

ENABLING CO₂ REDUCTION

REMUNERATION REPORT
MAY 2019



AMG ADVANCED METALLURGICAL GROUP N.V.



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COMPONENTS OF MANAGEMENT BOARD REMUNERATION 2018

BASE SALARY

ANNUAL BONUS (SHORT TERM INCENTIVE (STI))

LONG-TERM INCENTIVES

- Stock Options (SO)
- Performance Share Units (PSU)

All components are determined by market data derived from comparison with a group of companies, known as a peer group.

PEER GROUP CONSIDERATIONS

- The Peer Group was reviewed and changed in 2016 upon advice of Willis Towers Watson, our independent compensation consultant. This peer group was updated in 2018 as one of the peers was acquired by another.
 - 16 Companies
 - 10 U.S.
 - 4 U.K.
 - 2 European
 - Metals, Specialty Chemicals and Technologies
 - Public Data analyzed by Willis Towers Watson
 - These 16 companies are ones AMG competes with for sales and executive talent
- Compensation Target: 50th – 60th percentile of the Peer Group
- AMG follows a US-centric approach in determining executive compensation

SHORT TERM INCENTIVES (STI) 2018

Based on annual budget approved by the Supervisory Board

<u>Weight</u>	<u>STI Metric</u>
40%	ROCE
40%	Operating Cash Flow
20%	Personal Targets
100%	

As % of Salary

<u>Target Bonuses</u>	<u>Market P50</u>
85% CEO	100%
65% COO	75%
65% CFO	75%

Our target bonuses are below the 50th percentile of our peer group

2018 BONUS RESULTS

METRIC	PERFORMANCE	WEIGHT	PAYOUT
ROCE	300%	40%	120%
Op Cash Flow	300%	40%	120%
Individual	300%	20%	60%
			300%

We had an outstanding year for performance

2018 BONUS BY MANAGEMENT BOARD MEMBER

MANAGEMENT BOARD MEMBER	TARGET BONUS %	PERFORMANCE	PAYOUT PERCENTAGE
Schimmelbusch	85%	300%	255%
Jackson	65%	300%	195%
Dunckel	65%	300%	195%

MANAGEMENT BOARD MEMBER <i>(USD in thousands)</i>	BASE SALARY	PAYOUT PERCENTAGE	BONUS AMOUNT
Schimmelbusch	\$1,045	255%	\$2,666
Jackson	\$641	195%	\$1,250
Dunckel	\$641	195%	\$1,250

LONG-TERM INCENTIVES (LTI)

20% Stock Options (SO)

- Must pass 3 year average ROCE threshold to vest
- Then vest:
 - 50% after 3 years
 - 50% after 4 years
- 10 year life term

80% Performance Share Units (PSU)

- Must pass 3 year average ROCE threshold to vest
- Measured on Total Shareholder Return (TSR)
- Payout based upon relative performance to the Bloomberg World Metal Fabricate/Hardware Index

LONG-TERM INCENTIVES: PERFORMANCE SHARE UNITS (PSU)

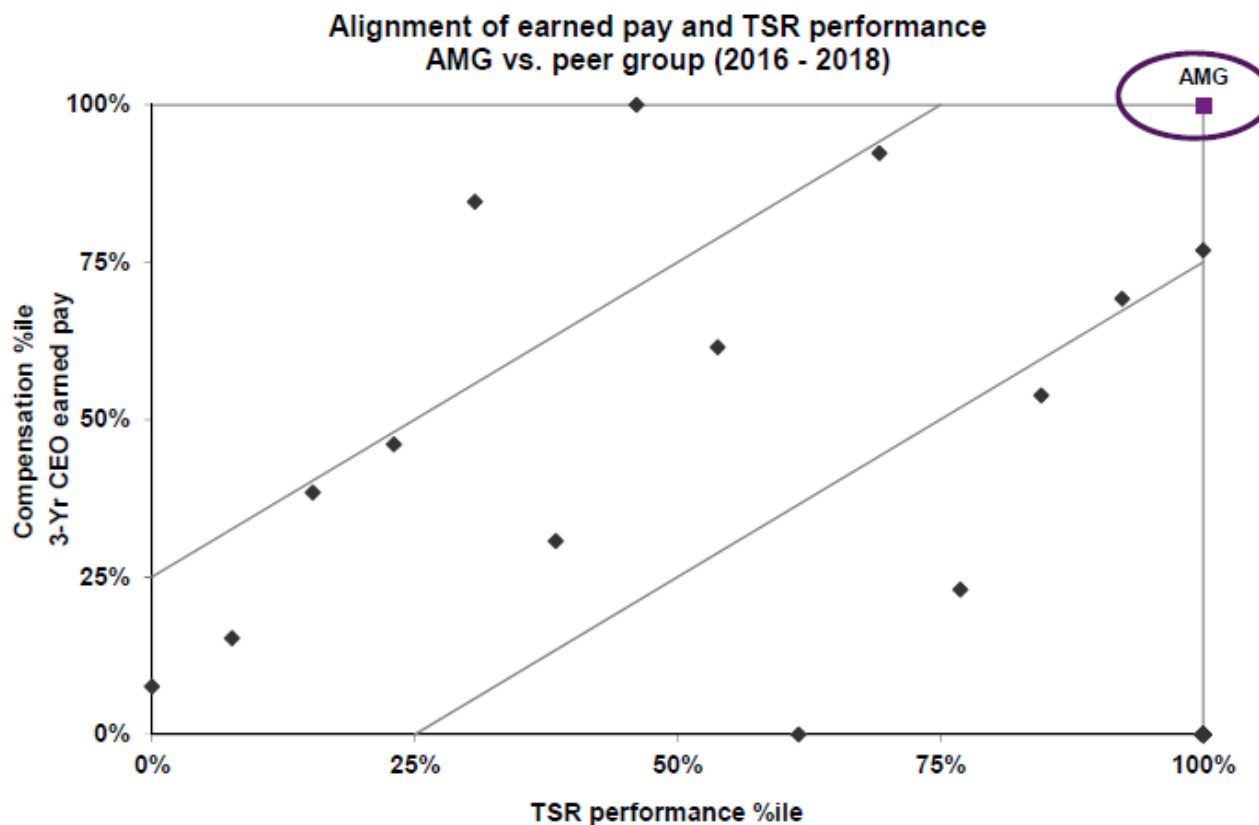
PSU's: pay-out is based on TSR measured over a three year period against the Bloomberg World Metal Fabricate/Hardware Index

2013	Only 25% of PSUs vested and paid out
2014 & 2015	TSR below 25 percentile of peers, 0% vested
2016	TSR at 60 th percentile of the Bloomberg Index which yielded a 115% payout and vested in April 2016 (PSU award 2013)
2017	TSR at 90 th percentile of the Bloomberg Index which yielded a 175% payout and vested in April 2017 (PSU award 2014)
2018	TSR at 90 th percentile of the Bloomberg Index which yielded a 175% payout and vested in April 2018 (PSU award 2015)
2019	TSR at 90 th percentile of the Bloomberg Index which yielded a 175% payout and vested in April 2019 (PSU award 2016)

For 2017 through 2019, AMG's stock price performance was at the 90th percentile of the Bloomberg World Metal Fabricate/Hardware Index

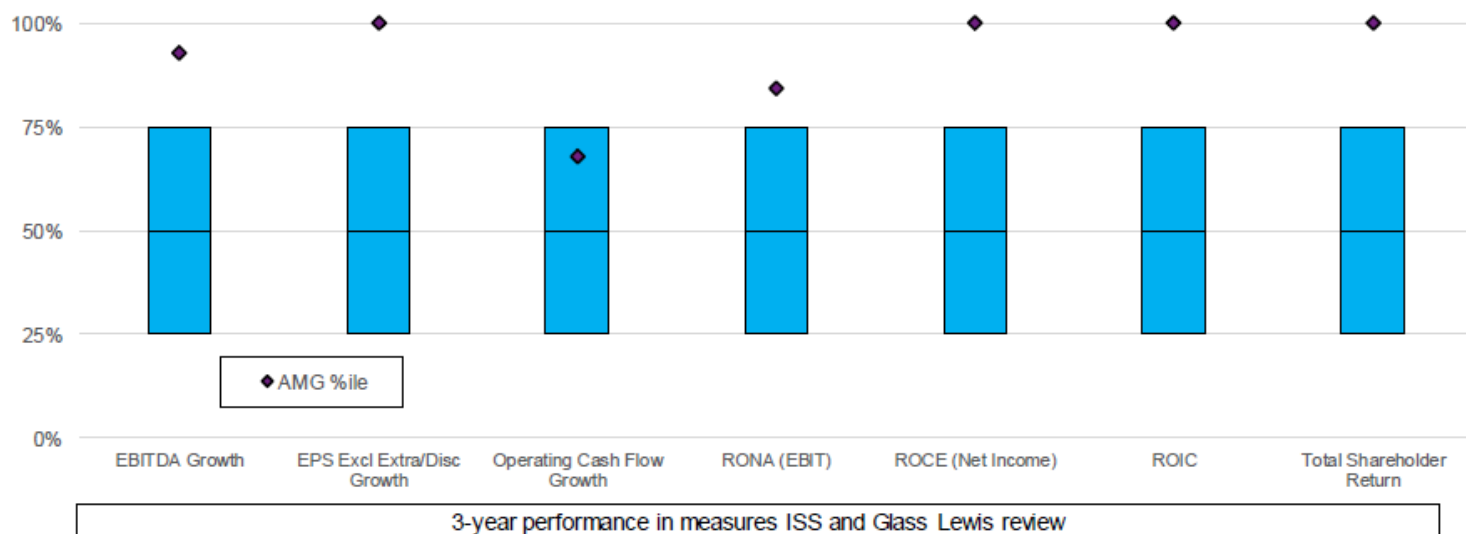
CEO PAY-FOR-PERFORMANCE ALIGNMENT

- AMG's earned pay, which captures the value of incentive plan payouts, stock awards at vesting, and stock options at exercise, is considered along with TSR performance relative to peers
- Pay and TSR are both the highest among the peers



RELATIVE FINANCIAL PERFORMANCE CONSIDERATIONS

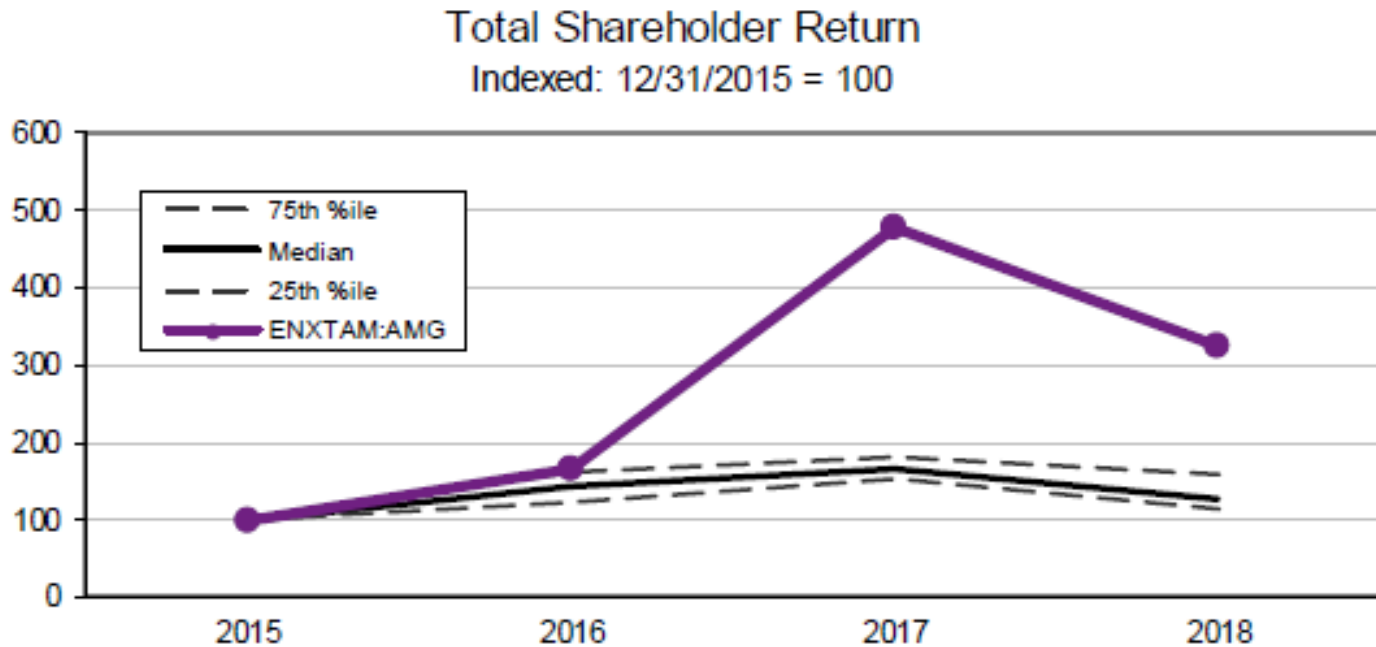
- Relative performance has also been strong, as reviewed under the measures US proxy advisors ISS and Glass Lewis review*
 - Top quartile income statement growth
 - Operating cash flow growth is the only measure below median
 - Median or better returns
 - Best-in-class TSR



Source: S&P's Capital IQ database

TOTAL SHAREHOLDER RETURN (TSR) PERFORMANCE

AMG's shareholder return over the last three years is far above all peers



WillisTowersWatson 