Report of the Management Board in accordance with sections 203(2) sentence 2, 186(4) sentence 2 AktG on agenda item 7 (resolution on the rescission of the existing approved capital and the creation of a new approved capital of EUR 32,805,165.00 with the option to exclude subscription rights, and the related change to the articles of association)

The Management Board and Supervisory Board are proposing to the Shareholders' Meeting the rescission of the existing approved capital and the creation of a new approved capital of EUR 32,805,165.00.

In section 4(2), the currently valid articles of association authorize the Management Board to increase the share capital by up to a total of EUR 32,805,165.00 through the issuance of new, no-par-value bearer shares against cash and/or non-cash contributions on one or more occasions. This authorization has not been used thus far. The authorization is due to expire on May 5, 2019 and therefore probably before the Shareholders' Meeting of 2019 is held. In addition, newly created approved capital usually only becomes effective some time after the resolution has been entered in the German Commercial Register. It can therefore not be ruled out that the company might be left entirely without any authorized capital during a transition period.

With the new approved capital, the Management Board should once again be authorized to increase the share capital with the approval of the Supervisory Board through the issuance of new no-par-value bearer shares on one or more occasions up to a total of EUR 32,805,165.00.

This corresponds to approximately 50% of the current share capital of the company. As customary, this authorization is to be granted for a period of five years, until May 7, 2023. The new approved capital should enable the company to act quickly and flexibly without having to wait for the annual or extraordinary Shareholders' Meeting. It should be available both for cash and non-cash capital increases and can also be used in smaller amounts. In the process, the total amount may not be exceeded. The new approved capital shall not create additional dilution potential for the shareholders but only replace the previous authorization in section 4(2) of the articles of association by the same amount.

If the Management Board makes use of this authorization, the shareholders are entitled to a legal subscription right. The shares may also be granted indirectly to shareholders through this legal subscription right by employing an issuing company in accordance with section 185(5) German Stock Corporation Act (AktG) without requiring an explicit authorization. However, the subscription right of shareholders can be excluded in the cases discussed below:

Exclusion of subscription rights for fractional amounts

The subscription right may be excluded to eliminate fractional amounts. The authorization to exclude the subscription right for fractional amounts serves to arrive at a feasible subscription ratio. Without the customary and sensible option to exclude the subscription right for fractional amounts, there would be the danger that, in the case of a capital increase with unrounded amounts, the technical execution of the capital increase and the exercise of the subscription right would be hindered. Therefore, the Management Board is to be authorized to exclude the subscription right for fractional amounts with the approval of the Supervisory Board. The fractional amounts excluded from the subscription right will be sold to the company's greatest possible advantage either via the stock exchange or in another way.

Exclusion of subscription rights for cash capital increases in accordance with section 186(3) sentence 4 German Stock Corporation Act (AktG)

With the approval of the Supervisory Board, the subscription right may further be excluded for cash capital increases in accordance with section 203(1) sentence 1, section 203(2), section 186(3) sentence 4 of the German Stock Corporation Act (AktG). This option serves the company's interest in achieving the optimal price for the issue of new shares. The exclusion enables placement close to the stock exchange price so that the customary discount for subscription right issues is avoided. The option to exclude subscription rights provided in section 186(3) sentence 4 AktG enables the management to take advantage of the respective stock market opportunities for strengthening shareholders' equity quickly, flexibly and inexpensively.

As a result, the optimal strengthening of shareholders' equity is achieved in the interests of the company and all shareholders. By waiving the costly and time-consuming subscription rights process, capital requirements can be quickly met by taking advantage of short-term market opportunities. The issue price, which should be set as close as possible to the placement of shares and also determines the proceeds for the company from the new shares, will be based on the exchange price of the already listed shares and not significantly fall short of the current exchange price, presumably not by more than 3% and in any case not by more than 5%.

The shares to be issued excluding the subscription right in accordance with section 186(3) sentence 4 AktG may not exceed a total of 10% of the share capital, either at the time the

authorization becomes effective or it is exercised. The sale of treasury shares should be counted against this limit to the extent that it occurs during the term of this authorization excluding the subscription right in accordance with sections 71(1) no. 8 sentence 5, 186(3) sentence 4 of the German Stock Corporation Act (AktG). This requirement responds to the need of shareholders for dilution protection of their share ownership in accordance with mandatory provisions. Shareholders generally have the possibility to maintain their ownership share by acquiring the necessary shares under nearly the same conditions on the stock exchange due to the proximity of the issuing price of new shares to the exchange price and the restriction of the volume of the capital increase without the subscription right of shareholders. This ensures that, consistent with the legal interpretation of section 186(3) sentence 4 AktG, both the financial and voting right interests of shareholders are protected appropriately in the utilization of approved capital, while the company gains leeway to act in the interests of all shareholders.

Exclusion of subscription rights for non-cash capital increases

Furthermore, the subscription right of shareholders should be excluded for capital increases in return for stock with the approval of the Supervisory Board. As a result, the Management Board is enabled to employ company shares in suitable individual cases to acquire stock, particularly in connection with the acquisition of companies, parts of companies, company holdings or other assets. Negotiations may thus result in the necessity to offer shares rather than cash as consideration. The option of being able to offer shares of the company as consideration may be necessary particularly in international competition for interesting acquisition targets and offers the opportunity to acquire companies, parts of companies, company holdings or other assets in a manner which preserves liquidity. The issuance of new shares may also make sense from the perspective of an optimal financial structure. The authorization also enables the company, in appropriate cases, to acquire larger companies or company holdings as long as this is in the interest of the company and therefore its shareholders. The company is not disadvantaged by this since the issuance of shares against payment in kind requires that the value of the in-kind contribution is commensurate with the value of the shares. When determining the valuation ratio, the Management Board will ensure that the interests of the company and its shareholders are protected appropriately and an appropriate issue price is achieved for the new shares.

Restriction of the total volume of subscription right-free capital increases

The total amount of shares issued against cash and in-kind contributions under the previously discussed authorizations excluding the subscription right may not exceed 20% of the share capital either at the time the authorization becomes effective or is exercised. In the process, shares which are sold or issued under a subscription right exclusion according to other authorizations are counted against this 20% limit. This capital limit restricts the total volume of a subscription right-free issuance of shares from approved capital as well as in a subscription right-free sale of treasury shares. In this way, the shareholders are further protected against the dilution of their ownership.

Utilization of approved capital

Plans for the utilization of approved capital do not currently exist. Corresponding general authorizations with a possible subscription right exclusion are standard practice at the national and international level. In each individual case, the Management Board will carefully review whether it will make use of the authorization of a capital increase excluding the subscription right of shareholders. It will do so only if it lies in the interest of the company and therefore its shareholders in the opinion of the Management Board and Supervisory Board. If necessary, the Management Board will report about the utilization of the authorization at the next Shareholders' Meeting.

Stuttgart, Germany, March 2018

The Management Board

Dr. Felix A. Zimmermann

Dirk Lessing

Dr. Claude Tomaszewski

Dr. Heiko Hegwein