

STABILUS S.A.
Société anonyme
Siège social: 2, rue Albert Borschette
L-1246 Luxembourg
R.C.S. Luxembourg: B 151589
(the **Company**)

**REPORT OF THE MANAGEMENT BOARD OF THE COMPANY TO THE ANNUAL GENERAL
MEETING OF THE SHAREHOLDERS OF THE COMPANY
TO BE HELD ON 13 FEBRUARY 2019**

Dear Shareholders,

In accordance with article 420-26(5) of the Luxembourg law on commercial companies dated 10 August 1915 as amended (the **Law**), the management board of the Company (the **Board**) submits for your review this report on the proposal to be made at the annual general meeting of the shareholders of the Company to be held on 13 February 2019 (the **Meeting**) regarding the set-up of a new authorised share capital of the Company in an amount of up to EUR 271,000, represented by a maximum of 27,100,000 shares in the Company, with a nominal value of EUR 0.01 each, and the authorisation to be granted to the Board to cancel or limit the pre-emptive rights of the shareholders set out in the Law in connection with such authorised capital (the **Authorisation**). As the current share capital of the Company amounts to EUR 247,000, represented by 24,700,000 shares, the outstanding amount for a capital increase is EUR 24,000 represented by 2,400,000 shares. The new outstanding authorised share capital would therefore amount to slightly less than 10 per cent of the present share capital.

1. PURPOSE OF THE AUTHORISATION

(a) General purposes

The Authorisation aims at allowing to create a larger equity base of the Company by way of rights issues or by way of directed issues, i.e. by share offerings whether or not made to the existing shareholders of the Company in cancelling or limiting the pre-emptive rights of the shareholders set out in the Law. The Authorisation shall permit in particular acquisition (private or public) or merger transactions, or, generally, additional equity financing programme.

Such cases referred to above might call for immediate and flexible action, in order to react quickly and efficiently to fluctuations in the market and to the particular needs of the Company under certain internal or external circumstances. Acquisition and merger transactions generally require an immediate capital intervention by the overtaking or merging parties, the issuance of additional shares as compensation in those transactions being an adequate and important financing instrument.

(b) Authorisation to cancel or restrict the shareholders' pre-emptive rights

As regards the authorisation to cancel or restrict the shareholders' pre-emptive rights, the Board deems such authorisation to be indispensable to achieve the mentioned goals referred to in paragraph (a) with the necessary degree of flexibility and rapidity. The efficiency gain resulting from the sole Authorisation would be of little significance if still the shareholders had to waive their pre-emptive rights prior to each issue of shares, grant of options or issue of other securities or instruments convertible into shares. Therefore, in order to allow the Board to act and to react swiftly and efficiently, the authorisation to cancel or restrict the shareholders' pre-emptive rights is clearly indicated.

(c) Issue price

The issue price of the new shares to be issued under the Authorisation and the issue price of the new shares to be issued under the Authorisation, will in each case correspond at least to the par value of the existing shares (at the time of the respective issuance of any such new shares). The Board may decide, at its discretion but always subject to the corporate interest of the Company, to issue the new shares at a price which is higher than the par value of the existing shares (at the time of the respective issuance of any such new shares).

December 19, 2018

The Board