loss, EUR 1,520 thousand is attributable to additions (previous year: EUR 4,283 thousand), EUR 692 thousand to consumption (previous year: EUR 44 thousand), and the remainder relates to currency translation differences. The carrying amount of inventories measured at fair value less costs of disposal was EUR 14,116 thousand (previous year: EUR 16,964 thousand).

Inventories of EUR 476,575 thousand were carried in profit or loss in the period under review (previous year: EUR 515,017 thousand), EUR 475,906 thousand of which were attributable to cost of sales (previous year: EUR 514,582 thousand).

05 Trade receivables

in EUR thousand	2016	2015
Trade receivables	104,306	94,852
Trade receivables related parties	16	74
Receivables from equipment sales	19	10
Impairment trade receivables	(1,699)	(1,693)
	102,641	93,244

The change in impairment losses was as follows:

impairment losses in EUR thousand	2016	2015
As of January 1	1,693	1,364
Addition	9	340
Reversal	(3)	(11)
As of Dec. 31	1,699	1,693

06 Other assets

in EUR thousand	2016	2015
Other receivables and advanced payments	27,683	17,749
Derivatives recognized as current assets	30,012	22,627
Financial receivables - funds in transit	470	201
	58,166	40,577

Other receivables and advanced payments include social security receivables and taxes of EUR 17,158 thousand (previous year: EUR 12,659 thousand), receivables of EUR 6,365 thousand due from Alouette partners (previous year: EUR 0 thousand), EUR 134 thousand of short-term receivables from state grants (previous year: EUR 976 thousand), and EUR 24 thousand of firm commitments (previous year: EUR 235 thousand).

In accordance with IAS 39, derivative instruments are divided into the following categories, and report the following market values of the end of the reporting period:

- + Derivatives not designated or recognised as hedging instruments in accordance with IAS 39: EUR 11,216 thousand (previous year: 10,979 thousand). Under this item, an amount of EUR 3,020 thousand (previous year: EUR 2,073 thousand) was offset against derivative financial instruments recognised under current liabilities, due to an enforceable netting entitlement.
- + Derivative financial instruments which are designated as hedging instruments in documented cash flow hedges, and which are determined to have been effective: EUR 1,251 thousand (previous year: EUR 56 thousand).
- + Derivative financial instruments which are designated as hedging instruments in documented cash flow hedges, and which are determined to have been effective: EUR 17,545 thousand (previous year: EUR 11,593 thousand). This also includes the current portion of EUR 16,451 thousand of the derivative embedded in the power supply contract of Aluminerie Alouette Inc. (previous year: EUR 9,331 thousand).

The following tables show the figures both before and after offsetting. For further details, please refer to the notes to the consolidated statement of financial position, subchapter 13.

Offsetting financial assets and liabilities 2016 in EUR thousand	before Offsetting	Offsetting	after Offsetting
Derivatives recognized as current assets	33,033	(3,020)	30,012
Derivatives recognized as current liabilities	36,936	(3,020)	33,916

Offsetting financial assets and liabilities 2015 in EUR thousand	before Offsetting	Offsetting	after Offsetting
Derivatives recognized as current assets	24,700	(2,073)	22,627
Derivatives recognized as current liabilities	20,213	(2,073)	18,139

07 Cash and cash equivalents

in EUR thousand	2016	2015
Cash in hand	132	41
Current account surplus	65,252	36,656
Assessments	84,449	95,586
	149,833	132,282

These items in the statement of financial position relate to the cash positions at the start and end of the reporting period that are contained in the consolidated statement of cash flows.

08 Equity

Changes in equity are presented in a separate table (consolidated statement of changes in equity).

Share capital

The share capital comprises 35,264,000 no 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 consist of a year-on-year unchanged amount of EUR 379,337 thousand, of which EUR 94,752 thousand is attributable to tied capital reserves, and EUR 284,585 thousand is attributable to untied capital reserves.

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.

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.

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 will propose that EUR 1.20 per share (a maximum of EUR 42,317 thousand in total) will be distributed as a dividend to shareholders from the parent company's profit for the year.

Authorised capital

With a resolution by the AGM of AMAG Austria Metall AG on April 16, 2015, the company's Management Board was authorised, subject to Supervisory Board approval, to increase the company's share capital by up to EUR 17,500,000.00 by issuing 17,500,000 individual bearer share certificates in one or more tranches within five years of the entry of the resolution in the company register, in other words, by April 16, 2020, against cash or non-cash capital contributions, including under whole or partial exclusion of subscription rights, and to determine the issue price – which may not be lower than the proportion of the current share capital represented by each individual share certificate – and the other terms and conditions of the issue after consultation with the Supervisory Board (Authorised Capital established by section 4 (5) of the articles of incorporation).

A conditional increase in the company's share capital was implemented pursuant to Section 159 (2) (1) of the Austrian Stock Corporation Act (AktG) to satisfy conversion and/or subscription rights in respect of convertible bonds issued in accordance with the authorisation conferred by the AGM resolution of April 16, 2015. A conditional capital increase may be implemented only if convertible bond holders exercise their right to exchange the bonds for and/or subscribe to the company's shares (conditional capital as defined by Section 4 (6) of the articles of incorporation). The number of shares actually issued or potentially capable of being issued in accordance with the conditions of the convertible bonds and the number of shares specified by the authorised capital may not exceed 17,500,000.

Restrictions

Following an internal review, the Management Board is not aware of any restrictions in the meaning of Section 243a Z2 of the Austrian Commercial Code (UGB).

Additional disclosures regarding capital management

AMAG is not subject to any capital requirements under its articles of association. 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 AMAG's capital management is to secure the Group's growth and further development, and to optimise returns for shareholders. The management exclusively regards the 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	2016	2015
Total Equity	630,460	638,039
Equity ratio	45.4 %	57.8 %
Balance-sheet total	1,389,727	1,104,333

09 Personnel provisions

in EUR thousand	2016	2015
Provisions for severance payments	29,999	21,766
Provisions for pensions	24,331	22,619
Provisions for medical care benefits	8,174	6,931
Provisions for service anniversary bonuses	6,000	4,695
Total Personnel provisions	68,504	56,011
thereof non-current	65,450	52,160

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. The entitlement is determined by years of service and final salary ("old severance"). These obligations are accounted for as defined benefit plans.

For employees who joined after January 1, 2003, contributions to employee benefit funds (MVKs) in an amount of EUR 741 thousand have been made for severance entitlements in defined contribution plans (previous year: EUR 634 thousand).

The provisions for severance benefits changed as follows:

provisions for severance benefits in EUR thousand	2016	2015
Present value of the obligation as of January 1	21,766	24,339
Current service cost	492	643
Interest cost	452	463
Payments	(1,366)	(918)
Expected value of the obligation as of Dec. 31	21,344	24,527
Present value of the obligation as of Dec. 31	29,999	21,766
Revaluation of the period (Other comprehensive income)	8,655	(2,761)
thereof from changes in demographic assumptions	6,095	552
thereof from changes in financial assumptions	3,253	(3,584)
thereof from changes in experiential assumptions	(693)	271

The calculations were based on the following parameters:

Parameters	2016	2015
Increase in salary in %	2.75	2.50
Discount factor in %	1.60	2.25
Female retirement age/pension age (years) in years	60	60
Male retirement age/pension age (years) in years	65	65

Both the reduction in the discount rate as of the reporting date and the higher assumptions relating to salary increases lead to actuarial losses. For the reporting year, the calculation of underlying staff turnover was converted to figures staggered by years of service to achieve more precise results. Depending on length of service, this now amounts to between 0.30 and 4.00 % (previous year: general rate of 1.80 %), resulting in actuarial losses based on modified demographic assumptions.

The average remaining duration of the obligations amounts to 13.6 years (previous year: 12.6 years).

The effects on earnings are as follows:

effects on earnings in EUR thousand	2016	2015
Included in personnel expenses		
Current service cost	(492)	(643)
Included in net interest expenses		
Interest cost	(452)	(463)

For the following financial year, severance benefits of EUR 455 thousand (previous year: EUR 496 thousand) are to be expected, which are reported under other current provisions.

A sensitivity analysis is important, especially in relation to changes in the parameters of interest rates and reference values. In this context, the management regards changes in each case of 0.25 percentage points up and down as realistic assumptions. A corresponding change in these parameters effects, firstly, service cost and interest cost, and, secondly, the present value of the obligation, as follows:

Sensitivity (in %)	2016		2015	
	+ 0.25 %	- 0.25 %	+ 0.25 %	- 0.25 %
Effect of changes in salaries				
on the current service cost and interest cost	5.4 %	(5.1 %)	3.4 %	(3.2 %)
on the defined benefit obligation	3.2 %	(3.1 %)	3.0 %	(2.9 %)
Effect of changes to the discount factor				
on the current service cost and interest cost	2.5 %	(2.7 %)	1.5 %	(1.6 %)
on the defined benefit obligation	(3.2 %)	3.4 %	(3.0 %)	3.1 %

Provisions for pensions

Provisions for pensions relate mainly to provisions in Austria and Canada that are recognised as defined benefit plans in accordance with IAS 19, and are largely covered by plan assets. Calculations are made on the basis of an actuarial report applying country-specific parameters and calculation methods.

The measurement of the Austrian subsidiaries' obligations to former managerial staff arising from individual contractual commitments is based on biometric information drawn from the 2008-P (Ettl-Pagler) tables for salaried employees prepared by the Austrian Actuaries Association (AVÖ). 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. No staff turnover rate is taken into consideration, as the beneficiaries no longer include any active employees and because of 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 taken into account differentiated according to age and gender.

The provisions for pensions changed as follows:

provisions for pensions in EUR thousand	2016	2015
Present value of the obligation as of January 1	71,205	75,733
exchange differences	3,197	(3,205)
Current service cost	2,044	2,253
Contributions to plan assets (employees)	645	669
Interest cost	2,550	2,363
Payments from plan assets	(2,440)	(2,311)
Expected value of the obligation as of Dec. 31	77,201	75,502
Present value of the obligation as of Dec. 31	80,726	71,205
Revaluation of the period (Other comprehensive income)	3,525	(4,297)
Fair value of plan assets as of January 1	48,586	48,789
exchange differences	2,380	(2,351)
Expected return on plan assets	1,774	1,567
Contributions to plan assets (employer)	2,896	2,441
Contributions to plan assets (employees)	645	669
Payments from plan assets	(2,440)	(2,311)
Expected value of plan assets as of Dec. 31	53,842	48,803
Fair value of plan assets as of Dec. 31	56,395	48,586
Revaluation of the period (Other comprehensive income)	2,554	(217)
Provisions for pensions Dec. 31	24,331	22,619
Revaluation of the period (Other comprehensive income)	971	(4,080)
thereof from changes in demographic assumptions	(230)	0
thereof from changes in financial assumptions	4,309	(5,084)
thereof from changes in experiential assumptions	(3,108)	1,004

The calculations were based on the following parameters:

Parameters	2016	2015
Austria		
Increase in salaries in %	1.50	1.50
Discount factor (%) in %	1.30	2.00
Canada		
Increase in salary in %	3.00	3.00
Discount factor (%) in %	4.00	4.25

The average residual duration of the obligations amounts to 8.6 years in Austria (previous year: 8.8 years), and to 19.9 years in Canada (previous year: 20.7 years).

The effects on earnings are as follows:

effects on earnings in EUR thousand	2016	2015
Included in personnel expenses		
Current service cost (employer)	(2,689)	(2,922)
Contributions to plan assets (employees)	645	669
Included in net interest expenses		
Interest cost	(776)	(796)

Pension expenses are included in the following statement of profit or loss items:

in EUR thousand	2016	2015
Cost of sales	(2,372)	(2,572)
Selling and distribution expenses	(277)	(246)
Administrative expenses	(379)	(347)
Research and development expenses	(52)	(56)
Other expenses	(17)	(17)
	(3,096)	(3,237)

Plan assets are invested in Austria with APK Pensionskasse AG, in different investment and risk classes (IRCs) depending on the respective structure of the obligations. Assets relating to pensions drawn by retired employees are invested in IRC2, which has an investment and risk strategy based on significantly shorter maturities than those applied under IRC19, 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 413 thousand (previous year: EUR 1,078 thousand) are anticipated, and are reported under other other 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 1,811 thousand in the following year (previous year: EUR 1,923 thousand); these expected payments are also reported under current provisions.

Changes in plan assets in the respective IRCs are as follows:

Fair value of plan assets in EUR thousand	2016			2015		
	IRC2	IRC19	Canada	IRC2	IRC19	Canada
Fair value of plan assets as of January 1	11,856	2,712	34,018	12,756	2,769	33,264
exchange differences	0	0	2,380	0	0	(2,351)
Expected return on plan assets	243	56	1,475	188	40	1,339
Contributions to plan assets	1,185	0	2,356	536	0	2,574
Payments from plan assets	(1,723)	0	(716)	(1,774)	0	(537)
Actuarial (gains)/losses	375	194	1,985	150	(97)	(270)
Fair value of plan assets as of Dec. 31	11,935	2,962	41,498	11,856	2,712	34,018

The investment structure is outlined below:

Investment to plan assets as of Dec. 31 (in %)	2016			2015		
	IRC2	IRC19	Canada	IRC2	IRC19	Canada
Classes of assets						
Shares	29.9	43.1	67.1	26.2	41.8	63.1
Bonds	55.1	39.5	25.4	56.3	39.5	28.0
Real estate	3.7	3.6	0.0	3.5	3.9	0.0
Cash	6.2	9.5	0.0	9.2	10.3	0.0
Other	5.1	4.3	7.5	4.8	4.5	8.9
Total	100.0	100.0	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 IRC2, in each case almost one third comprise euro and US equities, and approximately 30 % shares from the Asian region. In IRC19, the euro share is around 28 %, the US share 27 %, and around one quarter derive from the Asian region. The debt instruments of both IRCs comprise around 60 % government bonds, of which in each case around 65 % derive from the OECD area, with the rest comprising corporate bonds. The debt instruments in the Canadian plan assets comprise exclusively foreign currency securities (non-euro). Of the equity instruments, 19 % are denominated in euros and 79 % in foreign currencies, with 2 % deriving from emerging markets.

A sensitivity analysis is important, especially in relation to changes in the parameters of interest rates and reference values. In this context, the management regards changes in each case of 0.25 percentage points up and down as realistic assumptions. A corresponding change in these parameters effects, firstly, service cost and interest cost, and, secondly, the present value of the obligation, as follows:

Sensitivity (in %)	2016		2015	
	+ 0.25 %	- 0.25 %	+ 0.25 %	- 0.25 %
Effect of changes in salaries				
on the current service cost and interest cost	3.2 %	(2.8 %)	3.5 %	(3.0 %)
on the defined benefit obligation	2.1 %	(1.9 %)	2.3 %	(2.1 %)
Effect of changes to the discount factor				
on the current service cost and interest cost	(4.2 %)	5.0 %	(4.4 %)	5.2 %
on the defined benefit obligation	(3.6 %)	4.6 %	(3.8 %)	4.8 %

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 stood at EUR 947 thousand (previous year: EUR 1,181 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 taken into account differentiated according to age and gender.

The provisions for pensions changed as follows:

provisions for medical care in EUR thousand	2016	2015
Present value of the obligation as of January 1	6,931	7,305
exchange differences	475	(483)
Current service cost	139	164
Interest cost	309	294
Payments	(104)	(73)
Expected value of the obligation as of Dec. 31	7,751	7,208
Present value of the obligation as of Dec. 31	8,174	6,931
Revaluation of the period (Other comprehensive income)	422	(277)
thereof from changes in demographic assumptions	(19)	0
thereof from changes in financial assumptions	310	(312)
thereof from changes in experiential assumptions	131	35

The calculations were based on the following parameters:

Parameters	2016	2015
Salary increase in %	3.00	3.00
Increase in costs in %	4.60	4.60
Discount rate in %	4.00	4.25

The average remaining duration of the obligations amounts to 17.2 years (previous year: 17.8 years).

The effects on earnings are as follows:

effects on earnings in EUR thousand	2016	2015
Included in personnel expenses		
Current service cost	(139)	(164)
Included in net interest expenses		
Interest cost	(309)	(294)

In the following year, employer contributions are expected to amount to EUR 123 thousand (previous year: EUR 74 thousand), and are reported under current provisions.

The effects of a 0.25 percentage point change in the projected movement of medical care benefits costs were as follows:

Sensitivity (in %)	2016		2015	
	+ 0.25 %	- 0.25 %	+ 0.25 %	- 0.25 %
Effect on the current service cost and interest cost	4.7 %	(3.8 %)	5.0 %	(3.9 %)
Effect on the defined benefit obligation	3.8 %	(3.4 %)	4.7 %	(3.8 %)

Rückstellungen für Jubiläumsgelder

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.

The change in provisions for service anniversary bonuses was as follows:

provisions for service anniversary bonuses in EUR thousand	2016	2015
Present value of the obligation as of January 1	4,695	4,486
Current service cost	300	281
Interest cost	98	84
Payments	(300)	(324)
Expected value of the obligation as of Dec. 31	4,793	4,528
Present value of the obligation as of Dec. 31	6,000	4,695
Revaluation of the period (recognized in profit and loss)	1,207	167

Of the obligation, the service anniversary bonuses anticipated in the subsequent year amount to EUR 253 thousand (previous year: EUR 280 thousand), which are reported as current provisions.

The calculations were based on the following parameters:

Parameters	2016	2015
Increase in salaries in %	2.75	2.50
Discount factor in %	1.60	2.25
Female retirement age/pension age (years)	60	60
Male retirement age/pension age (years)	65	65

As with the provision for severance arrangements, the calculation of staff turnover was converted to figures staggered by years of service, and now lies, depending on period of service, between 0.30 and 4.00 % (previous year: general rate of 1.80 %). This also resulted in actuarial losses that are included in personnel expenses.

The average remaining duration amounts to 14.1 years (previous year: 12.5 years).

The effects on earnings are as follows:

effects on earnings in EUR thousand	2016	2015
Included in personnel expenses		
Current service cost	(300)	(281)
Actuarial gains/(losses)	(1,207)	(167)
Included in net interest expenses		
Interest cost	(98)	(84)

10 Other provisions

in EUR thousand	2016	2015
Other non-current provisions	13,717	14,635
Other current provisions	14,380	21,609
	28,097	36,244

The change in other provisions was as follows:

Other provisions in 2016 EUR thousand	After-care costs	Contract risks	Customer Bonus	Customer Complaints	Others*	Total
Book value as of January 1	14,973	4,097	4,713	3,452	9,009	36,244
exchange differences	97	(30)	0	0	8	75
Utilization	(426)	(1,832)	(3,911)	(253)	(8,660)	(15,082)
Reversal	0	(1,851)	0	(2,995)	(7)	(4,853)
Addition	(142)	1,800	4,031	4,040	2,130	11,859
Addition/deduction of accrued interest	(146)	0	0	0	0	(146)
Book value as of Dec. 31, 2016	14,355	2,185	4,833	4,244	2,481	28,097
Thereof current	710	2,185	4,833	4,244	2,409	14,380

Other provisions in 2015 EUR thousand	After-care costs	Contract risks	Customer Bonus	Customer Complaints	Others*	Total
Book value as of January 1	15,154	3,274	4,144	4,206	5,608	32,386
exchange differences	453	35	0	0	5	493
Utilization	(1,213)	(4)	(3,247)	(202)	(834)	(5,499)
Reversal	0	(2,819)	(167)	(1,377)	(179)	(4,542)
Addition	308	3,610	3,983	824	4,410	13,135
Addition/deduction of accrued interest	270	0	0	0	0	270
Book value as of Dec. 31, 2015	14,973	4,097	4,713	3,452	9,009	36,244
Thereof current	784	3,770	4,713	3,452	8,891	21,609

*) A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see chapter G).

Along with the following item, provisions for cleanup costs also include contingent liabilities pursuant to IFRS 3, and the provision for leachate cleaning at a waste site, which is described in more detail in chapter E Assumptions and estimation uncertainties.

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 2,960 thousand (previous year: EUR 3,335 thousand).

Provisions for contract risk include the provision for pending 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 reclaims, all open reclaim cases are measured in relation to their estimated expenses, and recognised as provisions. As of the balance sheet date, bonus agreements with customers also exist that set out the terms and conditions of a rebate that is not to be paid until after the product is purchased. A provision has been formed for this obligation under customer bonuses.

Of the utilisation of other provisions, which is described in chapter G, an amount of EUR 7,089 thousand relates to the provision described in chapter G "Adjustments pursuant to IAS 8" for levies connected with cross-border trade.

11 Interest-bearing financial liabilities

in EUR thousand	2016	2015
Interest-bearing non-current financial liabilities	343,451	231,761
Interest-bearing current financial liabilities	32,673	14,318
	376,124	246,078

Financial liabilities increased by EUR 130,045 thousand in the reporting period, to EUR 376,124 thousand. The change arises mainly from drawing down EUR 90 million of long-term financing with a 10-year term at a nominal interest rate of 0.45 % plus 3-month EURIBOR and in an amount of EUR 50 million with a 4-year term at a 0.4 % fixed nominal interest rate. This facility was not secured by real property.

12 Trade payables

in EUR thousand	2016	2015
Trade payables	73,322	55,566
	73,322	55,566

Of the trade payables, EUR 28,156 thousand are attributable to investment liabilities (previous year: EUR 13,627 thousand).

13 Other liabilities and grants

in EUR thousand	2016	2015
Other non-current liabilities and grants	120,113	13,262
Other current liabilities and grants	73,309	39,236
	193,422	52,498

Other non-current liabilities include the non-current portion of the grant connected with concluding the new electricity contract for AAL in an amount of EUR 96,478 thousand and derivative financial instruments totalling EUR 18,388 thousand (previous year: EUR 9,122 thousand). These comprise derivative instruments with a negative fair value not designated or recognised as hedging instruments in accordance with IAS 39 and consequently recognised as liabilities amounting to EUR 250 thousand (previous year: EUR 232 thousand), as well as derivative financial instruments designated as hedging instruments in documented cash flow hedges which are determined to have been effective, amounting to EUR 18,138 thousand (previous year: EUR 8,842 thousand).

Derivative financial instruments designated as hedging instruments in documented fair value hedges of reported assets or firm commitments which are determined to have been effective in an amount in previous year of EUR 48 thousand.

Other current liabilities and grants in EUR thousand	2016	2015
Derivatives recognized as current liabilities	33,916	18,139
Liabilities due to employees	14,745	13,532
Other tax liabilities	3,591	2,965
Liabilities due to social security carriers	2,512	2,321
Deferred income	84	50
Grant power contract	15,856	0
Sundry other liabilities	2,605	2,230
	73,309	39,236

Current derivative liabilities include derivatives with a negative fair value that are not designated or recognised as hedging instruments in accordance with IAS 39 amount to EUR 22,412 thousand (previous year: EUR 2,585 thousand). Their main purpose is to hedge risks associated with AMAG's aluminium stocks and order book. Under this item, an amount of EUR 3,020 thousand (previous year: EUR 2,073 thousand) was offset against derivative financial instruments recognised under current assets, due to an enforceable claim for netting. For more details, please refer to the notes relating to the consolidated statement of financial position, subchapter 6.

The remaining current derivative liabilities are divided into the following categories, in accordance with IAS 39; their fair values as at the end of the reporting period are also stated:

- + Derivatives designated as hedging instruments in documented fair value hedges of reported assets or firm commitments which are determined to have been effective: EUR 24 thousand (previous year: EUR 755 thousand).
- + Derivatives designated as hedging instruments in documented cash flow hedges which are determined to have been effective: EUR 11,480 thousand (previous year: EUR 14,800 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

As the AMAG Group operates in several business segments, this reduces the risk of dependency on a small number of customers. Its ten largest customers account for 32.3 % of sales revenue (previous year: 32.3 %), and the largest single customer, which is attributable to the Rolling Division, accounts for 7.8 % (previous year: 7.6 %).

Further information on divisional revenue can be found under segment information. Due to the high cost of preparing reports on revenue deriving from different customers by comparable product and service, such reports are not presented. Only the Service Division generates revenue from services.

Revenue includes EUR 2,836 thousand of income from derivatives that are designated as cash flow hedges pursuant to IAS 39 (previous year: EUR 2,462 thousand of expense).

02 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 AMAG's operating subsidiaries, and marketing 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 manufactures high-quality rolled aluminium products such as sheets, strips and plates for applications in the automotive sector and supply industry, and in sports, engineering, transportation and other industrial sectors. The Division also specialises in bright products, customised cathode elements for zinc electrolysis plants, brazing materials, tread plate and high strength alloys, as well as foil stock for the packaging industry. The portfolio is rounded out by foil stock materials for the packaging industry.

The Service Division provides all centralised services to AMAG's operating divisions at the Ranshofen facility, and overall management functions for the AMAG Group. Its tasks especially also cover management of all buildings and areas at the Ranshofen site, whose land and building assets are allocated entirely to this area. 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 IFRS 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), among other indicators.

Inter-divisional sales and purchases of materials and services are calculated on the basis of market prices. Divisional assets and liabilities comprise all assets and liabilities recognised on the basis of 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.

Inter-divisional 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.

Business divisions

2016 in EUR thousand	Metal	Casting	Rolling	Service	Consolidation	Group
Shipments in tons	121,196	86,709	198,031		(30,710)	375,226
of which internal 1)	6,031	24,678	0		(30,710)	0
Revenue						
External	185,903	102,689	611,941	5,713	0	906,246
Internal	425,246	9,391	90,282	65,956	(590,876)	0
	611,149	112,080	702,223	71,669	(590,876)	906,246
Gross profit	15,647	8,419	113,260	14,371	(1,322)	150,375
Earnings before interest, taxes, depreciation and amortization (EBITDA)	37,866	6,127	95,596	3,409	0	142,997
Depreciation and amortisation	28,637	2,192	28,946	10,250	0	70,026
Earnings before interest and taxes (EBIT)	9,228	3,934	66,649	(6,841)	0	72,971
Interest income	3,341	0	95	3,758	(6,241)	952
Interest expenses	(4,474)	(77)	(7,095)	(3,810)	6,241	(9,215)
Net interest income (expenses)	(1,133)	(77)	(7,000)	(53)	0	(8,262)
Other financial income (expenses)	(1,905)	0	0	41,149	(41,000)	(1,756)
Net financial income (expenses)	(3,037)	(77)	(7,000)	41,096	(41,000)	(10,018)
Earnings before taxes (EBT)	6,191	3,858	59,649	34,255	(41,000)	62,953
Income taxes	(2,019)	(1,003)	(14,715)	1,090	0	(16,648)
Net income after taxes	4,172	2,854	44,934	35,345	(41,000)	46,305
Balance sheet						
Division assets	559,908	28,169	537,904	803,190	(539,444)	1,389,727
Division liabilities	278,869	14,266	389,438	414,172	(337,477)	759,267
Other disclosures						
Investments (excluding financial investments)	6,977	1,100	138,209	55,048	0	201,334
Employees FTE	195	125	1,309	133	0	1,762

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

2015 in EUR thousand	Metal	Casting	Rolling*	Service	Consolidation	Group*
Shipments in tons	119,648	86,142	175,470		(34,187)	347,073
of which internal 1)	15,177	19,009	0		(34,187)	0
Revenue						
External	192,757	129,226	585,924	5,423	0	913,331
Internal	454,888	8,241	107,072	65,300	(635,501)	0
	647,645	137,468	692,996	70,723	(635,501)	913,331
Gross profit	9,736	12,778	86,969	12,896	(1,703)	120,676
Earnings before interest, taxes, depreciation and amortization (EBITDA)	33,315	10,870	73,956	5,710	0	123,850
Depreciation and amortisation	28,991	2,461	27,910	9,784	0	69,146
Earnings before interest and taxes (EBIT)	4,324	8,409	46,047	(4,074)	0	54,705
Interest income	2,026	1	141	3,323	(4,982)	509
Interest expenses	(2,355)	(182)	(5,953)	(3,133)	4,982	(6,640)
Net interest income (expenses)	(329)	(180)	(5,812)	190	0	(6,131)
Other financial income (expenses)	691	0	(0)	39,937	(40,800)	(171)
Net financial income (expenses)	362	(180)	(5,812)	40,128	(40,800)	(6,302)
Earnings before taxes (EBT)	4,686	8,228	40,235	36,053	(40,800)	48,402
Income taxes	(166)	(2,036)	(9,800)	4,133	0	(7,869)
Net income after taxes	4,520	6,192	30,435	40,186	(40,800)	40,533
Balance sheet						
Division assets	409,886	27,617	418,299	657,366	(408,835)	1,104,333
Division liabilities	135,838	10,831	267,563	259,131	(207,069)	466,294
Other disclosures						
Investments (excluding financial investments)	15,888	1,255	51,919	15,042	0	84,104
Employees FTE	203	123	1,243	135	0	1,704

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

* A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures in the Rolling Division (see chapter G).

Geographical divisions

2016 in EUR thousand	Production site Austria	Production site Canada	Total	Consolidation	Group
Revenue					
Austria revenue 1)	124,744	189,618	314,362	(178,576)	135,786
Western Europe	484,594	0	484,594	0	484,594
Other markets	285,866	0	285,866	0	285,866
	895,204	189,618	1,084,822	(178,576)	906,246
Earnings					
Earnings before interest, taxes, depreciation and amortization (EBITDA)	110,078	33,162	143,239	(242)	142,997
Earnings before interest and taxes (EBIT)	68,675	4,538	73,213	(242)	72,971
Balance sheet					
Division assets	1,034,656	424,666	1,459,322	(69,594)	1,389,727

2015 in EUR thousand	Production site Austria*	Production site Canada	Total	Consolidation	Group*
Revenue					
Austria revenue 1)	124,552	211,965	336,517	(203,777)	132,741
Western Europe	521,617	0	521,617	0	521,617
Other markets	258,974	0	258,974	0	258,974
	905,143	211,965	1,117,108	(203,777)	913,331
Earnings					
Earnings before interest, taxes, depreciation and amortization (EBITDA)	98,546	25,304	123,850	0	123,850
Earnings before interest and taxes (EBIT)	58,380	(3,675)	54,705	0	54,705
Balance sheet					
Division assets	886,444	301,279	1,187,722	(83,390)	1,104,333

1) Aluminium production at the Alouette smelter in Canada is charged on a pro rata basis to the Austrian metal management subsidiary, which in turn sells AMAG's share of production.

* A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see chapter G).

03 Cost of sales

The cost of sales includes expenses of EUR 577,787 thousand for materials and purchased services (previous year: EUR 604,955 thousand). The entire expenses for materials and purchased services are recognised under the following items in the statement of profit or loss:

in EUR thousand	2016	2015
Cost of sales	577,787	604,955
Selling and distribution expenses	63	99
Administrative expenses	337	129
Research and development expenses	403	269
Other expenses	1,327	893
	579,917	606,345

The cost of sales includes gains and losses from derivatives designated as hedging instruments in cash flow hedges in accordance with IAS 39 amounting to EUR 643 thousand (previous year: EUR 2,247 thousand), and from derivatives designated as hedging instruments in fair value hedges in accordance with IAS 39 amounting to EUR -9,047 thousand (previous year EUR 7,322 thousand). The change in value of the hedged aluminium stocks amounts to EUR 9,541 thousand (previous year: EUR -5,006 thousand).

04 Other income

in EUR thousand	2016	2015
Gains from the disposal of property, plant and equipment and intangible assets	188	215
Insurance income	306	236
Grants and government subsidies	1,881	2,492
Income from currency translation	0	4,095
Other income	4,651	7,144
	7,026	14,182

Sundry other income mainly comprises income from maintenance services and services provided by the accredited testing station to third parties.

05 Personnel expenses

in EUR thousand	2016	2015
Wages	58,395	56,590
Salaries	44,831	38,878
Expenses for severance payments and contributions to employee benefit funds	1,511	1,373
Retirement benefit obligation	3,096	3,237
Expenses for social security contributions	24,007	22,546
Other expenses for social benefits	370	396
	132,210	123,020

Personnel expenses are included in the following profit and loss statement items:

Classification of Personnel expenses in EUR thousand	2016	2015
Cost of sales	99,423	93,029
Selling and distribution expenses	10,540	9,266
Administrative expenses	14,138	11,729
Research and development expenses	6,071	7,154
Other expenses	2,038	1,842
	132,210	123,020

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 56 % to 44 % (previous year: approximately 51 % to 49 %). Management Board compensation stood at EUR 2,774 thousand in the 2016 financial year (previous year: EUR 2,749 thousand). An amount of EUR 1,650 thousand was also recognised through profit and loss for a long-term performance-based component. Furthermore for a member of Management Board exists a defined benefit pension plan resulting from a function for AMAG in the past, for which an amount of EUR 103 thousand is balanced without affecting the income statement.

Executive staff within the Group received EUR 6,921 thousand of compensation (previous year: EUR 6,669 thousand).

Expenses for severance payments and contributions to employee benefit funds are comprised as follows:

Expenses for severance payments according to function in EUR thousand	2016	2015
Board members	51	34
Executive employees	48	46
Other employees	1,412	1,294
	1,511	1,373

Pension expenses are comprised as follows:

Pension expenses according to function EUR thousand	2016	2015
Board members	123	113
Executive employees	211	195
Other employees	2,762	2,929
	3,096	3,237

A premium of EUR 38 thousand (previous year: EUR 41 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 474 thousand was paid to the Supervisory Board of AMAG Austria Metall AG in 2016 (previous year: EUR 351 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 account. In contrast with Management Board compensation, the company's financial position is not relevant to the remuneration of the Supervisory Board. The activity of the Supervisory Board of the AMAG Group is not subject to performance-based measurement.

The distribution of remuneration between Supervisory Board members is decided by the Supervisory Board.

Headcount

Average number of employees (Full Time Equivalent)	2016	2015
Blue-collar employees	1,196	1,159
White-collar employees	566	545
	1,762	1,704

The headcount includes a 20 % share of the workforce in 2016 at the Aluminerie Alouette joint operation, or 188 employees (138 blue-collar employees, 50 white-collar employees) (previous year: 196 employees: 145 blue-collar employees, 51 white-collar employees).

06 Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses are allocated among the profit and loss statement items as follows:

in EUR thousand	2016	2015
Cost of sales	67,375	66,960
Selling and distribution expenses	280	219
Administrative expenses	1,216	957
Research and development expenses	694	623
Other expenses	461	387
	70,026	69,146

07 Net financial result

in EUR thousand	2016	2015
Interest income	952	509
Interest expenses	(9,215)	(6,640)
Other financial income (expenses)	(1,756)	(171)
	(10,018)	(6,302)

Interest expenses comprised the following items:

Interest expenses in EUR thousand	2016	2015
Interest expenses from financial liabilities at amortized cost	(4,629)	(3,829)
Interest expenses from provisions	(1,489)	(1,908)
Interest expenses from non-financial liabilities	(3,097)	(903)
	(9,215)	(6,640)

Interest expenses from provisions include the net interest expense from provisions for employee benefits, as well as the interest on non-current provisions.

Other financial income (expenses) includes EUR 272 thousand of income from non-consolidated investments (previous year EUR 359 thousand), EUR -540 thousand of effects from the currency translation of financing (previous year: EUR 3,359 thousand), as well as EUR 1,516 thousand of expenses from derivatives not designated as hedging instruments in accordance with IAS 39 (previous year: EUR 1,687 thousand). Other financial income also includes EUR 34 thousand of income from cash flow hedges that have become ineffective (previous year: EUR 2,183 thousand of expense).

08 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.

Tax reconciliation

in EUR thousand	2016	2015*
Earnings before taxes (EBT)	62,953	48,402
Tax expenses at 25 %	15,738	12,101
Not deductible expenses	1,120	483
Tax-free income	(272)	(476)
Other tax rates	248	(56)
Minimum corporate tax	5	5
Tax expenses previous years	(96)	108
Allocation and release of deferred taxes on losses carried forward	(309)	(3,226)
Other	213	(1,069)
Current tax expenses	16,648	7,869
Tax payments	5,735	7,249

* A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see chapter G).

The current tax expense of the previous year was affected mainly by the formation of deferred taxes in relation to loss carryforwards of AMAG Austria Metall AG (see chapter H 3 Deferred tax assets).

Deferred tax

in EUR thousand	Deferred taxes 2016		Deferred taxes 2015*	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	0	29,259	0	33,105
Other non-current assets and financial assets	1,739	4,575	1,684	2,296
Inventories	965	1,302	1,687	0
Receivables	24	8,724	79	10,387
Losses carried forward	16,418	0	30,508	0
Provisions	16,644	1,075	14,759	999
Liabilities	21,609	2,127	12,104	1,199
	57,400	47,061	60,821	47,987
Offsetting towards the same taxation authority	33,995	33,995	32,241	32,241
Net deferred tax assets and liabilities	23,406	13,066	28,579	15,746

* A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see chapter G).

Deferred tax at the level of the Austria Metall GmbH tax group was offset (see also chapter H. 3 Deferred tax assets).

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, 2015*	35,537	19,188
Profit and loss changes	(6,270)	(1,293)
Cash flow hedges	466	(2,711)
Revaluation of defined benefit pension plans	(1,127)	693
Currency translation differences	0	(105)
Not recognised in profit or loss	(661)	(2,123)
Offsetting on tax group level	(26)	(26)
As of Dec. 31, 2015	28,579	15,746
As of Jan. 1, 2016	28,579	15,746
Profit and loss changes	(13,590)	(4,752)
Cash flow hedges	3,018	(709)
Revaluation of defined benefit pension plans	2,347	(174)
Currency translation differences	0	(96)
Not recognised in profit or loss	5,365	(979)
Offsetting on tax group level	3,051	3,051
As of Dec. 31, 2016	23,406	13,066

* A correction pursuant to IAS 8.41 requires a restatement of the previous year's figures (see chapter G).

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 made in the statement between cash flows deriving from operating, investing and financing activities.

Other non-cash expenses and income primarily include measurement effects deriving from currency translation. The change in investment liabilities of EUR 14,529 thousand (previous year: EUR -10,296 thousand) is included in the item for payments for investments in property, plant and equipment and intangible assets.

Cash and cash equivalents comprise cash on hand of EUR 132 thousand (previous year: EUR 41 thousand) and short-term investments amounting to EUR 149,701 thousand (previous year: EUR 132,242 thousand).

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, securitised credit lines of EUR 120,000 thousand are available to the AMAG Group (previous year: EUR 160,000 thousand). The Group also has at its disposal credit guarantee lines of EUR 22,500 thousand (previous year: EUR 68,426 thousand).

The residual terms of the liabilities are as follows:

Residual terms of liabilities 2016 in EUR thousand	Book value	Gross cash flow	With a	With a	With a
			residual term of less than 1 year	residual term of more than 1 but less than 5 years	residual term of more than 5 years
Financial liabilities	376,124	404,257	33,857	257,736	112,664
Other non-current liabilities and grants without derivatives	101,725	101,725	0	69,549	32,176
Derivatives recognized as non-current liabilities	18,388	18,388	0	14,887	3,500
Trade payables	73,322	73,322	73,322	0	0
Current tax liabilities	6,732	6,732	6,732	0	0
Other current liabilities and grants without derivatives	39,393	39,393	39,393	0	0
Derivatives recognized as current liabilities	33,916	33,916	33,916	0	0
	649,600	677,733	187,220	342,173	148,340

Residual terms of liabilities 2015 in EUR thousand	Book value	Gross 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	246,078	275,089	16,350	183,499	75,241
Other non-current liabilities and grants without derivatives	4,140	4,140	0	4,140	0
Derivatives recognized as non-current liabilities	9,122	9,122	0	9,122	0
Trade payables	55,566	55,566	55,566	0	0
Current tax liabilities	4,151	4,151	4,151	0	0
Other current liabilities and grants without derivatives	21,097	21,097	21,097	0	0
Derivatives recognized as current liabilities	18,139	18,139	18,139	0	0
	358,294	387,305	115,303	196,761	75,241

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.

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 that are not yet due are owed mainly by long-term business partners. Creditworthiness is assessed on the basis of internal guidelines. Credit insurance has been taken out with an insurer in relation to a significant proportion (82.5 %) of trade receivables (previous year: 84.7 %). An excess is payable in the event of a claim. Impairment allowances equivalent to the maximum excess are recognised for such receivables, based on local management's assessment. Impairment losses are applied to uninsured receivables, depending on their overdue nature.

Maturities of receivables in EUR thousand	2016	2015
Not yet due	80,949	77,043
Overdue receivables	17,190	12,062
Less than 30 days overdue	15,297	10,667
More than 30 days, but less than 60 days overdue	1,299	899
More than 60 days, but less than 90 days overdue	161	65
More than 90 days overdue	433	430
	98,139	89,105
Receivables written-down	6,201	5,831
Total Trade receivables (excl. allowances)	104,341	94,936

None of the other 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 in the statement of financial position is hedged using exchange forward transactions and options (fair value hedges).

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. Any imbalance between expenses and revenue is hedged. Costs at the Canadian plant are incurred in US dollars and Canadian dollars, although sales revenue is realised primarily in US dollars. Items not covered by natural hedges are hedged in accordance with the risk position and risk horizon.

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:

Primary financial instruments/assets	Currency	2016		2015	
		in EUR thousand	Share	in EUR thousand	Share
	EUR	131,363	49.7 %	144,254	62.2 %
	USD	128,048	48.3 %	83,348	35.9 %
	CAD	1,968	0.7 %	1,181	0.5 %
	GBP	2,963	1.1 %	3,124	1.3 %
	DKK	160	0.1 %	56	0.0 %
	NOK	4	0.0 %	45	0.0 %
	Other	335	0.1 %	310	0.1 %
		264,842	100.0 %	232,318	100.0 %
Primary financial instruments/liabilities	Currency	in EUR thousand	Share	in EUR thousand	Share
	EUR	411,191	72.6 %	273,097	89.2 %
	USD	132,597	23.4 %	13,764	4.5 %
	CAD	22,948	4.0 %	19,463	6.3 %
	GBP	31	0.0 %	144	0.0 %
	Other	9	0.0 %	35	0.0 %
		566,776	100.0 %	306,503	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 cannot 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 in the statement of financial position.

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 income/expense.

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, 2016

Position	Rate type	Average	Bank accounts	Current	Non-current
Deposits	Fixed	-	-	-	-
	Variable	0.63 %	0.04 %	0.95 %	-
	Average	0.63 %	0.04 %	0.95 %	-
Financial liabilities	Fixed	1.11 %	-	2.02 %	0.98 %
	Variable	0.44 %	-	0.94 %	0.44 %
	Average	0.82 %	-	2.02 %	0.73 %

Interest rate summary as of Dec. 31, 2015

Position	Rate type	Average	Bank accounts	Current	Non-current
Deposits	Fixed	-	-	-	-
	Variable	0.40 %	0.09 %	0.47 %	-
	Average	0.40 %	0.09 %	0.47 %	-
Financial liabilities	Fixed	0.91 %	-	1.11 %	0.89 %
	Variable	0.61 %	-	0.00 %	0.61 %
	Average	0.82 %	-	1.11 %	0.80 %

Commodity price risks

In the commodities area, AMAG Austria Metall AG is particularly exposed to price risks arising from aluminium. They derive from the fact that the AMAG Group produces and processes aluminium. Aluminium production gives rise to price risks that are hedged through deploying derivative instruments. The reprocessing of aluminium also results in risk exposures. For this, metals are purchased on an aluminium basis (e.g. scrap), and resold following processing.

Hedging instruments are deployed in order to reduce the resultant purchasing and selling risks.

The risk of changes in raw material prices on the London Metal Exchange (LME) is hedged by means of standard commodities forwards and options. Hedges of future cash flows arising from aluminium production are classified as cash flow hedges. Hedges of inventory are recognised as fair value hedges in accordance with the IFRS criteria.

Derivatives designated as held for trading may not be classified as cash flow or fair value hedges under the current accounting standards, although they serve as hedges against the Group's operating risk exposures.

Due to the long risk horizon in some cases, these risks are hedged for periods of up to three years. 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.

Sensitivity analysis

Sensitivity analyses as of Dec. 31, 2016 (in EUR thousand)

Foreign exchange rate risks	Change	EUR	USD	Other	Total
Change in net financial liabilities due to an exchange rate reduction by	10 %	0	9,006	(1,884)	7,122
Effect to profit or loss from foreign currency transactions due to an exchange rate reduction by	10 %	(1,894)	1,486	0	(408)
Effect to other comprehensive income from foreign currency transactions due to an exchange rate reduction by	10 %	(39,659)	2,118	6,808	(30,732)
Interest rate risks	Change	EUR	USD	Other	Total
Change in net interest income (expenses) due to an interest rate increased by	1 %	(926)	901	20	(5)
Effect to other comprehensive income from interest swap due to an interest rate increased by	1 %	600	0	0	600
Commodity price risks	Change			AL	Total
Change in inventory write-down due to LME aluminium price reduction by	10 %	0	0	(5,429)	(5,429)
Effect to profit or loss from commodity price hedging due to an LME reduction by	10 %	0	0	(33)	(33)
Effect to other comprehensive income from commodity price hedging due to an LME reduction by	10 %	0	0	9,251	9,251

Sensitivity analyses as of Dec. 31, 2015 (in EUR thousand)

Foreign exchange rate risks	Change	EUR	USD	Other	Total
Change in net financial liabilities due to an exchange rate reduction by	10 %	0	5,385	(1,707)	3,678
Effect to profit or loss from foreign currency transactions due to an exchange rate reduction by	10 %	(607)	182	0	(425)
Effect to other comprehensive income from foreign currency transactions due to an exchange rate reduction by	10 %	(20,801)	2,800	6,332	(11,668)
Interest rate risks	Change	EUR	USD	Other	Total
Change in net interest income (expenses) due to an interest rate increased by	1 %	165	537	13	715
Effect to other comprehensive income from interest swap due to an interest rate increased by	1 %	600	0	0	600
Commodity price risks	Change			AL	Total
Change in inventory write-down due to LME aluminium price reduction by	10 %	0	0	(7,349)	(7,349)
Effect to profit or loss from commodity price hedging due to an LME reduction by	10 %	0	0	(10)	(10)
Effect to other comprehensive income from commodity price hedging due to an LME reduction by	10 %	0	0	645	645

The table shows the effect of a generally possible exchange rate reduction of 10 % on periodic earnings, as well as the sensitivities of the hedges.

The table also shows sensitivity given a one percentage point increase in the interest rate, as well as the effect of the hedges.

Finally, the table also shows the effects of a 10% change in the aluminium price on inventory values, and the sensitivity of the commodities hedges.

Primary financial instruments

Details of primary financial instruments can be found on the statement of financial position and in the related notes.

Cash and cash equivalents

The carrying amounts correspond to market values.

Securities held as non-current and current assets

These assets relate to interests of less than 20 % that are classified as available for sale, and recognised at cost.

Derivative financial instruments

Only standard market transactions offering sufficient liquidity are deployed for hedging purposes.

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. The fair value of interest rate derivatives reflects changes in the yield curve since the start of the instruments' terms. In the case of options, only the intrinsic value of the derivative is designated as a hedging instrument. As a consequence, changes in the fair value of this intrinsic value are recognised in the hedging reserve, and changes in the fair value of the derivative are recognised immediately in profit or loss.

Derivative financial instruments qualifying as cash flow hedges and recognised in the hedging reserve are as follows:

Currency or commodity	2016			2015			
	time of concentration	Nominal values ¹⁾	Market values in EUR thousand	time of concentration	Nominal values ¹⁾	Market values in EUR thousand	
Currency derivatives							
Foreign exchange forwards							
USD	Sale	02/2024	438,705	(25,988)	02/2019	227,721	(15,685)
GBP	Sale	03/2017	324	41	10/2016	540	(4)
CAD	Buy	03/2020	91,133	(1,718)	02/2019	94,618	(7,401)
USD	Buy	07/2017	22,351	48	11/2016	30,492	307
Commodity derivatives							
Forward contracts							
AL	Sale	12/2018	39,875	869	12/2016	5,250	1,701
CU	Buy		0	0	12/2016	600	(274)
Options							
AL	Sale	12/2018	18,000	0		0	0
Interest rate derivatives							
Interest rate swaps							
EUR		12/2024	60,000	(1,118)	10/2024	60,000	220
Embedded derivative							
AL	Sale	12/2023	158,897	115,236	12/2016	8,917	9,331

¹⁾ The nominal values of currencies are stated in '000s, and those of commodities in tonnes of aluminium (AL) or copper (CU).

The table below shows the changes in the hedging reserve (before taxes) in accordance with IAS 39.

Hedging Reserve 2016 in EUR thousand	Commodity derivatives	Currency derivatives	Interest rate derivatives	Embedded derivative	Total
Change in fair value recognized directly in other comprehensive income (OCI)	(686)	(14,381)	(1,338)	2,919	(13,486)
Reclassification from OCI recognized through profit or loss	127	8,310	0	(9,661)	(1,224)
of which: reclassification from OCI recognized in the original acquisition costs	0	0	0	0	0
Hedging Reserve 2015 in EUR thousand	Commodity derivatives	Currency derivatives	Interest rate derivatives	Embedded derivative	Total
Change in fair value recognized directly in other comprehensive income (OCI)	7,777	(29,352)	260	4,118	(17,198)
Reclassification from OCI recognized through profit or loss	(9,736)	21,858	1,343	(8,188)	5,277
of which: reclassification from OCI recognized in the original acquisition costs	0	0	0	0	0

Fair value hedges

Forward transactions designated as fair value hedges are used for the purpose of aluminium inventory hedging. Changes in the market value of these instruments are recorded as material usage.

The following derivative financial instruments qualify as fair value hedges, and are recognised in profit or loss:

Currency or commodity		time of concentration	Nominal values ¹⁾	2016	time of concentration	Nominal values ¹⁾	2015
				Market values in EUR thousand			Market values in EUR thousand
Commodity derivatives							
Forward contracts							
AL	Sale	01/2017	60,970	1,055	01/2016	40,000	(520)
AL	Buy	03/2018	2,420	214	03/2017	6,500	(228)
Hedged firm commitments							
AL	Sale	03/2018	2,420	(214)	03/2017	6,500	228
AL	Buy	01/2017	970	(7)		0	0

¹⁾ Commodities' nominal value stated in tons of aluminium (AL)

Held for trading

Foreign exchange and commodity (aluminium) derivatives that meet the requirements for hedge accounting under IAS 39 in terms of documentation and effectiveness are designated as held for trading. Fair value changes in these derivative financial instruments are recognised in profit or loss.

The following derivative financial instruments qualify as held-for-trading, and are recognised in profit or loss:

Currency or commodity		time of concentration	Nominal values ¹⁾	2016	time of concentration	Nominal values ¹⁾	2015
				Market values in EUR thousand			Market values in EUR thousand
Currency derivatives							
Foreign exchange forwards							
USD	Buy	08/2017	15,756	847	12/2016	2,000	48
GBP	Sale	03/2017	3,008	(20)	03/2016	2,719	48
JPY	Sale	04/2017	29,300	14	02/2016	53,834	(6)
USD	Sale	08/2017	16,020	(821)	12/2016	2,000	(48)
CHF	Sale	03/2017	85	(1)		0	0
NOK	Sale		0	0	02/2016	1,290	3
Commodity derivatives							
Forward contracts							
AL	Buy	11/2023	231,030	7,944	11/2018	222,450	(282)
AL	Sale	05/2017	231,030	(19,002)	05/2016	222,450	8,404
Options							
AL	Sale	12/2018	18,000	49		0	0

¹⁾ The nominal values of currencies are stated in '000s, 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 the official aluminium prices listed on the 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:

2016

Financial instruments pursuant to IFRS 7 in EUR

thousand	Fair Value-Hedge	Cashflow-Hedge	Held for Trading	Held to Maturity
Assets				
Other non-current assets and financial assets	42	99,443	456	27
Trade receivables	0	0	0	0
Current tax assets	0	0	0	0
Other receivables	1,251	17,545	11,216	0
Cash and cash equivalents	0	0	0	0
Liabilities				
Interest-bearing non-current financial liabilities	0	0	0	0
Other non-current liabilities and grants	0	18,138	250	0
Interest-bearing current financial liabilities	0	0	0	0
Trade payables	0	0	0	0
Current tax liabilities	0	0	0	0
Other current liabilities and grants	24	11,480	22,412	0

2015

Financial instruments pursuant to IFRS 7 in EUR

thousand	Fair Value-Hedge	Cashflow-Hedge	Held for Trading	Held to Maturity
Assets				
Other non-current assets and financial assets	0	245	4	27
Trade receivables	0	0	0	0
Current tax assets	0	0	0	0
Other receivables	56	11,593	10,979	0
Cash and cash equivalents	0	0	0	0
Liabilities				
Interest-bearing non-current financial liabilities	0	0	0	0
Other non-current liabilities and grants	48	8,842	232	0
Interest-bearing current financial liabilities	0	0	0	0
Trade payables	0	0	0	0
Current tax liabilities	0	0	0	0
Other current liabilities and grants	755	14,800	2,585	0

*) Loans and receivables at amortised cost

A correction pursuant to IAS 8.41 requires a restatement of the previous year's current tax assets (see chapter G).

Available for Sale	Loans, receivables and liabilities *)	Cash and cash equivalents *)	Not a financial instrument	Book value as of Dec. 31, 2016	Fair Value as of Dec. 31, 2016
354	2,406	0	0	102,728	102,728
0	102,641	0	0	102,641	102,641
0	0	0	3,164	3,164	3,164
0	9,209	470	18,475	58,166	58,166
0	0	149,833	0	149,833	149,833
0	343,451	0	0	343,451	339,902
0	98,869	0	2,856	120,113	120,113
0	32,673	0	0	32,673	33,969
0	73,322	0	0	73,322	73,322
0	0	0	6,732	6,732	6,732
0	18,461	0	20,932	73,309	73,309
Available for Sale	Loans, receivables and liabilities *)	Cash and cash equivalents *)	Not a financial instrument	Book value as of Dec. 31, 2015	Fair Value as of Dec. 31, 2015
354	2,472	0	81	3,182	3,182
0	93,244	0	0	93,244	93,244
0	0	0	3,114	3,114	3,114
0	3,739	201	14,010	40,577	40,577
0	0	132,282	0	132,282	132,282
0	231,761	0	0	231,761	225,162
0	2,630	0	1,510	13,262	13,262
0	14,318	0	0	14,318	14,246
0	55,566	0	0	55,566	55,566
0	0	0	4,151	4,151	4,151
0	2,228	0	18,868	39,236	39,236

Cash and cash equivalents, financial instruments, and trade receivables and other assets generally have short terms. As a result, 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.

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 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.

The measurement categories are as follows:

Measurement categories in EUR thousand	2016				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS								
Other non-current assets and financial assets	0	1,156	98,785	99,942	0	249	0	249
Other assets	0	13,561	16,451	30,012	0	13,296	9,331	22,627
LIABILITIES								
Interest-bearing non-current financial liabilities	0	339,902	0	339,902	0	225,162	0	225,162
Other non-current liabilities and grants	0	18,388	0	18,388	0	9,122	0	9,122
Interest-bearing current financial liabilities	0	32,530	0	32,530	0	14,246	0	14,246
Other current liabilities and grants	0	33,916	0	33,916	0	18,139	0	18,139

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.

Level 3: methods based on input parameters that have a material effect on fair value and are not based on observable market data.

Assets measured at a fair value determined in accordance with level 3 in the course of a subsequent measurement relate to the derivative embedded in the electricity supply agreement of Aluminerie Alouette Inc. For more details please refer to chapter F. The change in the value of the embedded derivative is shown below:

Development embedded derivative in EUR thousand	Other non-current assets and financial assets	Other receivables
As of Jan. 1, 2015	6,070	6,662
Currency translation differences	699	767
Changes Fair Value	0	1,715
Recycling	0	(6,583)
Reclassification	(6,769)	6,769
As of Dec. 31, 2015	0	9,331
As of Jan. 1, 2016	0	9,331
Currency translation differences	0	306
Zugang	99,353	12,988
Changes Fair Value	2,230	689
Recycling	(24)	(9,637)
Reclassification	(2,774)	2,774
As of Dec. 31, 2016	98,785	16,451

The impact of a change in the electricity reference price (L-rate) on measurement is outlined below:

Sensitivity in EUR thousand	2016		2015	
	+1 %	-1 %	+1 %	-1 %
Other non-current assets and financial assets	3,379	(3,379)	0	0
Other assets	560	(560)	237	(237)

Net gains and losses by measurement categories

Net gains (losses) on financial instruments in EUR thousand	2016	2015
Hedging instruments and held for trading	(1,461)	(4,009)
Available for Sale	196	359
Receivables and credits	874	(290)
Liabilities at continued acquisition costs	(1,782)	7,016
	(2,173)	3,075

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.

In the 2016 financial year, impairment losses amounting to EUR 1,699 thousand were applied to trade receivables (previous year: EUR 1,693 thousand). 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. No inefficiency arises from the efficiency measurement of the embedded cash flow hedge derivative (previous year: EUR - 828 thousand).

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.

Other

in EUR thousand	2016	2015
Guarantees	18,564	17,239
	18,564	17,239

The sureties and guarantees item relates mainly to bank guarantees for public amenities of EUR 5,796 thousand, compared with EUR 6,769 thousand in the previous reporting period. A provision of EUR 293 thousand (previous year: EUR 511 thousand) was recognised in relation to this arrangement.

As part of the planned expansion of capacity at Aluminerie Alouette Inc., the consortium members, the Government of Québec and electricity company Hydro Québec signed a long-term power supply contract in June 2012. Under the agreement, the consortium members have obligated themselves to purchase the agreed electricity volume that is realised only through the expansion of the smelter. If the corresponding clauses take effect, the owners of Aluminerie Alouette Inc. are obligated to pay a penalty. The proportionate penalty would amount to EUR 7,771 thousand as of the December 31, 2016 reporting date (previous year: EUR 6,489 thousand), and will increase by EUR 1,696 thousand per year until the decision. From today's perspective, we assume that no penalty is to be paid.

In connection with the construction of a second electricity line, an obligation exists to participate in the construction costs. This depends on the additional purchasing of electric power, and amounts to up to EUR 1,669 thousand on a proportional basis. From today's perspective, we assume that this will generate no additional costs.

M Related party disclosures

All of the transactions under this item occur on an arm's length basis.

The composition of the Management Board has remained unchanged compared with the previous year.

A long-term compensation scheme was implemented in the Management Board contracts that enables the Management Board members to participate in the company's value appreciation, taking a predetermined minimum return on capital into account.

The following remuneration, including the change in provisions, was granted to Supervisory and Management board members, and to managing directors.

Remuneration 2016 in EUR thousand	Supervisory Board members	Management Board members	Directors	Total
Short-term benefits	474	2,601	2,232	5,306
Long-term benefits	0	1,650	0	1,650
Benefits upon termination of employment	0	0	0	0
Post-employment benefits	0	277	155	432
	474	4,527	2,387	7,388

Remuneration 2015 in EUR thousand	Supervisory Board members	Management Board members	Directors	Total
Short-term benefits	351	2,603	1,956	4,910
Benefits upon termination of employment	0	0	0	0
Post-employment benefits	0	147	133	279
	351	2,749	2,089	5,189

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

in EUR thousand

2016

Company	RLB Oberösterreich AG	Speditionsservice Ranshofen Ges.m.b.H.	unitIT Dienstleis- tungs GmbH & Co KG	Others	Total
Received	341	16,937	1,676	643	19,597
Provided	0	274	280	6	561
Status of receivables	161	16	54	0	231
Status of payables	24,253	1,091	234	88	25,666

in EUR thousand

2015

Company	RLB Oberösterreich AG	Speditionsservice Ranshofen Ges.m.b.H.	unitIT Dienstleis- tungs GmbH & Co KG	Others	Total
Received	331	15,283	1,552	738	17,904
Provided	0	369	283	3	655
Status of receivables	132	74	41	0	247
Status of payables	17,327	958	166	2	18,454

Furthermore there are guarantees from the RLB Oberösterreich AG in an amount of EUR 14,063 thousand (previous year: EUR 17,813 thousand) and securitised credit lines of EUR 30,000 thousand (previous year: EUR 30,000 thousand).

N Auditors' expenses

Audit expenses comprise fees of Deloitte Audit Wirtschaftsprüfungs GmbH 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.

Auditors' expenses

in EUR thousand	2016	2015
Audits	199	199
Other certification services	88	73
Other services	73	17

O Group companies

Corporate name	Registered Office	Shares in %	
		direct*	indirect**
Full consolidation			
AMAG Austria Metall AG (parent company)	Ranshofen, A		
AMAG Erste Beteiligungsverwaltungs GmbH	Ranshofen, A	100.0	100.0
Austria Metall GmbH	Ranshofen, A	100.0	100.0
Aluminium Austria Metall Québec Inc.	Montréal, CAN	100.0	100.0
AMAG metal GmbH	Ranshofen, A	100.0	100.0
AMAG casting GmbH	Ranshofen, A	100.0	100.0
AMAG rolling GmbH	Ranshofen, A	100.0	100.0
AMAG Asia Pacific Ltd.	Taipei City, TW	100.0	100.0
AMAG Benelux B.V.	Delft, NL	100.0	100.0
AMAG Deutschland GmbH	Bergisch Gladbach, D	100.0	100.0
AMAG France S.A.R.L.	Suresnes, F	100.0	100.0
AMAG Rolling Iberia S.L.	Barcelona, E	100.0	100.0
AMAG Italia S.R.L.	Milano, IT	100.0	100.0
AMAG UK Ltd.	Great Bookham, Surrey, GB	100.0	100.0
AMAG USA Corp.	Upper Saddle River, New Jersey, USA	100.0	100.0
AMAG service GmbH	Ranshofen, A	100.0	100.0
Metallwerk Furth GmbH	Furth im Wald, D	100.0	100.0
Proportional consolidation			
Aluminerie Alouette Inc. (direct shareholder is the fully consolidated Aluminium Austria Metall Québec Inc.)	Sept-Îles, CAN	20.0	20.0
Other equity investments			
Ausbildungszentrum Braunau Ges.m.b.H.	Braunau, A	20.0	20.0
Speditionsservice Ranshofen Ges.m.b.H.	Ranshofen, A	25.1	25.1
Companies not included in the consolidation			
APK Pensionskasse AG	Wien, A	2.0	2.0
unit-IT Dienstleistungs GmbH & Co KG	Linz, A	12.6	12.6
unit-IT Dienstleistungs GmbH	Linz, A	12.6	12.6

*) from the perspective of the direct parent company

**) from the perspective of AMAG Austria Metall AG

P Supplementary information

Events after the balance sheet date

No significant events occurred after the balance sheet date.

Ranshofen, February 10, 2017

The Management Board



Dipl.-Ing. Helmut Wieser
Management Board Chairman
(Chief Executive Officer)



Priv. Doz. Dipl.-Ing.
Dr. Helmut Kaufmann
Management Board member
(Chief Operating Officer)



Mag. Gerald Mayer
Management Board member
(Chief Financial Officer)

Declaration of the Management Board under Section 82 (4) of the Austrian Stock Exchange Act (BörseG)

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.



Dipl.-Ing. Helmut Wieser
Management Board Chairman
(Chief Executive Officer)



Priv. Doz. Dipl.-Ing.
Dr. Helmut Kaufmann
Management Board member
(Chief Operating Officer)



Mag. Gerald Mayer
Management Board member
(Chief Finance 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 statement of financial position as of December 31, 2016, the consolidated statement of profit and loss, 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, 2016, 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).

Basis for the audit opinion

We conducted our audit of the financial statements applying Austrian proper auditing principles. These principles require the application of the International Standards on Auditing (ISAs). Our responsibilities in accordance with these 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 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 account 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.

Power supply contract concluded by Aluminerie Alouette Inc.

Matter and problem:

Aluminerie Alouette Inc., Canada ("Alouette"), a company consolidated proportionally pursuant to IFRS 11 Joint Arrangements, concluded an electricity purchasing agreement in October 2016. The electricity price agreed with the Government of Québec is tied to the market aluminium price.

In the company's appraisal, because of this tie to the market aluminium price the electricity purchasing contract includes an embedded derivative according to applicable IFRS, which is to be reported separately. As of the date when the agreement was concluded, the embedded derivative also represents a government grant. Moreover, this derivative was designated as a hedging instrument for risks from future cash flows.

The derivative, amounting to EUR 115.2 million, is included under other non-current and current assets in the consolidated statement of financial position as of December 31, 2016. The amount recognised on the statement of financial position for the government grant stands at EUR 112.3 million and is reported under the other non-current and current liabilities and grants. The accounting designation of the hedge generated EUR 2.1 million of other comprehensive income in 2016.

For the corresponding disclosures in the notes to the financial statements, see Note E Accounting policies, H.02, H.06, H.13 Notes to the consolidated statement of financial position and K Financial instruments.

The accounting recognition of this matter requires significant estimates by the management, in terms of both measurement on the recognition date and for subsequent measurement. Due to the fact that this hedging instrument is deployed to hedge various risks, special preconditions as set out in IFRS must be met to designate it as an effective hedging instrument in this case.

Audit procedure

We appraised the valuation of the derivative by making recourse to the management's estimates of expected volume, price and exchange rate trends, as well as the expected duration, and evaluated the appropriateness of the bases and parameters applied. We consulted in-house valuation specialists as part of our audit. In reviewing the government grants item in the statement of financial position, we evaluated how the grant was recognised as income over the course of time. We assessed the fulfilment of criteria for the accounting recognition of hedges on the basis of documentation submitted to us.

Adjustments pursuant to IAS 8 Accounting policies, changes in accounting estimates and errors

Matter and problem:

It was found in the 2016 financial year that corrections were required due to an erroneous interpretation in calculating levies connected with cross-border trade for the period between December 2012 and December 2015.

The management adjusted the provisions retrospectively in accordance with IAS 8. This resulted in a retrospective increase in current provisions, as well as an adjustment of the tax position; the effect of this correction on net income after taxes in 2015 amounted to EUR -2.2 million, and of EUR -5.4 million on equity as of December 31, 2015.

For the corresponding disclosures in the notes to the financial statements, see Note G Adjustments pursuant to IAS 8.

Audit procedure

We assessed the level of retrospectively recognised provisions by making recourse to the documents submitted to us, and appraised the appropriateness of the estimates made. We consulted in-house tax specialists as part of our audit to evaluate the recognition and measurement.

Other information

The legal representatives are responsible for the other information. Other information includes all information in the annual report apart from the consolidated financial statements, the Group management report and the audit opinion. The annual report will be made available to us prospectively after the date of the audit opinion.

Our audit opinion on the consolidated financial statements does not cover such other information, and we will not issue any type of assurance in relation to it.

In combination with our audit of the consolidated financial statements, it is our responsibility to read such other information as soon as it is made available, and consider whether it significantly contradicts the consolidated financial statements in light of information gained from the audit, or otherwise appears to entail a significantly misrepresentation.

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 of the Austrian Commercial Code (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 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 Austrian proper auditing principles and requiring the application of ISA 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.

The audit of the financial statements comprises no assurance relating to the Group as a future going concern, or the economic feasibility or effectiveness of existing or future management of the business.

As part of auditing financial statements in accordance with 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 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 the legal representatives apply, 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 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 of which 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 statutory acts 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.

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 compatible with the consolidated financial statements and whether it was prepared in accordance with applicable legal requirements.

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 of the Austrian Commercial Code (UGB), and is compatible 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.

Auditor responsible for the mandate

Mag. Walter Müller is the certified public auditor responsible for the mandate to audit the financial statements.

Vienna, February 13, 2017

Deloitte Audit Wirtschaftsprüfungs GmbH



Mag. Walter Müller

Certified Public Auditor



pp Monika Viertlmayer

Tax Advisor

Glossary

Technikglossar

"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 re-melted, 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

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

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

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

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:

Company department responsible for finance, market risk management and cash management

Working capital:

Inventories and trade receivables less trade payables

Treasury:

Bereich/Abteilung im Unternehmen mit Finanzierungs-, Marktrisikomanagement- und Cashmanagement-Aufgaben

Working Capital:

Setzt sich aus den Bilanzposten „Vorräte“ sowie „Forderungen aus Lieferungen und Leistungen“ abzüglich „Verbindlichkeiten aus Lieferungen und Leistungen“ zusammen

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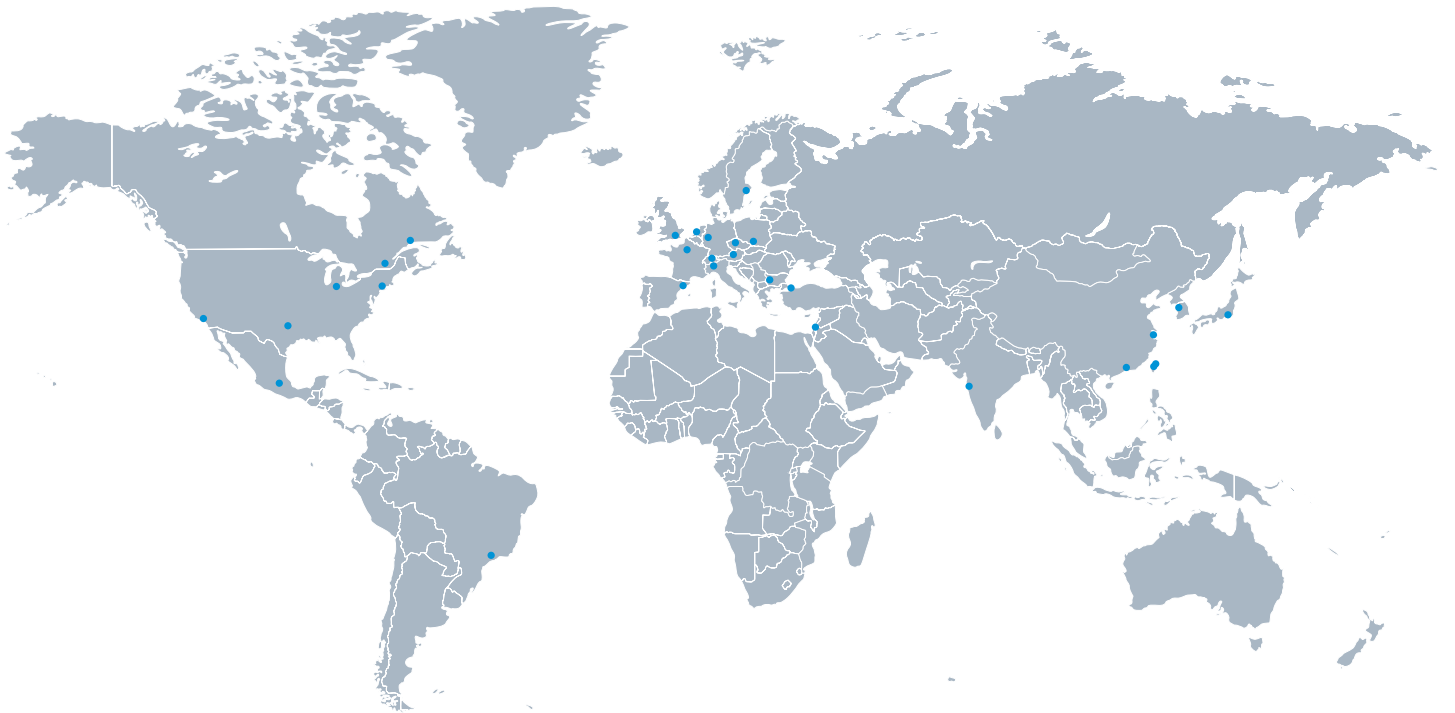
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