

Report of the Management Board in Accordance with Section 71 (1)(8)(5) in Connection with Section 186 (4)(2) of the German Stock Corporation Law (AktG) on the Exclusion of Subscription Rights in Agenda Item 7

Section 71 (1)(8) of the German Stock Corporation Law (AktG) offers German stock corporations the option of acquiring treasury shares up to a total of 10% of their equity capital based on an authorization by the Shareholders' Meeting.

Agenda item 7 includes the proposal to grant such an authorization that is limited to a period of five years. This would enable the Company to acquire treasury shares via the stock exchange up to a total of 10% of the equity capital. Section 71 (1)(8) of the German Stock Corporation Law (AktG) permits, in addition to the typical case of purchase and sale via the stock exchange, other forms of acquisition and sale. It should be possible to utilize this option.

Aside from acquisition via the stock exchange, the Company should also obtain the option of acquiring treasury shares via a public tender offer directed to all shareholders. In the process, the principle of equal treatment in accordance with the German Stock Corporation Law (AktG) should be observed. The offered purchase price per share (excluding ancillary costs of purchase) may not exceed or fall below by more than 10% the average closing price on the Frankfurt Stock Exchange during the three trading days before the day of publication of the tender.

The resolution provides that the Management Board decide on the use of treasury shares with the approval of the Supervisory Board. The authorization should enable the Management Board to respond flexibly to respective business needs in the interests of the Company while protecting the concerns of shareholders. As a result, the Management Board can resell treasury shares via the stock exchange or through an offer to all shareholders.

Exclusion of subscription rights in order to offer treasury shares as consideration to third parties as part of business combinations, acquisition of companies, holdings of companies or parts of companies, as well as the acquisition of Company receivables

The Management Board should be enabled to offer the treasury shares outside the stock exchange to third parties as consideration or acquisition currency for business combinations, acquisition of companies, holdings of companies or parts of companies, or Company receivables without recalling shares from approved capital, which would lead to a dilution of the shareholders' investment. International competition and the globalization of the economy increasingly require this form of consideration. Therefore, the authorization proposed here should give the Company the necessary flexibility to exploit such opportunities that present themselves quickly and flexibly without burdening the Company's liquidity. There are currently no specific plans for utilizing this authorization. When determining valuation ratios, the Management Board will ensure that the interests of shareholders are sufficiently safeguarded. The measurement of the value of the shares offered as consideration is usually based on the stock market price. However, a schematic link to the stock market price is not

intended, particularly so that fluctuations in the stock market price do not jeopardize the results of negotiations.

Exclusion of subscription rights for sale to third parties in exchange for cash for placements close to the stock market price

This authorization enables the Company to respond on a short-term basis to offers or to participation inquiries by investors that serve the interests of the Company. In the interests of expanding the Company's shareholder base, in particular the option should be created to offer shares of the Company to institutional domestic and foreign investors and/or to tap into new groups of investors.

In the process, the asset and voting right interests of shareholders are sufficiently safeguarded. When utilizing this authorization, the exclusion of subscription rights due to other authorizations in accordance with Section 186 (3)(4) of the German Stock Corporation Law (AktG) must also be taken into account. The authorization volume is thereby reduced by the pro rata amount of the equity capital accruing to shares or relating to option and/or conversion rights or conversion obligations from bonds that have been issued or sold in direct or corresponding application of Section 186 (3)(4) of the German Stock Corporation Law (AktG) excluding the subscription rights of shareholders. The deductions ensure that treasury shares acquired are not sold under subscription rights exclusion in accordance with Section 186 (3)(4) of the German Stock Corporation Law (AktG) if this would result in excluding the subscription rights of shareholders for a total of more than 10% of the equity capital under direct or indirect application of Section 186 (3)(4) of the German Stock Corporation Law (AktG).

In addition, the asset interests and the principle of dilution protection are served by ensuring that the sale can occur only at a price that cannot be significantly lower than the stock market price in corresponding application of Section 186 (3)(4) of the German Stock Corporation Law (AktG). The final sales price for treasury shares is set shortly before the sale. In the process, the Management Board – taking into account current market conditions – will endeavor to minimize any potential discount to the stock market price.

The Company can redeem the treasury shares acquired based on this authorization proposal without another resolution of the Shareholders' Meeting. The reduction leads to a reduction in equity capital. In accordance with Section 237 (3)(3) of the German Stock Corporation Law (AktG), the Shareholders' Meeting of the Company can resolve to redeem its fully paid-up shares also without necessitating a reduction in the Company's equity capital. The proposed authorization explicitly provides for this alternative along with the redemption with a reduction in capital. As a result of a redemption of treasury shares without a reduction in capital, the pro rata nominal amount of the remaining shares relative to the Company's equity capital increases automatically.

The Management Board will inform the next Shareholders' Meeting of the utilization of the authorization.

Garching, Germany, April 26, 2018

Dr. Franz Richter
Chief Executive Officer

Robert Leurs
Chief Financial Officer

Walter Braun
Chief Operating Officer