

## **Report by the Managing Board to the Annual Shareholders' Meeting on the exclusion of pre-emptive rights (Sect. 203 (2) sentence 2, Sect. 186 (4) sentence 2 AktG):**

In accordance with Sect. 203 (2) sentence 2 AktG in conjunction with Sect. 186 (4) sentence 2 AktG, the Managing Board submitted the following written report on the reasons for the authorisation proposed in Agenda Item 6 to exclude shareholders' pre-emptive rights and on the proposed issue amount:

The previous Authorised Capital as resolved by the Annual Shareholders' Meeting on 13 May 2014 has expired as at 12 May 2019. The Managing Board and the Supervisory Board therefore propose to the Annual Shareholders' Meeting under Agenda Item 6 to create new authorised capital, the amount of which is to correspond to the amount of the existing Authorised Capital. It is therefore proposed to the Annual Shareholders' Meeting under Agenda Item 6 to create new authorised capital in the total amount of no more than EUR 35,200,000.00 by issuing up to 35,200,000 new registered no-par value shares against contributions in cash and/or in kind (Authorised Capital). The proposed Authorised Capital will enable the Managing Board of the Company within a reasonable scope to adjust the equity base of the Company, especially with a view to the Group's further strategic development pursued by the Managing Board, and to adapt the targeted expansion of the business activities in dynamic markets to accommodate business needs at any time, while also acting quickly and flexibly in the ever changing markets bearing in mind the best interests of the Company's shareholders. To this end, the Company must ensure availability at all times of the necessary instruments to raise capital, regardless of the existence of any specific plans to use such capital. Since decisions on meeting capital requirements generally have to be taken at short notice, it is key that the Company in making such decisions is not dependent on the cycle of its annual shareholders' meetings. By introducing the instrument of authorised capital, the legislator accommodated this particular need. Authorised capital is typically used to strengthen a company's equity base and to finance acquisitions of equity interests.

### Pre-emptive right of the shareholders

When authorised capital is used, shareholders are generally entitled to pre-emptive rights (Sect. 203 (1) sentence 1 AktG in conjunction with Sect. 186 (1) AktG). In the context of this statutory pre-emptive right, shares may also be issued to shareholders indirectly pursuant to Sect. 186 (5) AktG without any explicit authorisation being required for this purpose. However, the pre-emptive right of shareholders may be excluded in the cases described below, provided, however, that the option to exclude pre-emptive rights in the event of a capital increase against contributions in cash and in kind is to be limited to a total of 10% of the issued share capital.

### Exclusion of pre-emptive rights for fractional amounts

The authorisation to exclude pre-emptive rights for fractional amounts serves to ensure a practicable subscription ratio with respect to the amount of the respective capital increase. Without the option to exclude pre-emptive rights for fractional amounts, the technical implementation of the capital increase and the exercise of pre-emptive rights would be considerably more difficult, particularly in the case of a capital increase by round numbers. The new shares which are excluded from pre-emptive rights as "free fractional amounts" will either be sold on the stock exchange or otherwise disposed of to achieve maximum advantage for the Company.

### Exclusion of pre-emptive rights in the event of a cash capital increase pursuant to Sect. 186 (3) sentence 4 AktG

The option to exclude pre-emptive rights, subject to the consent of the Supervisory Board, shall also exist in the event of a cash capital increase pursuant to Sect. 203 (1) sentence 1, Sect. 203 (2) and Sect. 186 (3) sentence 4 AktG. This option serves the Company's best interests in achieving the best possible issue price when issuing new shares. The statutory option provided for in Sect. 186 (3) sentence 4 AktG to exclude pre-emptive rights enables the management to seize opportunities arising from prevailing market conditions quickly and flexibly as well as cost-effectively, thus strengthening the Company's equity base as much as possible in the best interests of the Company and all shareholders. Because the Company does not have to resort to time-consuming and costly processing of pre-emptive rights, market opportunities may be seized swiftly in order to meet equity funding requirements at very short notice. In addition, new groups of shareholders may be attracted both in Germany and abroad as a result.

If pre-emptive rights were not excluded, the determination of the terms and conditions based on prevailing market conditions and a smooth placement would not be possible. While Sect. 186 (2) AktG permits disclosure of the pre-emptive price until three days prior to the end of the subscription period, considering the frequently observed volatility on the stock markets, there still remains a market risk inherent for a number of days, which results in safety

margins being deducted in the determination of the issue price and, eventually, in conditions which are not based on market conditions. Moreover, the granting of pre-emptive rights could jeopardise any successful placement with third parties, or result in additional expenses, due to the uncertainty whether they will be exercised. Finally, the Company cannot react quickly to favourable or adverse market conditions if pre-emptive rights are granted due to the length of the subscription period, but is exposed to the risk of falling stock prices during the subscription period, which might result in situations where capital is raised at unfavourable conditions. This option to increase capital under optimal conditions and without a significant pre-emptive rights markdown is important to the Company, in particular, because it must be able - in quickly changing markets as well as in new markets - to swiftly and flexibly seize market opportunities and to cover its capital needs thereby arising even on very short notice, if necessary.

The issue price of the new shares, which is to be determined as close to their placement date as possible, and thus the proceeds raised by the Company from issuing the new shares will be determined on the basis of the stock market price of the Company's shares that are already listed at the time and will not be substantially lower than the then current stock market price, probably by no more than 3%, but in any case by no more than 5%.

The new shares issued under exclusion of pre-emptive rights pursuant to Sect. 186 (3) sentence 4 AktG must not, in total, exceed the equivalent of 10% of the issued share capital either at the time of effectiveness or at the time of exercise of the authorisation. The number of own shares sold will likewise count towards this limit provided that such sale occurred during the term of this authorisation under exclusion of pre-emptive rights pursuant to Sect. 71 (1) no. 8 sentence 5 and Sect. 186 (3) sentence 4 AktG. These requirements take into account the shareholders' need to protect their shareholdings against dilution in accordance with statutory provisions. The near-market issue price of the new shares and the restricted volume of the capital increase under exclusion of pre-emptive rights will generally enable shareholders to maintain their shareholding proportion by purchasing the required number of shares on the stock market on nearly the same terms. It is thus ensured that, in compliance with the legal interpretation of Sect. 186 (3) sentence 4 AktG, interests in terms of asset and voting right protection are appropriately safeguarded upon use of the Authorised Capital under exclusion of pre-emptive rights, while the Company is provided with more leeway for action which will benefit all shareholders.

#### Exclusion of pre-emptive rights in the event of a capital increase in kind

This option is to be introduced to exclude pre-emptive rights of shareholders, subject to the consent of the Supervisory Board, also in the event of a capital increase in kind. This will enable the Managing Board to use shares of the Company to acquire, in individual cases, companies or parts thereof, equity interests or other assets where appropriate. For example, the need may arise in negotiations to offer shares as consideration rather than cash. The option to offer the Company's shares as consideration is required in particular in international competition for attractive acquisition targets and provides the scope needed by the Company to seize opportunities to acquire companies or parts thereof, equity interests and other assets while protecting its liquidity. Offering shares as consideration may also be useful to optimise the financing structure. The authorisation will also enable the Company to acquire larger companies or equity interests in suitable cases provided that such acquisitions are in the best interests of the Company and thus also in the best interests of its shareholders. This will not put the Company at a disadvantage because the issue of shares for consideration in kind is subject to the condition that the value of such consideration in kind is reasonably proportionate to the value of the shares. When determining the valuation ratio, the Managing Board will ensure that the best interests of the Company and its shareholders are appropriately safeguarded and that reasonable issue proceeds are achieved for the new shares.

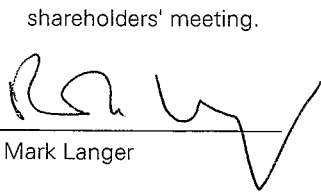
#### Limitation of total scope of pre-emptive right exclusion in the event of a capital increase

The total number of shares issued under the authorisations to exclude pre-emptive rights in the event of a capital increase against contributions in cash as well as in kind as described above must not exceed the equivalent of 10% of the issued share capital either at the time of effectiveness or at the time of exercise of such authorisations. This limit serves to restrict the total volume of shares issued from the Authorised Capital for which pre-emptive rights have been excluded, thus providing shareholders with an additional safeguard against dilution of their shareholdings.

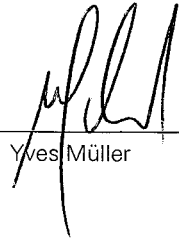
#### Use of the Authorised Capital

There are currently no plans to use the Authorised Capital. The Managing Board will carefully examine on a case-to-case basis whether to make use of the authorisation to increase capital under exclusion of shareholders' pre-emptive rights. The Managing Board will only make use of this authorisation if the Managing Board and the Supervisory Board believe that doing so is in the best interests of the Company and thus also in the best interests of its shareholders.

The Managing Board will report on the use of the authorisation in each case to the next scheduled annual shareholders' meeting.



Mark Langer



Yves Müller



Bernd Hake



Ingo Wilts