Novelis Sheet Ingot GmbH

Goettingen

Annual Financial Statements as of March 31, 2018
and Management Report for Financial Year 2017/2018

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, 2017 to March 31, 2018

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 2017 SIG fulfilled again the requirements of the **Energy Management System** ISO 50001:2011 and was certified. Furthermore in November SIG received the certification for the Environmental Management System according to ISO 14001:2015 and for the **Quality Management Systems** according to ISO 9001:2015.

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 2017/2018 the global economic activity was in our opinion positively affected by the US tax reform and the progress in Brexit negotiations. Despite ongoing political tensions global economic growth was 3.7% and at prior year level. China grew by 6.7% and contributed once again the most to the global economic growth. In the Eurozone growth was 2.3% (Germany 2.2%), which was a strong economic upturn. Also in the USA growth continued with a growth rate of 2.2% (Source: Commerzbank Research, Growth and inflation 2017).

Financial and non-financial key performance indicators

319.6 kt aluminum was processed to aluminum ingots in the financial year 2017/2018. The goal of 346 kt was not achieved due to dust explosion in the cold filter station at the beginning of the year. The output of aluminum ingots was increased by 12 kt compared to the prior year. The average processing cost per piece was 3,476 € and decreased compared to the prior year by 736 € per aluminum ingot. The decline in processing cost compared to the prior year was significantly higher than expected due to productivity increases and event based production cost.

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 2017/2018 our TRI Rate declined slightly to 1.10 compared to the prior year (1.07) and DAFW Rate improved to 0.55 compared to prior year (1.07). Due to the incidents, we took measures to prevent accidents and to achieve our goal “zero accidents”. Environmental incidents comprised mostly harmless leaks on machinery and internal smoke incidents without any impacts.

Business development

In the financial year 2017/2018 focus was on increasing output, stabilizing processes, increasing plant availability and constant high quality.

The financial year was dominated by a dust explosion at the cold filter station on April 1, 2017. For the entire financial year material input and input material preparation capacities were impacted. Damages were repaired and process safety ensured due to a comprehensive investment of 9.2 million €. Despite the operating challenges production output increased to 319 kt compared to 307 kt in the prior year.

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 159 ppm in the prior year to 116 ppm.

Further capacity and energy improvements were achieved due to modifications on the installed melting furnace and launder system at the flexline as well as shutdowns of additional internal scrap cycles.
Currently 71% of the scrap from rolling plant Nachterstedt and 25% from rolling plant Goettingen is recycled at SIG.

Investments in recycling of by-products such as dross led to improved metal output.

Earnings, net assets and financial position

Sales increased by 5.9 million € to 84.5 million € in the reporting period due to increased output and higher conversion price. Expenses from the revision of machinery components and securing the operational readiness have been incurred. The decrease in cost of sales of 2.1 million € resulted primarily from the explosion incident. Lower input of painted scrap in production led to decreased energy and, waste disposal costs. Besides that, maintenance and repair costs decreased. Due to the profit and loss transfer agreement, the loss in the amount of 4.0 million € is absorbed by the shareholder Novelis Deutschland GmbH.

Total assets decreased from 201.4 million € to 178.2 million € due to depreciation in the amount of 20.1 million €. Property, plant and equipment decreased slightly from 173.4 million € to 164.8 million €. To eliminate technical weaknesses capital expenditures were significantly higher as planned. Capital expenditures were 11.4 million € instead of planned 4.3 million €.

Significant investment were made in heat-resistant modifications at melting furnaces/launder systems, down gradient of the shredder facilities, vehicle fleet, in particular in a machine for skimming furnaces, installation of dross cooling stations as well as components of the new building ventilation system.

Current assets decreased by 14.6 million € primarily due to a reduced loss transfer receivable from Novelis Deutschland GmbH and lower tax receivables. The cash pooling receivable as at March 31, 2018 was 1.2 million €. Equity remained at 20 million €. The equity ratio increased from is 9.9 % to 11.2 %.

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.

For the financial year 2018/2019 capital expenditures of 6.0 million € are planned. Main objectives are the optimization of installed melting facilities. Further strategic investments are extension of the casting facilities to a 6-channels casting table which increase output of each cast by 10%.

In coordination with Novelis AG an increased output volume of 349 kt is planned. The above mentioned and investments as well as other measures for ongoing improvements, in particular the introduction of WCM World Class Manufacturing, should contribute to achieve the plan. Furthermore, initiatives within an existing energy saving program should result in improved specific energy efficiency and operating cost savings.

These improvements should have a direct positive influence of 10% on processing cost.

To improve working environment and advanced involvement of employees with regard to business ethics the Novelis group introduced the Focus 5 initiative. Safety, customer focus, quality, and production excellence as well return on capital shall improve permanently in the long term.

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 resources are particular challenges.

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 non-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 25, 2018

Novelis Sheet Ingot GmbH
Managing directors

Michael Jordan

Fortunato Llamido Lucido

Annual Financial Statements
from April 1, 2017
to March 31, 2018

Novelis Sheet Ingot GmbH, Goettingen

Balance Sheet as of March 31, 2018

Assets

	2018	2017
	K€	K€
A. Non-current assets		
I. Intangible assets		
1. Concessions, intellectual property rights, licences and similar rights	153	255
2. Advance payments	26	26
	179	281
II. Property, plant and equipment		
1. Property, buildings and similar property rights	77,060	80,246
2. Technical equipment and machinery	72,595	84,395
3. Other plant, furniture and office equipment	607	623
4. Advance payments and construction in progress	14,359	7,875
	164,621	173,139
	164,800	**173,420**
B. Current assets		
I. Inventories		
Raw material	5,208	3,899
II. Receivables and other assets		
1. Trade receivables	10	9
2. Receivables from affiliated companies	5,967	10,676
3. Other assets	2,223	13,405
	13,408	27,989
III. Cash and cash equivalents	1	1
	13,409	**27,990**
C. Prepaid expenses	**9**	**0**
	178,218	**201,410**

	Equity and Liabilities	
	2018	**2017**
	K€	**K€**
A. Equity		
I. Share capital	20,000	20,000
	20,000	**20,000**
B. Provisions and accruals		
1. Pensions and similar obligations	291	291
2. Other provisions and accruals	4,691	4,611
	4,982	**4,902**
C. Liabilities		
1. Trade payables	11,769	10,426
2. Liabilities to affiliated companies	141,467	166,082
	153,236	**176,508**
	178,218	**201,410**

Novelis Sheet Ingot GmbH, Goettingen

Income Statement for Financial Year April 1, 2017 to March 31, 2018

		2017/18	2016/17
		K€	K€
1.	Sales	84,446	78,551
2.	Cost of sales	-81,844	-84,010
3.	**Gross profit (loss)**	**2,602**	**-5,459**
4.	General and administrative expenses	-162	-253
5.	Other operating income	3,780	5,931
6.	Other operating expenses	-464	-94
7.	Interest and similar expenses	-9,758	-9,774
	(Thereof to affiliated companies K€ 9,758; prior year K€ 9,774)		
8.	**Result after taxes**	**-4,002**	**-9,649**
9.	Loss transferred due to profit and loss transfer agreement	4,002	9,649
10.	**Profit for the year**	**0**	**0**

Novelis Sheet Ingot GmbH, Goettingen

Notes to the Financial Statements for Financial Year 2017/2018

(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, 2018. The annual financial statements for the period April 1, 2017 to March 31, 2018 are prepared in compliance with the provisions of the Commercial Law (HGB) 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 € 150 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 3.57% p.a. was applied to calculate the pension provision as of March 31, 2018. 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, 2018 is 3.57% p.a. (prior year 3.94 % p.a.).

In comparison, applying the average market interest rate for the last 7 years (2.68%) to discount the obligation results in a difference of K€ 78. In accordance with § 253 (6) Sentence 2 HGB the amount is potentially blocked for payout.

Assumed annual salary increase was 2.75 % and annual pension increase was 1.75 %. Life expectancy statistics 2005G 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 attached as appendix to the notes.

(3.2) Receivables and other assets

Receivables from affiliated companies and other assets are due within a year. As of March 31, 2018, receivables from the sole shareholder Novelis Deutschland GmbH were K€ 3,332 (prior year K€ 9,152), which resulted from loss transfer due to the profit and loss transfer agreement in the amount of K€ 4,002 (prior year K€ 9,649) as well as trade receivables (K€ 745; prior year K€ 865) and are netted with trade payables in the amount of K€ 1,416 (prior year K€ 1,362). The remaining receivables from affiliated companies are Cash Pooling receivables from Novelis AG, Zurich, Switzerland, in the amount of K€ 1,219.

(3.3) Provisions and accruals

Provisions for pension obligations are K€ 291 as of March 31, 2018 (prior year K€ 291). The difference in the pension provision in the amount of K€ 78 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€ 3,622; prior year K€ 3,473) and personnel provisions and accruals (K€ 1,069; prior year K€ 1,138).

(3.4) Liabilities

	2018 K€	Due within a year K€	Due after more than 1 year K€	Thereof due after more than 5 years K€	2017 K€
Trade payables	11,769	11,769	0	0	10,426
Liabilities to affiliated companies [1), 2), 3)]	141,467	1,467	140,000	140,000	166,082
	153,236	**13,236**	**140,000**	**140,000**	**176,508**
[1)] Thereof from purchase of goods and services	1,467				1,422
[2)] Thereof from financing	140,000				164,660
[3)] Thereof to shareholder	40,000				44,060

As at the balance sheet date liabilities to the sole shareholder Novelis Deutschland GmbH in the amount of K€ 40,000 (prior year K€ 44,060) result from financing.

(4) INCOME STATEMENT

(4.1) Sales

-

Sales by product line	2017/18	2016/17
	K€	K€
Casting	84,052	78,433
Other	394	117
	84,446	**78,550**

Sales by region	2017/18	2016/17
	K€	K€
Germany	394	117
Remaining Europe (Non-EU)	84,052	78,433
	84,446	**78,550**

(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€ 111 (prior year K€ 72). Other operating expenses include expenses from exchange rate differences in the amount of K€ 44 (prior year K€ 66).

(4.4) Interest and similar expenses

Interest and similar expenses include interest payable to affiliated companies in the amount of K€ 9,758 (prior year K€ 9,774).

The accumulation of interest expense on long-term provisions resulted in K€ 42 (prior year K€ 35) 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

	2017/18	2016/17
	K€	K€
Raw material	12,508	13,852
Services received	19,140	21,125
	31,648	**34,977**

(6) Personnel expenses

	2017/18	2016/17
	K€	K€
Salaries and wages	13,125	13,016
Social security	2,589	2,610
Thereof pension costs	1,051	1,024
	15,714	**15,626**

(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)

	2017/18	2016/17
Production	210	218
Administration and sales	22	22
	232	**240**

(9) CONTINGENCIES

The latest comprehensive refinancing of the group took place in the 3rd and 4th quarter of the financial year 2017. Novelis Inc. refinanced two Unsecured Senior Notes in the amount of US$ 2,700 in August and September at significantly better terms. Furthermore also the existing Term Loan Facility in the amount of US$ 1,800 million was refinanced at significantly better terms in January 2017. In addition an Asset Based Revolving Credit Facility in the amount of US$ 1,200 million is available. In total, financial capital in the amount of US$ 5,700 million is available to the group.

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 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, 2018, purchasing commitments for investing activities in the amount of K€ 2,598 (prior year K€ 1,002) exist.

Lease commitments exist in the amount of K€ 1,434 (prior year K€ 1,001).

The risk of long-term arrangements is offset by higher planning certainty and cash flow advantage.

(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€ 29 (prior year K€ 29).

(13) APPROBRIATION OF THE EARNINGS

The result for the financial year April 1, 2017 to March 31, 2018 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 25, 2018

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, 2017	Additions	Reclassi-fications	Disposals	March 31, 2018
	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	**89,662**	0	126	0	**89,788**
2. Technical equipment and machinery	**129,771**	0	4,713	0	**134,484**
3. Other plant, furniture and office equipment	**1,148**	0	149	0	**1,297**
4. Advance payments and construction in progress	**7,875**	11,472	-4,988	0	**14,359**
	228,456	11,472	0	0	**239,928**
	229,104	**11,472**	**0**	**0**	**240,576**

Amortization and depreciation				Book value	
April 1, 2017	Additions	Disposals	March 31, 2018	March 31, 2018	March 31, 2017
K€	K€	K€	K€	K€	K€
367	102	0	469	153	255
0	0	0	0	26	26
367	102	0	469	179	281
9,416	3,312	0	12,728	77,060	80,246
45,376	16,513	0	61,889	72,595	84,395
525	165	0	690	607	623
0	0	0	0	14,359	7,875
55,317	19,990	0	75,307	164,621	173,139
55,684	20,092	0	75,776	164,800	173,420

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, 2018**,** and the statement of profit and loss for the financial year from April 1, 2017 to March 31, 2018, 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, 2017 to March 31, 2018*.*

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, 2018 and of its financial performance for the financial year from April 1, 2017 to March 31, 2018 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 25, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd.) Holger Plaum	(sgd.) ppa. Georg Rogowski
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)