Report by the Board of Directors of the company under the name “MYTILINEOS HOLDINGS S.A.” to its General Meeting of Shareholders on the merger by absorption of “METKA INDUSTRIAL – CONSTRUCTION SOCIETE ANONYME”, “ALUMINIUM OF GREECE INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME”, “PROTERGIA POWER GENERATION AND SUPPLIES SOCIETE ANONYME” and “PROTERGIA AGIOS NIKOLAOS POWER SOCIETE ANONYME OF GENERATION AND SUPPLY OF ELECTRICITY” by the Company, pursuant to art. 69 para. 4 of Codified Law 2190/1920 and art. 4.1.4.1.3 of the Athens Exchange Rulebook

Esteemed Shareholders,

The Boards of Directors of the companies “MYTILINEOS HOLDINGS S.A.”, “METKA INDUSTRIAL – CONSTRUCTION SOCIETE ANONYME”, “ALUMINIUM OF GREECE INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME”, “PROTERGIA POWER GENERATION AND SUPPLIES SOCIETE ANONYME” and “PROTERGIA AGIOS NIKOLAOS POWER SOCIETE ANONYME OF GENERATION AND SUPPLY OF ELECTRICITY” in their meeting dated 14.12.2016 passed a resolution on the initiation of the procedures for the merger by absorption of the companies “METKA INDUSTRIAL – CONSTRUCTION SOCIETE ANONYME” (hereinafter referred to as the “**Absorbed Company A**”), “ALUMINIUM OF GREECE INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME” (hereinafter referred to as the “**Absorbed Company B**”), “PROTERGIA POWER GENERATION AND SUPPLIES SOCIETE ANONYME” (hereinafter referred to as the “**Absorbed Company C**”) and “PROTERGIA AGIOS NIKOLAOS POWER SOCIETE ANONYME OF GENERATION AND SUPPLY OF ELECTRICITY” (hereinafter referred to as the “**Absorbed Company D**” and jointly with Absorbed Company A, Absorbed Company B, Absorbed Company C as the “**Absorbed Companies**”) by the company under the name “MYTILINEOS HOLDINGS S.A.” (hereinafter referred to as the “**Absorbing Company**” and, jointly with the Absorbed Companies, as the “**Merging Companies**” or “**Companies to be Merged**”) pursuant to the provisions of article 68, para. 2, and articles 69-77 of Codified Law 2190/1920 in conjunction with the provisions, conditions and waivers set out in Law 4172/2013 as applicable, and in particular art. 54 thereof, article 61 of Law 4438/2016 and the commercial legislation in general.

For the purposes of the merger, a draft merger agreement was prepared in writing pursuant to law, which was approved by the Board of Directors of each of the Merging Companies on 23.3.2017 (hereinafter referred to as the “**Draft Merger Agreement**”).

The purpose of this Report is to provide an explanation and justification, from a legal and financial standpoint, of the Draft Merger Agreement for the merger by absorption of the

Absorbed Companies by the Absorbing Company, which was prepared jointly by the Boards of Directors of the Merging Companies through their duly authorized representatives. More specifically, this report contains information on the valuation of the Merging Companies and the ratio of exchange of the shares of the Absorbing Company and the Absorbed Company A to the new shares to be issued by the Company as a result of the merger. Furthermore, the methods adopted for the determination of the proposed share exchange ratio and the assumptions made are also provided in summary herein.

I. FINANCIAL VIEWPOINT OF THE MERGER

a. Justification of the merger

The merger by absorption of the Absorbed Companies by the Absorbing Company shall enhance the flexibility of moving towards the implementation of the overall strategic planning of the parties involved, affording significant economies of scale through the full utilization of the operational independence of the individual businesses of the Merging Companies and optimal utilization of human resources, knowhow and capital, reinforcing the international competitiveness of the group.

Consolidation into a single entity shall allow extensive business synergies both on a strategic and on an operational level. Fully in line with the Group’s established strategy there shall be further simplification of its structure, while the new flexible form shall afford considerable economies of scale respecting the functional independence of the individual business divisions, as well as optimal utilization of human resources, knowhow and capital.

The new structure shall, as an indication, strengthen the alignment of operational and financing cash flows, the consolidation of cash flows as a result of the diversified portfolio, financial flexibility with considerable benefits in terms of cash management, enabling at the same time an optimal allocation of funds to high-return investments and a reduction of cost on a group level. The transformation contemplated shall generate more value for the shareholders of the Company, boosting productivity and paving the way for its further growth.

The Merging Companies shall derive considerable benefits from the merger since, in addition to economies of scale and synergy opportunities at all levels, they shall be able to improve their ability to allocate capital to projects with the higher return, minimize their exposure by diversifying their operations and reducing the risks inherent to their business model, resulting in amplified anticipation of future profits. The Merging Companies are all mature for the transformation contemplated and the consolidation of their operations.

b. Determination of the Exchange Ratio

In order to determine the share exchange ratios, the Boards of Directors of the Absorbing Company and Absorbed Company A have taken into account the provisions of article 71 of Codified Law 2190/1920 and art. 4.1.4.1.3 of the Athens Exchange Rulebook, as applicable.

Opinion, pursuant to art. 4.1.4.1.3 of the Athens Exchange Rulebook, on the fairness and reasonableness of the share exchange ratio

The proposed exchange ratio, as set out in the Draft Merger Agreement, has been confirmed by independent valuation expert NOMURA INTERNATIONAL PLC ("Nomura"), as set out in art. 4.1.4.1.3 of the Athens Exchange Rulebook; Nomura, acting on behalf of the Absorbing Company, rendered their opinion as to whether the exchange ratio is fair and reasonable and delivered to the Board of Directors of the Company their report dated 22.3.2017 on the valuation of the Merging Companies, such report being available to shareholders.

More specifically, the evaluation of the Merging Companies as of 31 December 2016 was done on a stand-alone basis using, without any difficulties, the following methodologies which are deemed appropriate:

- **Discounted cash flow**: Enterprise valuations were derived by discounting the forecast pre-finance cash flows at the appropriate weighted average cost of capital. Allocated net debt was then deducted to derive equity valuations.
- **Broker target share prices**: Equity valuations were sourced from publicly available broker target prices, established by equity research analysts.
- **Financial multiples - trading comparables**: An estimated trading valuation of the Company's business segments were derived by applying the relevant multiples on which comparable listed companies are observed to trade. We considered correspondingly Enterprise Value / EBITDA multiples as the most appropriate. Allocated net debt was then deducted to derive equity valuations.
- **Financial multiples - transaction comparables**: Financial multiples observed in comparable transactions were applied to derive estimated control valuations of the Company's business segments. We considered correspondingly Enterprise Value / EBITDA multiples as the most appropriate. Allocated net debt was then deducted to derive equity valuations. We deemed this method to be the least relevant as a valuation method as the Company owns 50.00% and one share in METKA and control does not pass from one party to another.
- **Technical multiples - trading and transaction comparables**: We also valued the Company's business segments by applying technical sector-specific multiples observed for comparable traded companies and recent transactions. The most relevant, specifically for the power and renewables businesses, is the Enterprise Value / Megawatt (capacity). Allocated net debt was then deducted to derive equity valuations.

Valuation range and share exchange ratio range for the Absorbing Company and Absorbed Company A

Based on these valuation methodologies and weightings dependent on the appropriateness of each method for the respective business segments, we have determined the following valuation range as at 31 December 2016:

Component	**Indicative Shareholding**	**Number of Common Shares (in millions)**	**Min**	**Max**
Equity value of the Company (implied €/share)	100%	116.92	€947m (€8.0981)	€1.090m (€9.3212)
Equity value of METKA (Absorbed Company A) (implied €/share)	100%	51.95	€410m (€7.8921)	€476m (€9.1626)

Accordingly the equity valuation range derived is as follows:

	Min	**Max**
Relative equity valuation of the Company to METKA (Absorbed Company A)	1.9891 : 1.0000	2.6580 : 1.0000

The equity valuations imply a share exchange ratio between **0.8467** and **1.1314**. The upper end of the range has been calculated based on the min valuation for the Company and the max valuation for METKA (Absorbed Company A) (€ 9.1626 / € 8.0981 = 1.1314). The lower end of the range has been calculated based on the max valuation for the Company and the min valuation for METKA (Absorbed Company A) (€7.8921 / €0.8467).

Report / Valuation of the assets of the Merging Companies as per article 71 of Codified Law 2190/1920

The assets of the Merging Companies were valuated by PKF pursuant to the provisions of art. 9, para. 4, and art. 71 of Codified Law 2190/1920 who, acting on behalf of the Absorbing Company and the Absorbed Company A jointly, prepared a report to the General Meeting of shareholders of the said companies (hereinafter referred to as the "**Report**"). The said Report shall be made available to shareholders. Under the said Report by PKF, the share exchange ratio range is from **0.91** to **1.10**.

c. Opinion on the exchange ratio

Nomura International Plc as well as certified public accountants Mr. Antonios A. Prokopidis and Mr. Dimos Pitelis, both of "PKF Euroauditing S.A.", a Certified Public Accountants Firm, have reviewed the share exchange ratio, as set out in the Draft Merger Agreement, in order to determine that the proposed share exchange ratio is fair and reasonable. With respect to the share exchange ratio, the Draft Merger Agreement sets out as follows:

- for each (1) existing common registered voting share having a nominal value of thirty two eurocents (€0.32) in Absorbed Company A, its holder shall receive one (1) common registered voting share of a nominal value of ninety seven eurocents (€0.97) in the share capital of the Absorbing Company.

The said share exchange ratio implies the following equity ratio:

- 2.2500 : 1.0000

The above exchange ratio falls within the respective exchange ratio range obtained under the valuation of the Absorbing Company and the Absorbed Company A and the Report, as above set out, and therefore the proposed ratio is fair and reasonable pursuant to the provisions of article 71 of Codified Law 2190/1920 and art. 4.1.4.1.3 of the Athens Exchange Rulebook, as applicable.

II. LEGAL VIEWPOINT OF THE MERGER

1. The merger by absorption of the Absorbed Companies by the Absorbing Company shall be effected in application of articles 69 through 78 of Codified Law 2190/1920 ("On Corporations"), as currently applicable, in conjunction with the provisions, conditions and waivers stipulated in Law 4172/2013, as applicable, and in particular article 54 thereof, article 61 of Law 4438/2016, and the commercial legislation in general, being subject to the terms and formalities specified therein. The implementation of the merger pursuant to the above provisions is appropriate as it allows (a) that, upon the merger completion, the Absorbing Company shall, by operation of law and without any other formality being required, become sole owner, holder and beneficiary over all the rights and obligations of the Absorbed Companies (including administrative licenses or permits) and profits and losses of the Absorbed Companies can be carried in one consolidated entry in the books of the Absorbing Company, and (b) tax advantages to be had, such as (i) the merger involves no taxation on surplus values, which are calculated on the basis of the difference between the market value of the assets and liabilities being transferred and their taxable value, and (ii) the contract, contribution and transfer of the assets of the Companies to be merged, any relevant deed or agreement relevant to the contribution or transfer of assets or liabilities or other rights and obligations and any beneficial or contractual right, the resolutions by the competent bodies of the Merging Companies, the shareholding in the capital of the Absorbing Company, as well as any other agreement or instrument as may be required for the merger, the publication thereof in the General Commercial Register (GEMI) and the registration of the relevant deeds are exempt of any tax, stamp duty or any other duty in favor of the State, as well as any other fee, contribution or dues in favor of any third party, subject to capital concentration tax.

2. The exchange ratio of 1.00 to 1.00 for the exchange of shares of Absorbed Company A to shares of the Absorbing Company has been found to be fair and reasonable. For each (1) existing common registered voting share of a nominal value of thirty two eurocents (€0.32) in the Absorbed Company A its holder shall receive one (1) common registered voting share of

a nominal value of ninety seven eurocents (€0.97) in the share capital of the Absorbing Company, as such share capital shall stand following the share capital increase referred to in clause 4.1 below. There shall be no additional offsetting cash payment to the above shareholders, as provided for in article 68 para 2. of Codified Law 2190/1920.

3. Pursuant to the provisions of para. 4 of art. 75 of Codified Law 2190/1920 the shares in the share capital of Absorbed Company A which are owned by the Absorbing Company shall not be exchanged for shares in the share capital of the Absorbing Company.

4. The shares in the share capital of Absorbed Company B and Absorbed Company C shall not be exchanged with shares in the share capital of the Absorbing Company, given that these shares are wholly owned by the Absorbing Company. The same also applies in the case of the shares in the share capital of Absorbed Company D, given that its entire stock is owned by Absorbed Company C and therefore, upon the completion of the merger, they shall be transferred to the Absorbing Company.

5. The number of shares in the Absorbing Company to which the shareholders of Absorbed Company A (other than the Absorbing Company) are entitled is 25,975,299.

6. The shareholding, by the shareholders of Absorbed Company A, in the new share capital of the Absorbing Company shall be 25,975,299 / 142,891,161 = 18.178% and that of the existing shareholders of the Absorbing Company shall be 116,915,862 / 142,891,161 = 81.822%.

7. The share capital of the Absorbing Company shall be increased by the amount of €25,196,040.03 through the issue of 25,975,299 new common registered voting shares each of a nominal value of €0.97, which (without prejudice to para. 3 above) shall be allocated to the shareholders of Absorbed Company A on the basis of the above share exchange ratio. The share capital of the Absorbing Company following the merger shall amount to 138,604,426.17 Euros divided into 142,891,161 shares each of a nominal value of €0.97.

8. The said increase a) by the amount of eight million three hundred twelve thousand ninety five Euros and sixty eight eurocents (€8,312,095.68) shall be covered by means of the contribution of nominal share capital of Absorbed Company A outstanding following writing off of the participating interest of the Absorbing Company in Absorbed Company A due to merger in the amount of eight million three hundred twelve thousand ninety six Euros and thirty two eurocents (€8,312,096.32) and b) by the amount of sixteen million eight hundred eighty three thousand nine hundred forty four Euros and thirty five eurocents (€16,883,944.35) shall be covered by means of capitalization of the Absorbing Company's share premium reserve. The difference, to result from the writing off of the participating interest of the Absorbing Company in Absorbed Company A due to merger and the part of the nominal share capital that the Absorbing Company holds in the Absorbed Company A, shall be carried to the Absorbing Company's account "Difference under a merger".

9. Given that, as per the above, Absorbed Companies B, C and D are wholly-owned, directly or indirectly, by the Absorbing Company, the contributed net market value of their total assets shall not result in the increase of the share capital of the Absorbing Company, pursuant also to the provisions of para. 4 above, but rather a corresponding amount shall be written off from the Absorbing Company's account "Participating Interests" and any balance shall be carried to equity accounts as a difference under a merger.

10. The Board of Directors reports that no special difficulties have occurred up until the date hereof and no special difficulties are expected to occur with respect to the valuation of the assets and during the process of the merger of the Companies to be Merged.

Following all the above, in the interest of the Company and its shareholders, we move and recommend for the approval of the merger, in accordance with the terms of the Draft Merger Agreement.

Athens, 23.03.2017

For the Board of Directors

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Evangelos Mytilineos

Chairman & Managing Director