

# Report on item 9 of the agenda of the General Meeting

Report by the Management Board of AT & S Austria Technologie Systemtechnik Aktiengesellschaft with regard to the authorization of the Management Board to utilize the Company's treasury stock or dispose of it also by other means than via the stock exchange or a public offering for any legally permissible purpose and to exclude the general purchasing possibility of the shareholders (exclusion of subscription rights) (Section 65 (1b) in conjunction with Section 170 (2) and Section 153 (4) Stock Corporation Act)

## 1. Authorization

The Management and Supervisory Boards of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft ("AT&S") envisage to propose a resolution to the General Meeting, by which the Management Board shall be authorized to dispose of, or utilize, treasury shares repurchased or already held by the Company pursuant to section 65 (1b) Stock Corporation Act for a period of five years from the day of the resolution, therefore until and including July 5, 2022 with the consent of the Supervisory Board and without a further resolution by the General Meeting, also in other ways than via the stock exchange or a public offering, in particular (a) to grant treasury shares to employees, senior employees and/or members of the Company's Management Board or the management boards of its affiliates including for purposes of share transfer programs, in particular stock options, long term incentive plans or other stock ownership plans, (b) to deliver treasury shares under convertible bonds issued by the Company, (c) as consideration for the acquisition of businesses, equity interests or other assets, and (d) for any other legally permissible purpose, and to exclude the general purchasing possibility of the shareholders (exclusion of subscription rights). This authorization may be exercised in total or partially and also in several tranches and for several purposes.

With regard to the authorization included in this proposal for a resolution, by which the general purchasing possibility of the shareholders (subscription rights) may be excluded and the disposal of the stock may be effected by other means than via the stock exchange or a public offering, a written report to the General Meeting pursuant to sections 65 (1b) in conjunction with 170 (2) and 153 (4) Stock Corporation Act is required, which is made as follows:

## 2. Purpose of the authorization for the utilization and respectively the disposal with exclusion of the general purchasing possibility / Interest of the Company

The proposed authorization to utilize or dispose of treasury stock also whilst excluding the general purchasing possibility of existing shareholders is in the interest of the Company and its shareholders.

The expansion and opening of new markets in all fields of business will be one of the strategic targets of AT&S in the future in order to strengthen the profitability of the group of companies. The preparation and structuring of transactions connected to the accomplishment of these targets require the best pos-

sible flexibility of the Management Board with regard to the utilization of the available financial instruments.

For the strategy pursued by the Company it is of major importance that the Management Board is also able to seize the opportunity to acquire existing businesses, participations or other assets for the preparation of an entrance into a new market or for the stabilization of an already existing market position. The acquisition of existing businesses may be advantageous because it allows a quick market entrance, to build-up on an already existing customer stock and to acquire employees familiar with the local markets. Furthermore, strategic partners are often interested in contributing businesses or other assets as contributions in kind in exchange for shares, to the Company or to implement a share for share exchange. In order to be able to seize the opportunity for the acquisition of businesses, participations or other assets as well as for the conclusion of strategic partnerships by way of contributions in kind to the Company, if necessary without any delay, the Management Board needs to have the authorization to exclude the general purchasing possibility of the shareholders. This shall also be feasible in the case of cash contributions, if the Company has a special interest therein and the legal requirements are met, e.g. in the case of a cooperation with another company in the interest of the Company, if the partner makes its engagement subject to the acquisition of participations, in the case a strategic partner wants to acquire a participation in the Company and such participation is substantially in the interest of the Company, or if a third party offers necessary additional financial services which can not be obtained otherwise or in the case of a necessary participation of further persons for marketing and market reasons.

The possibility of a disposal of treasury shares with exclusion of the general purchasing possibility of the shareholders therefore in particular allows seizing market opportunities as well as occasions which arise in the new markets, in a quick and flexible way and covering the capital demand resulting therefrom in a time-efficient manner. By reason of a waiver of the time and cost intensive implementation of the general purchasing possibility of the shareholders, it is possible in the case of a disposal of treasury shares in the Company to cover the capital demand of the Company arising from short term market occasions in a very time efficient manner. Furthermore, the flexibility required for the seizing of such market occasions and opportunities may also necessitate the utilization of treasury shares for the servicing of convertible bonds.

The possibility of financing expansion measures with equity by issuing treasury shares also bears the benefit that due to the lack of a cash purchase price no outflow of liquidity occurs at the Company level and, therefore, the equity basis of the Company is not adversely affected. Further, in many cases, by using treasury shares as consideration a better purchase price can be achieved than by using a cash consideration. Therefore, in the opinion of the Management Board, it is irrespective of the fact that AT&S due to its capital structure currently has sufficient capacity for the borrowing of debt capital, advisable to also allow the financing of further possible expansion steps by way of the utilization of treasury shares.

For these reasons, such kind of disposal, if necessary, is for the benefit of the Company and therefore also for all existing shareholders. In particular, an acquisition of participations, businesses or other assets or special transaction structures in the interest of the Company or the shareholders may require the utilization of treasury shares with the exclusion of the shareholder's general purchasing possibility.

Further, by an exclusion of the general purchasing possibility of the shareholders in the case of a disposal, the Management Board shall have the possibility to offer the treasury shares by way of an accelerated-book building-procedure, in particular in order to get as favourable conditions as possible for the

financing of the Company or to extend the Company's investor base. Excluding the shareholders' general purchasing possibility shall also be permissible in order to avoid fractional shares or to satisfy over-allotment options (greenshoe).

Treasury stock may also be used to grant shares to employees, senior employees and/or members of the Company's Management Board or the management boards of its affiliates including for purposes of existing or future share transfer programs, in particular stock option plans, long term incentive plans or other stock ownership plans (in particular, existing and future plans under which employees can be allocated bonus shares up to a maximum amount and subject to a holding period if they purchase shares in the Company). This may also include the transfer of treasury shares to individuals or legal entities who hold such shares on trust or otherwise on behalf of and for the benefit of employees, executives and board members. The intention of AT&S in this connection would be, in particular, to increase the focus of the participants on long-term value creation. Another motive for allocating stock to employees can be the strengthening of their sense of identification with the Company, increase their loyalty to the Company and make it a more attractive employer. Treasury stock may also be used to satisfy stock options held by employees, senior employees, and members of the Company's Management Board or the management boards of its affiliates. A resolution to exclude the general purchasing possibility of the shareholders is not required for this purpose.

In order to facilitate the execution of granting treasury stock, the Management Board is also authorized to exclude the general purchasing possibility of shareholders by way of an indirect exclusion of subscription rights in accordance with Section 153 (6) Stock Corporation Act. Further, it is always possible to offer treasury stock only to shareholders existing at the time of the offer by way of issuing a subscription invitation.

### 3. Weighing of Interests

Due to the reasons described, the exclusion of the general purchasing possibility (subscription possibility) is, under consideration of all circumstances which have to be considered, necessary, suitable, appropriate, and in the interest of the Company and is, therefore, objectively justified.

With regard to the aforementioned authorization for the utilization and disposal of treasury shares granted to the Management Board – also with exclusion of the general purchasing possibility (subscription possibility) – the overall interest of the Company prevails over the disadvantage of the shareholders resulting from the exclusion of the general purchasing possibility (subscription possibility) in the course of a utilization respectively disposal of the treasury shares of the Company. Even if disadvantages occur for the existing shareholders because of the exclusion of the right to purchase shares, such disadvantages will remain within tight limits due to the statutory maximum amount for treasury shares held by the Company of 10% of the share capital.

The utilization and respectively the disposal of the treasury shares as well as the determination of all conditions of the utilization and respectively the disposal also by other means than via the stock exchange or a public offering may only be implemented with the consent of the Supervisory Board of the Company. If the Management Board exercises its authorization to exclude the general purchasing possibility (subscription possibility), a new written report by the Management Board will have to be established and pursuant to section 171 (1) Stock Corporation Act published two weeks prior to such resolution by the Supervisory Board.

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft  
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In the above mentioned cases, the Management Board shall become authorized to exclude the shareholders' general purchasing possibility for treasury shares. The Management Board kindly asks for approval.

Leoben-Hinterberg, June 2017

The Management Board