Novelis Sheet Ingot GmbH

Goettingen

Annual Financial Statements as of March 31, 2019
and Management Report for Financial Year 2018/2019

Auditor's Report

(Translation - the German text is authoritative)

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NOVELIS SHEET INGOT GMBH, GOETTINGEN

MANAGEMENT REPORT for the financial year April 1, 2018 to March 31, 2019

BASIS of the COMPANY

Novelis Sheet Ingot GmbH (‚SIG'), Goettingen, has a production site in Nachterstedt.

The company provides casting services exclusively to Novelis AG. The costs of the day-to-day business are invoiced on a monthly basis. Therefore, the **result of the company** is primarily determined by the output quantity and by risk-markups on the processing costs.

SIG is via the employer association "Verband der Metall- und Elektroindustrie Sachsen-Anhalt" bound to the **collective wage agreement** "Metall Sachsen-Anhalt" (ERA Wage and Wage Framework Agreement). A management by objective system is established for managing directors, executive employees and employees who are not subject to a collective wage agreement. The variable remuneration components are based on business objectives as well as personnel objectives.

In May 2018 SIG fulfilled again the requirements of the surveillance audit with regard to the **Energy Management System** ISO 50001:2011 and the **Quality Management Systems** ISO 9001:2015 and received the certification. Furthermore, in November SIG received the certification for the Environmental Management System according to ISO 14001:2015.

Research and development are pursued only in close cooperation with the Novelis research facilities. Own activities serve the further optimization of the process remelting as well as the systems engineering.

BUSINESS REPORT

Economic and industry specific conditions

In the financial year 2018/19, the global economic situation was weakened after a good start. Political issues in particular, such as the trade dispute between the US and China and of course the impending Brexit, and also the budget dispute between the Italian government and the EU have had a lasting negative impact on sentiment. This affects most industrialized and emerging countries. The US has been able to escape so far. However, if the dispute between the US and China escalates, a stronger setback threatens for the global economy. (Source: www.capital.de/wirtschschaftspolitik/viele-fragezeichen-fuer-die-weltwirtschaft-2019).

Global economy grew by 3.8 %, matching the previous year's level. China again had a high share with growth of 6.6 %. The Eurozone was 1.9 % (Germany 1.6 %) and the USA 2.9 %. (Source: Deutsche Bank Research, Outlook 2019).

Financial and non-financial key performance indicators

350.7 kt aluminum was processed to aluminum ingots in the financial year 2018/2019. The goal of 349 kt was achieved and slightly outperformed. The optimizations, especially in the area of the shredder and the cold filter house, which were carried out in the previous financial year, made a significant contribution to this. Furthermore, additional positive results could be achieved, especially for 5xxx alloys, as well as the extension of the casting facility to 6 continuous casting lines, which was put into operation in October. In the area of continuous improvement, the rollout of WCM-World Class Manufacturing enabled additional reserves to increase the output of the UBC shredder, as well as the increase in average casts per day on the can line. The specific energy yield continued to stabilize at a low level through the implementation of the plant's strategic energy initiatives.

The average conversion cost per piece was 3,512 € and increased slightly compared to the prior year by 36 € per aluminum ingot. The projected decline in processing cost compared to the prior year was not achieved.

The Novelis internal Focused 5 targets in terms of work safety / environmental protection, customer focus, quality, excellent production and capital-return-ratio were consistently achieved and partially exceeded. Particularly noteworthy is that the fiscal year was closed with an accident rate of 0 accidents.

To gauge the safety standards at our plants, we regularly give an account of key figures pertaining to “Total Recordable Incidents (TRI Rate)” - accidents to be reported - and also “Days Away From Work (DAFW Rate)” - absence time due to injury and illness. In the financial year 2018/2019 our TRI Rate improved to 0 compared to the prior year (1.1) and DAFW Rate improved to 0 compared to prior year (0.55 The goals set in the previous year were achieved.

Environmental incidents comprised mostly harmless leaks on machinery and internal smoke incidents without any environmental impacts.

Business development

In the financial year 2018/2019 focus was on increasing output, stabilizing processes, increasing plant availability and constant high quality.

In the entire financial year 2018/2019, the change in the use of input materials as well as the material preparation capacities resulted in a significant variance compared to the previous year. The comprehensive investment of 9.2 MEUR from the previous financial year ensured an improvement in process reliability. Despite all operational challenges, a further increase in production compared to the previous year from 319 kt to 350 kt was achieved.

Furthermore, considerable progress in the area of optimizing cycle time at our melting and casting machinery was achieved. The progress resulted in a further reduction of internal and external complaints. The complaints rate improved from 116 ppm (parts per million) in the prior year to 96 ppm.

Further capacity and energy improvements were achieved due to optimizations at the shredders and the cold filter house as well as the extension of the casting facility to 6 continuous casting lines. Currently 58.5 % of the scrap from rolling plant Nachterstedt and 30 % from rolling plant Goettingen are processed at SIG.

Earnings, net assets and financial position

Sales increased by 5.5 million € to 90.0 million € in the reporting period due to increased output. On the other hand, expenses from the revision of machinery components and securing the operational readiness have been incurred. Production costs, with a higher output volume, remained stable compared to the prior year primarily due to the result of the scrap mix used. The increased input of painted scrap in production has led to an increase in the cost of consumables, energy, gas as well as waste disposal. Besides that, the costs for maintenance and repair decreased. Due to the profit and loss transfer agreement the loss in the amount of 0.9 million € is absorbed by the shareholder Novelis Deutschland GmbH.

Total assets decreased from 178.2 million € to 175.1 million € due to depreciation in the amount of 20.6 million €. Property, plant and equipment decreased slightly from 164.8 million € to 151.0 million €. To eliminate technical weaknesses capital expenditures were slightly higher as the projected 6.0 million €. Capital expenditures were 6.7 million €.

Significant investments were made in further heat-resistant modifications at melting furnaces, 6 continuous casting lines, de-coater insulation and the cold end. A fire on a conveyor on 01/01/2019 required additional investments.

Current assets increased by 10.7 million € primarily due to the loss transfer receivable from Novelis Deutschland GmbH, increased receivables from affiliated companies and higher tax receivables. The cash pooling receivable was 13.1 million €. Equity remained at 20 million €. The equity ratio increased from is 11.2 % to 11.4 %. Liabilities to affiliated companies from long-term financing remained constant at € 140 million.

FORECAST, OPPORTUNITIES AND RISK REPORT

“Zero accidents” is still the ultimate objective in the area of work safety in all Novelis plants worldwide. Thus, huge efforts with regard to work safety and prevention of accidents should have a very positive influence on TRI rate and DAFW rate. In the second half of the financial year, we aim to achieve ISO 45001 occupational health and safety management system certification.

For the financial year 2019/2020 capital expenditures of4.9 million € are planned. The focus here is on the energetic optimization of the installed melting and paint removal facilities and the modification of the filter house B.

In coordination with Novelis AG an increased output volume of 370 kt is planned.

The aforementioned investments as well as other measures of continuous improvement, in particular the expansion phase of WCM-World Class Manufacturing, shall contribute to this. The energy saving plan will be pursued and implemented in order to achieve further improvements of specific energy efficiency.

These improvements and organizational restructuring of the maintenance processes should have a direct positive influence of 10 % on processing cost.

Opportunities and risks lie in the efficiency of the production processes, in particular in input of resources and optimization of processing time. Facility availability and unlimited availability of media are particular challenges. Furthermore, significant increases in the production of 3xxx alloys are expected driven by demand for ingots used in the production of cans.

As SIG is exclusively a processor and invoices are in Euro, no risks from market price developments of aluminum and exchange rates exist.

Opportunities and risks from the development and selling of products as well as the aluminum supply are at the level of Novelis AG. It was agreed on a contractual basis that SIG will exclusively work for Novelis AG. Therefore, risks of SIG could be insufficient cost-covering recycling volumes and lack of recycling orders. Due to the Novelis strategy and long term supply contracts, this risk should be rather low. The results of SIG are transferred to Novelis Deutschland GmbH due to a profit and loss transfer agreement.

The own **risk identification and prevention** focuses on the improvement of the management systems with regard to quality assurance, environmental and work safety, security, reliability of production capacities and optimization of all processes at the plant as well as continuous training and qualification of employees. Further key aspects of opportunity and risk management are production planning including early discussions of developments in energy and environmental politics with the political decision-makers. Comprehensive all-risk insurance provides coverage with regard to significant property and breakdown losses. Beside this, we currently expect no material risks.

Goettingen, April 24, 2019

Novelis Sheet Ingot GmbH
Managing directors

Michael Jordan Fortunato Llamido Lucido

Annual Financial Statements
from April 1, 2018
to March 31, 2019

Novelis Sheet Ingot GmbH, Goettingen

Balance Sheet as of March 31, 2019

Assets

	2019	2018
	K€	K€
A. Non-current assets		
I. Intangible assets		
1. Concessions, intellectual property rights, licences and similar rights	51	153
2. Advance payments	3	26
	54	179
II. Property, plant and equipment		
1. Property, buildings and similar property rights	73,759	77,060
2. Technical equipment and machinery	59,472	72,595
3. Other plant, furniture and office equipment	638	607
4. Advance payments and construction in progress	17,052	14,359
	150,921	164,621
	150,975	**164,800**
B. Current assets		
I. Inventories		
Raw material	5,817	5,208
II. Receivables and other assets		
1. Trade receivables	0	10
2. Receivables from affiliated companies	14,522	5,967
3. Other assets	3,759	2,223
	24,098	13,408
III. Cash and cash equivalents	1	1
	24,099	**13,409**
C. Prepaid expenses	**61**	**9**
	175,135	**178,218**

Equity and Liabilities

	2019	2018
	K€	K€
A. Equity		
I. Share capital	20,000	20,000
	20,000	**20,000**
B. Provisions and accruals		
1. Pensions and similar obligations	655	291
2. Other provisions and accruals	4,286	4,691
	4,941	**4,982**
C. Liabilities		
1. Trade payables	9,123	11,769
2. Liabilities to affiliated companies	141,071	141,467
	150,194	**153,236**
	175,135	**178,218**

Novelis Sheet Ingot GmbH, Goettingen

Income Statement for Financial Year April 1, 2018 to March 31, 2019

		2018/19	2017/18
		K€	K€
1.	Sales	89,956	84,446
2.	Cost of sales	-85,627	-81,844
3.	**Gross profit (loss)**	**4,329**	**2,602**
4.	General and administrative expenses	-237	-162
5.	Other operating income	3,820	3,780
6.	Other operating expenses	-210	-464
7.	Interest and similar expenses	-8,642	-9,758
	(Thereof to affiliated companies K€ 8,642; prior year K€ 9,758)		
8.	**Profit / (Loss) from ordinary activities**	**-940**	**-4,002**
9.	Loss transferred due to profit and loss transfer agreement	940	4,002
10.	**Profit (Loss) for the year**	**0**	**0**

Novelis Sheet Ingot GmbH, Goettingen

Notes to the Financial Statements for Financial Year 2018/2019

(1) GENERAL BASIS OF PRESENTATION

The company is subject to the German Commercial Code. The company is registered in the commercial register as follows:

Company name	Novelis Sheet Ingot GmbH
Seat	Goettingen
Registration court	Amtsgericht Goettingen
Commercial register number	HRB 201875

In accordance with § 267 German Commercial Code (HGB) Novelis Sheet Ingot GmbH is a large-size corporation as of the balance sheet date March 31, 2019. The annual financial statements for the period April 1, 2018 to March 31, 2019, are prepared in compliance with the provisions of the Commercial Law (HGB) for corporations and the Limited Liability Company Law (GmbHG).

The sole shareholder of Novelis Sheet Ingot GmbH is Novelis Deutschland GmbH, Goettingen.

In accordance with § 271 Section 2 HGB, affiliated companies of Novelis Sheet Ingot GmbH are the ultimate parent company Hindalco Industries Ltd., Mumbai, India and all subsidiaries of this parent company.

Novelis Sheet Ingot GmbH is included in the consolidated financial statements of Hindalco Industries Ltd., Mumbai, India (largest group of consolidated companies), as well as Novelis Inc., Toronto, Canada (smallest group of consolidated companies). The consolidated financial statements are available at the registered seat of the companies.

(2) ACCOUNTINIG POLICIES

Assets

Acquired intangible and fixed assets are valued at acquisition or production cost less ordinary accumulated amortization or depreciation. Grants received are recognized as a reduction of acquisition cost.

Buildings are depreciated straight-line over 10 to 33 years. Technical equipment and machinery as well as other plant, furniture and office equipment are depreciated straight-line over 3 to 33 years. Unplanned depreciation is recognized if necessary. Intangible assets are amortized over 3 years.

Low-value items up to € 250 excluding VAT are fully expensed in the year of addition.

Inventory is measured at average acquisition cost. Risks due to slow-moving items or limited usability are considered by appropriate allowances.

Receivables and other assets are measured at nominal values less allowances for specific and general foreseeable risks. Receivables from and payables to affiliated companies are netted to the extent the requirements of § 387 German Civil Law (BGB) are met.

Cash is stated at nominal value.

Equity and Liabilities

Equity is stated at nominal value.

Pension obligations are measured using the projected unit credit method at their discounted settlement amount. An interest rate of 3.07 % was applied to calculate the pension provision as of March 31, 2019. The interest rate is a projected interest rate as of the balance sheet date (average interest rate for the last 10 years).The average market interest rate published by the German Federal Reserve Bank for the last 10 years assuming a remaining term of 15 years for the obligation as of March 31, 2019 is 3.07 % (prior year 3.57 %).

As of March 31, 2019, the difference according to § 253 (6) sentence 1 HGB amounts to T€ 141. In accordance with § 253 (6) Sentence 2 HGB the amount is potentially subject to a dividend distribution restriction.

Assumed annual salary increase was 2.75 % and annual pension increase was 1.75 %. Life expectancy statistics 2018G of Prof. Dr. K. Heubeck are applied. Actuarial assumptions to measure jubilee benefit obligations are the average market interest rate of the last 7 years and assuming a remaining term of 15 years.

Other provisions and accruals are measured taking into account all identifiable risks. They are recognized at the amount reasonably necessary to settle the obligation. Other provisions and accruals with a remaining term of more than a year are discounted with the average market interest rate of the last 7 years equivalent to the remaining term of the obligation.

Liabilities are stated at their settlement amount.

Foreign currency

Long-term foreign currency receivables are converted with the spot exchange rate at the transaction date or the lower spot exchange rate as of balance sheet date (principle of prudence). Short-term foreign currency receivables (due within a year) as well as cash, cash equivalents and other short-term assets denominated in foreign currencies are converted with the spot exchange rate as of balance sheet date.

Long term foreign currency liabilities are measured with the spot exchange rate of the transaction date or the higher spot exchange rate as of balance sheet date (principle of prudence). Short-term foreign currency liabilities (due within a year) are converted with the spot exchange rate as of balance sheet date.

Deferred taxes

A fiscal unity with Novelis Aluminium Holding Unlimited Company, Dublin, Ireland, as well as Novelis Deutschland GmbH, Goettingen, exists. Novelis Deutschland GmbH and Novelis Sheet Ingot GmbH are subsidiaries and Novelis Aluminium Holding Unlimited Company is the fiscal unity parent. Deferred taxes relating to the subsidiary companies are accounted for in the financial statements of the parent company as the parent company is solely subject to income taxes.

(3) BALANCE SHEET

(3.1) Non-current assets movement schedule

The development of non-current assets is on page 14 to 16

(3.2) Receivables and other assets

Receivables from affiliated companies and other assets are due within a year. As of March 31, 2019, receivables from the sole shareholder Novelis Deutschland GmbH were K€ 260 (prior year K€ 3,332), which resulted from loss transfer due to the profit and loss transfer agreement in the amount of K€ 940 (prior year K€ 4,002) as well as trade receivables (K€ 492; prior year K€ 745) and are netted with trade payables in the amount of K€ 1,172 (prior year K€ 1,416). The remaining receivables from affiliated companies are Cash pooling receivables from Novelis AG, Zurich, Switzerland, in the amount of K€ 13,091 (prior year K€ 1,219).

(3.3) Provisions and accruals

Provisions for pension obligations are K€ 655 as of March 31, 2019 (prior year K€ 291). The difference in the pension provision in the amount of K€ 141 due to the application of the average market interest rate of the last 10 years instead of the last 7 years was recognized in the financial result.

Other provisions and accruals comprise primarily accruals for goods and services received but not invoiced (K€ 3,075; prior year K€ 3,622) and personnel provisions and accruals (K€ 1,211; prior year K€ 1,069).

(3.4) Liabilities

	2019 K€	Due within a year K€	Due after more than 1 year K€	Thereof due after more than 5 years K€	2018 K€
Trade payables [1]	9,123	9,123	0	0	11,769
Liabilities to affiliated companies [2], [3], [4]	141,071	1,071	140,000	140,000	141,467
Other liabilities	0	0	0	0	0
	150,194	**10,194**	**140,000**	**140,000**	**153,236**

[1] Thereof taxes	160	-
[2] Thereof from purchase of goods and services	1,071	1,467
[3] Thereof from financing	140,000	140,000
[4] Thereof to shareholder	40,000	40,000

As at the balance sheet date liabilities to the sole shareholder Novelis Deutschland GmbH in the amount of K€ 40,000 (prior year K€ 40,000) result from financing.

(4) INCOME STATEMENT

(4.1) Sales

-

Sales by product line	2018/19	2017/18
	K€	K€
Casting	89,076	84,052
Other	881	394
	89,957	**84,446**

Sales by region	2018/19	2017/18
	K€	K€
Germany	881	394
Remaining Europe (Non-EU)	89,076	84,052
	89,957	**84,446**

(4.2) Prior period income/expenses

In the reporting period no material prior period income /expenses have been recorded.

(4.3) Income/Expenses from exchange rate differences

Other operating income includes income from exchange rate differences in the amount of K€ 45 (prior year K€ 111. Other operating expenses include expenses from exchange rate differences in the amount of K€ 165 (prior year K€ 44).

(4.4) Interest and similar expenses

Interest and similar expenses include interest payable to affiliated companies in the amount of K€ 8,642 (prior year K€ 9,758).

The accumulation of interest expense on long-term provisions resulted in K€ 89 (prior year K€ 42) expenses.

(4.5) Income taxes

Due to the fiscal unity with Novelis Aluminium Holding Unlimited Company, a tax profit of the reporting year is not subject to income taxes.

(5) Material expenses

	2018/19	2017/18
	K€	K€
Raw material	12,901	12,508
Services received	19,889	19,140
	32,790	**31,648**

(6) Personnel expenses

	2018/19	2017/18
	K€	K€
Salaries and wages	13,581	13,125
Social security	2,707	2,589
Thereof pension costs	1,086	1,051
	16,288	**15,714**

(7) Managing directors

Michael Jordan, managing director operations

Fortunato Llamido Lucido, managing director finance

The remuneration of the managing directors is not disclosed in accordance with § 286 (6) HGB as only one managing director receives a remuneration.

(8) EMPLOYEES (average number of employees)

	2018/19	2017/18
Production	205	210
Administration and sales	26	22
	231	**232**

(9) CONTINGENCIES

The existing financing volume of US$ 5,700 million at the end of financial year 2018 has been increased by USD 775,000,000 through the increase of the existing term loan facility of US$ 1,800 million in the period September - December 2018. In addition, bridge financing has been obtained to prepare for the planned but not yet completed acquisition of Aleris for USD 1,500,000,000.

In addition an Asset Based Revolving Credit Facility in the amount of US$ 1,200 million is available.

The refinancing did not change the contingencies. The company assigned all moveable assets which are legal property of Novelis Sheet Ingot GmbH by way of security to the secured party.

The company assigned all receivables by way of security to the secured party (global assignment). The profit and loss transfer agreement between Novelis Deutschland GmbH and Novelis Sheet Ingot GmbH must stay in place. Receivables must be free of claims of third parties. Any claims have to be reported immediately to the secured party.

The company pledged all German bank accounts in favor of the secured party.

The company is obliged not to create mortgages on land and similar property rights. Mortgages in favor of the secured party have not been created.

The company assigned all intellectual property rights by way of security to the secured party.

In the ordinary course of business the security provider has extensive disposition rights.

Due to the guarantees and securities given, Novelis Sheet Ingot GmbH is exposed to potential claims. However at the date of the preparation of the financial statements, no claims have been made and management does not expect claims in the future given that the relevant company's expected liquidity has a high likelihood to provide sufficient funds to fulfill the agreement in time.

(10) OTHER FINANCIAL COMMITMENTS AND OFF-BALANCE-SHEET TRANSACTIONS

As of March 31, 2019, purchasing commitments for investing activities in the amount of K€ 818 (prior year K€ 2,598) exist.

Lease commitments exist in the amount of K€ 1,521 (prior year K€ 1,434).

In the financial year we received on March 4, 2019 the notice on the allocation of emission rights for the allocation period 2013-2020 according to the Greenhouse Gas Emissions Trading Act (Treibhausgas-Emissionshandelsgesetz) and the Allocation Regulation 2020 (Zuteilungsverordnung 2020). We received for the allocation period 2013-2020 580,562 emission rights and thereof 493,839 emission rights are immediately available. The unused emission allowances are not recognized in the balance sheet, but recognized in the income statement after use. No emission rights were sold as of the balance sheet date.

(10) TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of the business Novelis Sheet Ingot GmbH has business relationships with numerous companies including affiliated and associated companies and the sole shareholder Novelis Deutschland GmbH. Affiliated and associated companies are considered related parties.

A disclosure in accordance with § 285 No. 21 HGB is not required, as the transactions were at market terms.

(12) AUDITOR RENUMERATION

Total auditor fees for audit services in the financial year were K€ 30 (prior year K€ 29).

(13) APPROBRIATION OF THE EARNINGS

The result for the financial year April 1, 2018 to March 31, 2019 will be transferred to Novelis Deutschland GmbH due to the existing profit and loss transfer agreement. A respective receivable is recorded.

(14) SUBSEQUENT EVENTS

No significant events with a financial impact on the profit and loss statement or the balance sheet occurred after the end of the financial year.

Goettingen, April 24, 2019

Novelis Sheet Ingot GmbH

Fortunado Llamido Lucido

Michael Jordan

Movement in Fixed Assets

(Appendix to the Notes)

Novelis Sheet Ingot GmbH, Goettingen

Movement in Fixed Assets

	Historical cost				
	April 1, 2018	Additions	Reclassi-fications	Disposals	March 31, 2019
	K€	K€	K€	K€	K€
I. Intangible assets					
1. Software and licences	**622**	0	0	0	**622**
2. Advance payments	**26**	0	0	0	**26**
	648	**0**	**0**	**0**	**648**
II. Property, plant and equipment					
1. Property, buildings and similar property rights	**89,788**	0	12	0	**89,800**
2. Technical equipment and machinery	**134,484**	0	1,946	0	**136,430**
3. Other plant, furniture and office equipment	**1,297**	0	244	0	**1,541**
4. Advance payments and construction in progress	**14,359**	6,747	-2,202	0	**18,904**
	239,928	6,747	0	0	**246,675**
	240,576	**6,747**	**0**	**0**	**247,323**

Amortization and depreciation				Book value	
April 1, 2018	Additions	Disposals	March 31, 2019	March 31, 2019	March 31, 2018
K€	K€	K€	K€	K€	K€
469	102	0	571	51	153
0	0	0	0	26	26
469	102	0	571	77	179
12,728	3,313	0	16,041	73,759	77,060
61,889	16,945	0	78,834	57,596	72,595
690	212	0	902	639	607
0	0	0	0	18,904	14,359
75,307	20,470	0	95,777	150,898	164,621
75,776	20,572	0	96,348	150,975	164,800

INDEPENDENT AUDITOR'S REPORT

To Novelis Sheet Ingot GmbH, Goettingen

Audit Opinions

We have audited the annual financial statements of Novelis Sheet Ingot GmbH, Goettingen, which comprise the balance sheet as at March 31, 2019**,** and the statement of profit and loss for the financial year from April 1, 2018 to March 31, 2019, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Novelis Sheet Ingot GmbH for the financial year from April 1, 2018 to March 31, 2019*.*

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at March 31, 2019 and of its financial performance for the financial year from April 1, 2018 to March 31, 2019 in compliance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Article 322 paragraph 3 sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Frankfurt am Main, April 24, 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd.) Holger Plaum
Wirtschaftsprüfer
(German Public Auditor)

(sgd.) ppa. Georg Rogowski
Wirtschaftsprüfer
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