



Investor Presentation  
January 2015





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# AMG is a critical materials company

Sb

Nb

Cr

V

Si

Ti

Al

C

Ta

## global trend

CO<sub>2</sub> reduction,  
population growth,  
affluence, energy  
consumption



## market need

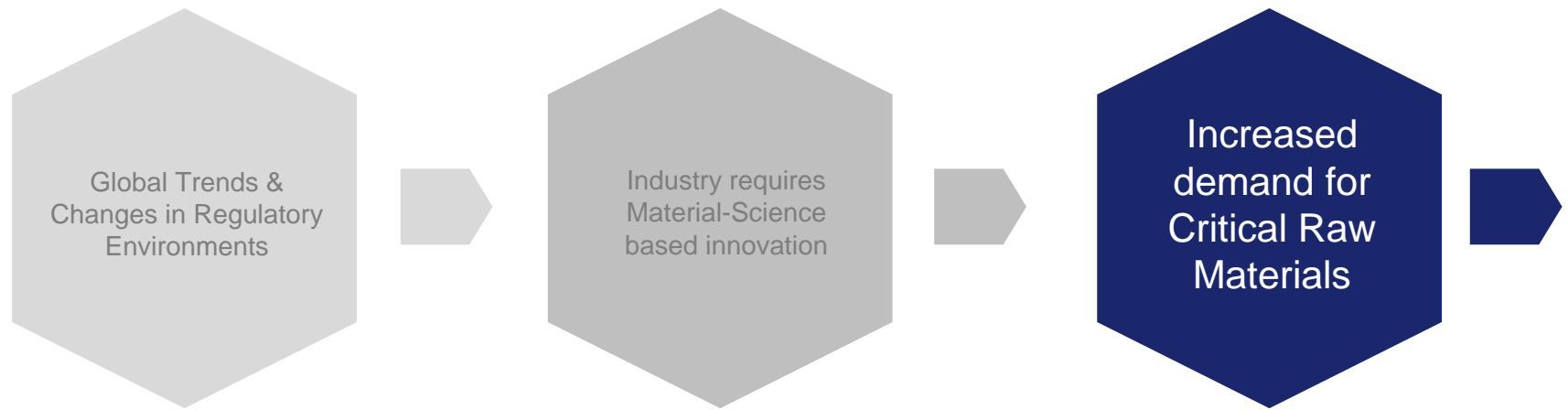
A host of new  
materials that are  
lighter, stronger and  
resistant to higher  
temperatures



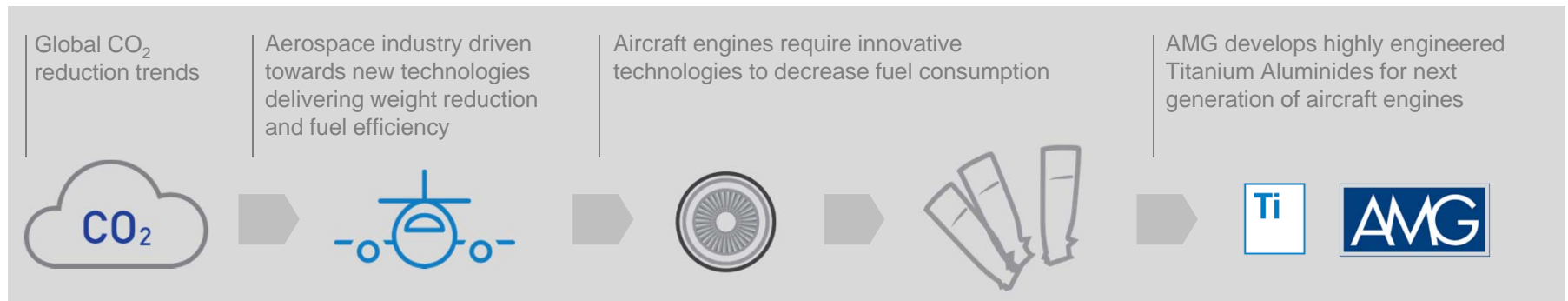
## AMG

Sources and  
processes critical  
materials the market  
demands

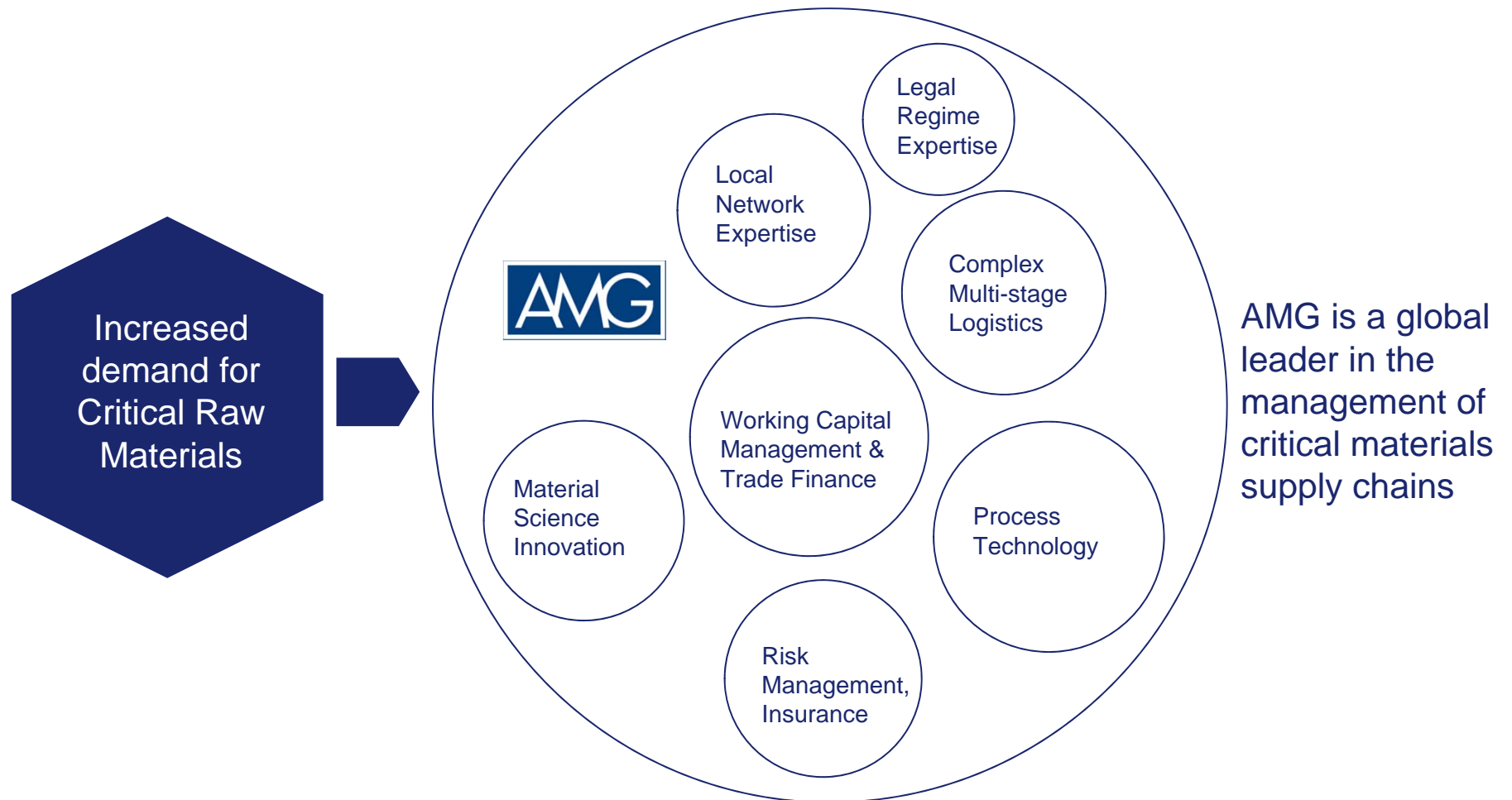
# Global Trends Driving Critical Materials Demand



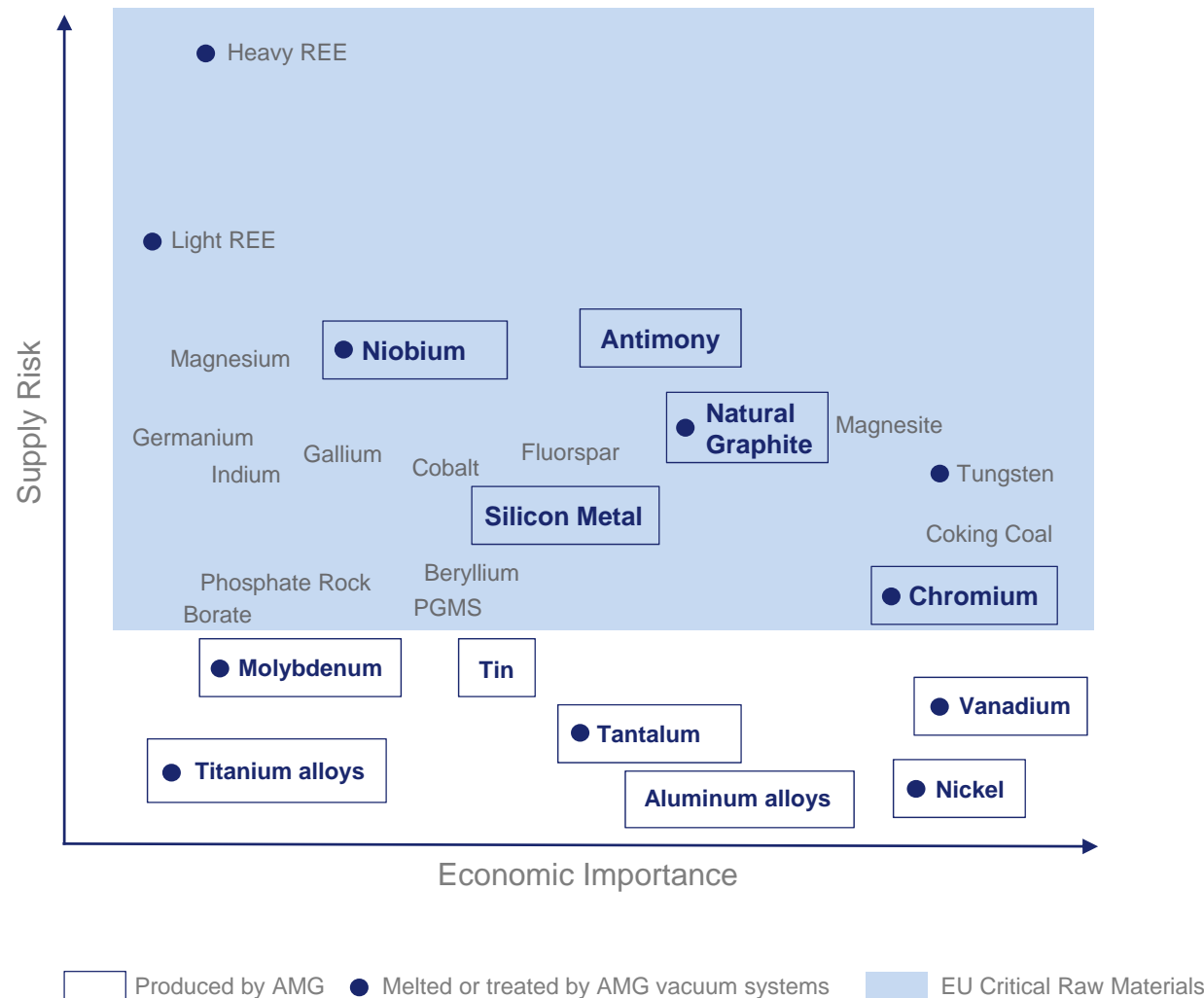
## CASE STUDY – Titanium Aluminides



# A Global Leader in the Supply of Critical Materials

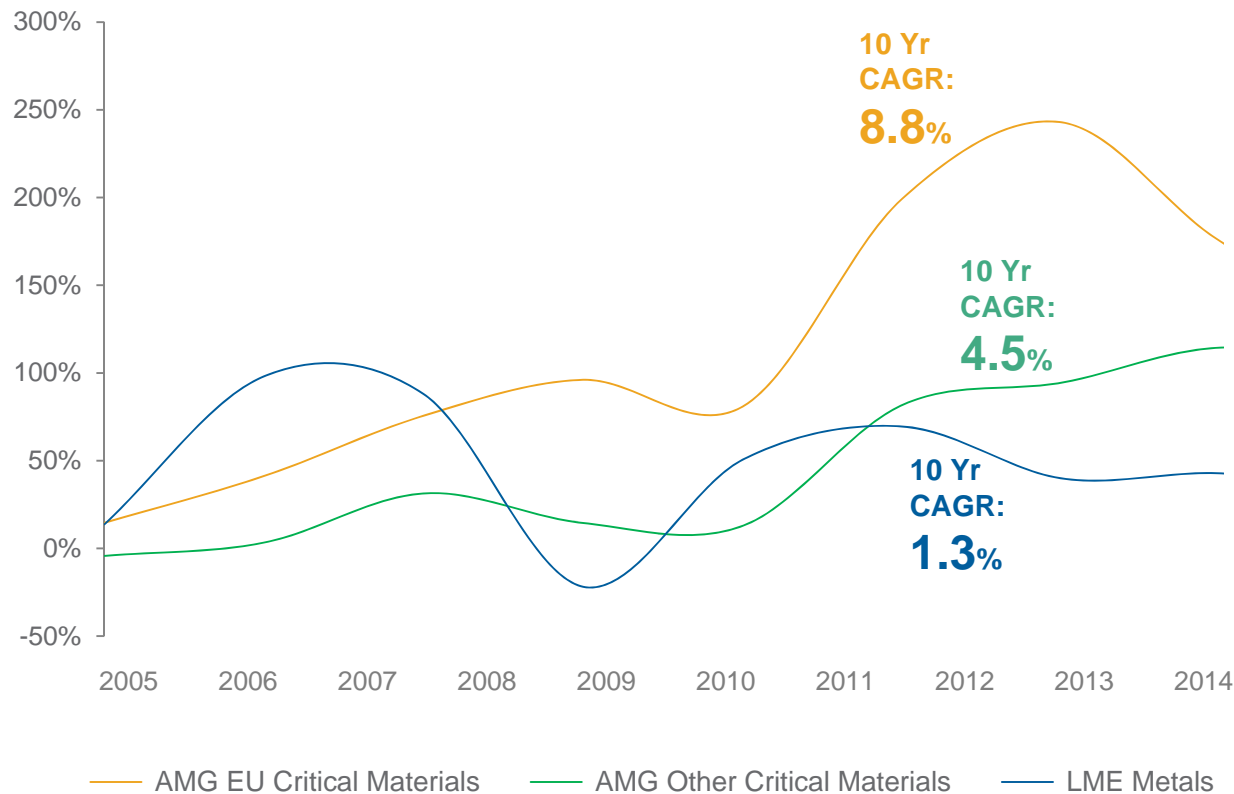


# Critical Raw Materials



- The EU identified 20 critical raw materials\* to the European economy in 2014, focusing on two determinants: economic importance and supply risk
- Silicon Metal was a new entry to the 2014 EU critical raw materials list
- AMG has a unique critical materials portfolio comprising:
  - 5 EU critical raw materials
  - Highly engineered Titanium Alloys for the aerospace industry
  - High value-added Aluminum Master Alloys
  - Vanadium, Nickel and Molybdenum from recycled secondary raw materials

# Critical Materials Price Appreciation vs. LME Metals



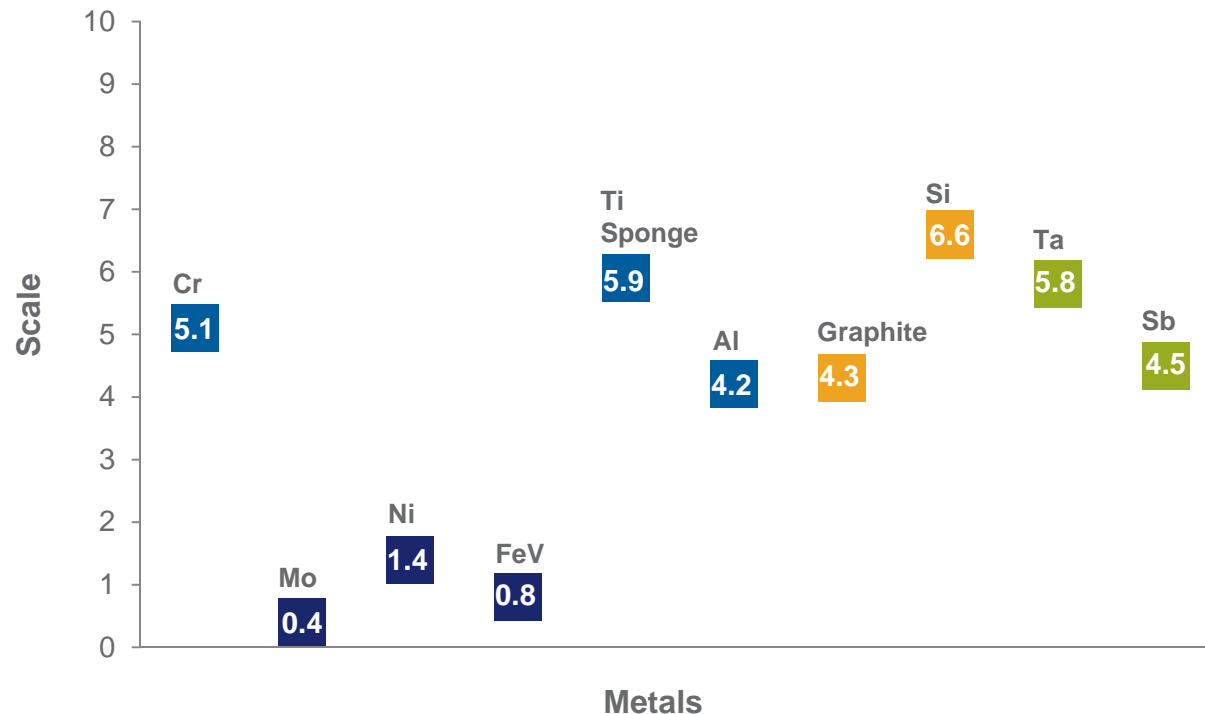
The cumulative average 10 year price appreciation of AMG EU Critical Materials was 7.5 percentage points higher than LME Metals, while AMG Other Critical Materials outperformed LME Metals by 3.2 percentage points

**The price increase over time illustrates the value appreciation of critical materials**

Note: Compound annual growth rates are calculated over the period Dec '04 through Dec '14 using the equation  $((\text{Ending Value} / \text{Beginning Value})^{(1 / \# \text{ of years})} - 1)$  where ending value is avg monthly price in Dec '14 and beginning value is avg monthly price in Dec '04; and where AMG EU Critical Materials include Cr, Sb, Si, & Graphite; AMG Other Critical Materials include FeV, Sr, Ta, Sn, & Ti; and LME Metals include Al, Co, Cu, Pb, Mo, Ni, & Zn. Avg annual growth rates (plotted above) are calculated over the same period using the equation  $((\text{Ending Value} / \text{Beginning Value}) - 1)$  and considering the same metal categorizations where ending value is avg monthly price in Dec of the given year and beginning value is avg monthly price in Dec '04.



# Metal Positions Relative to 10 Year Price Fluctuations

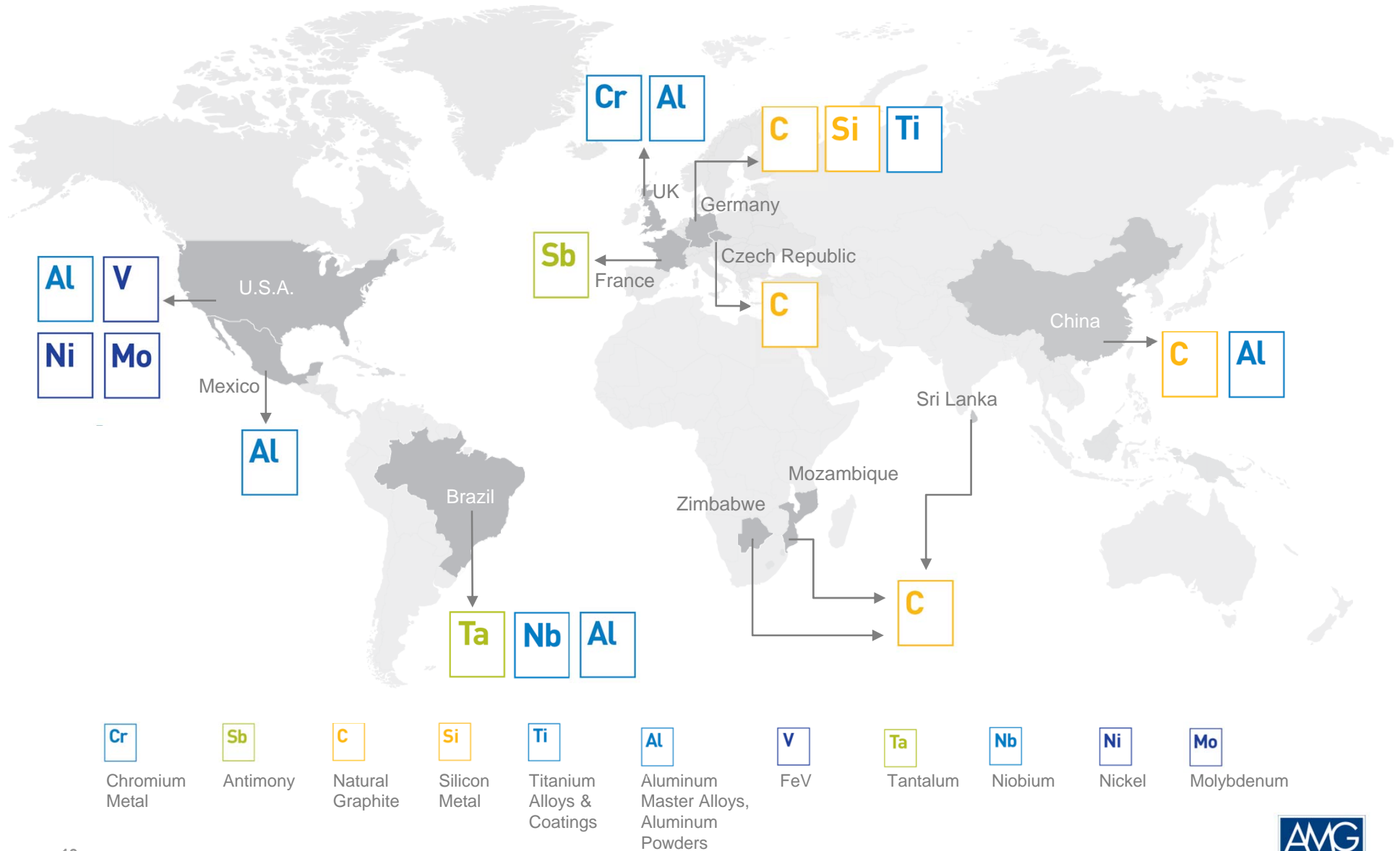


Energy Aerospace Infrastructure Spec. Metals & Chem.

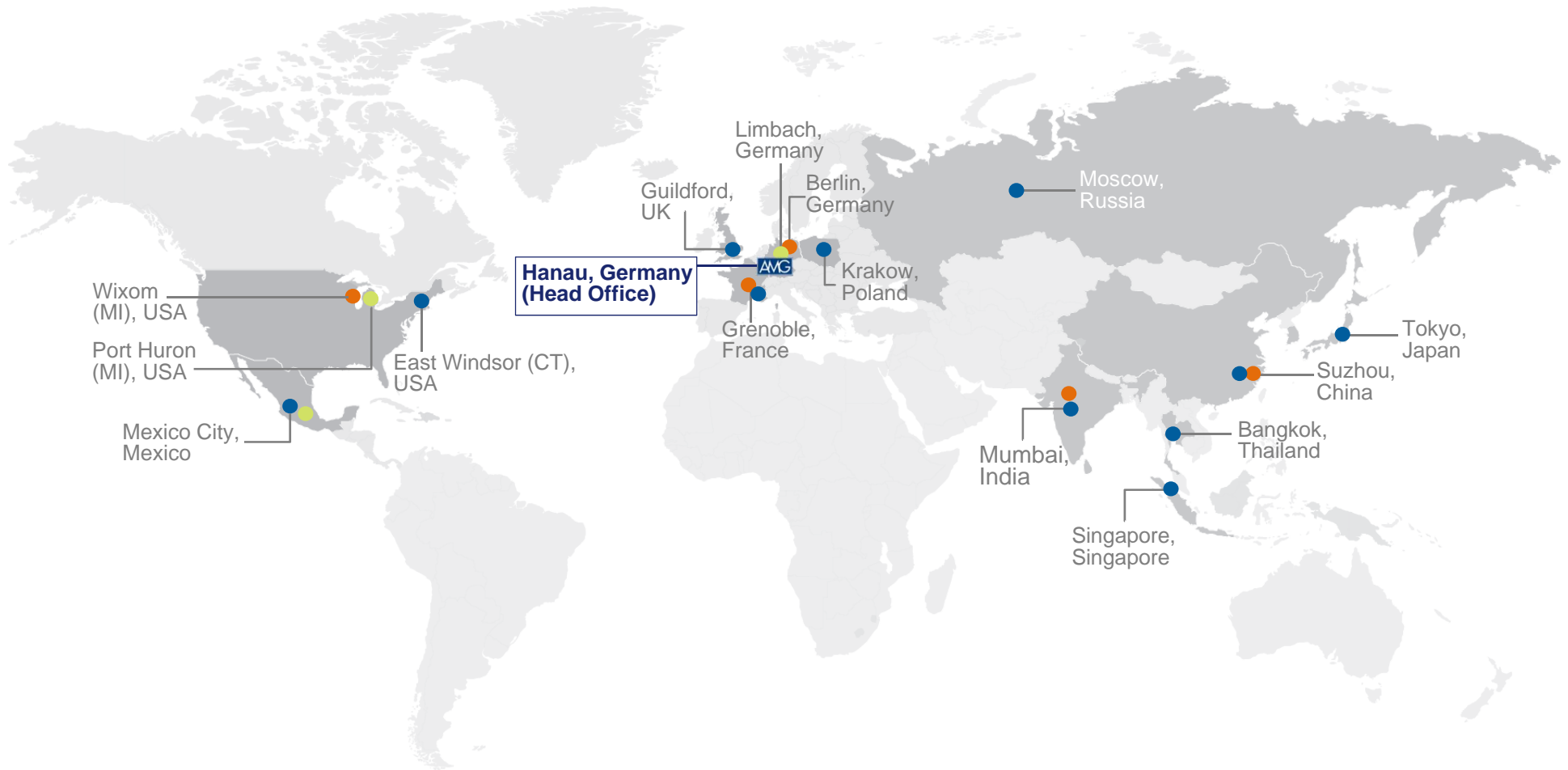
- Metal prices are measured on a scale of 0 to 10, with 0 and 10 representing the minimum and maximum average quarterly prices occurring during the past 10 years
- The positions demonstrate the current price level of each metal with respect to their various historical price points over the past 10 years

**AMG has significant potential upside within certain critical materials based on historical price ranges**

# AMG Global Locations – Critical Materials






# AMG Global Locations – Engineering



 Headquarters    ● Sales office    ● Production Facility    ● Heat Treatment Services



# Health and Safety Focus

Period Ending September	Lost Time Incidents in the Last 12 Months	12 Month Average Lost Time Incident Rate	Days Lost to Lost Time Incidents in Last 12 Months
2013	71	2.47	1426
2014	34 	1.24 	1198 

## Leading Safety Indicators

- Safety training hours YTD Q3 2014 increased 25% over YTD Q3 2013
- Lost time incidents over the 12 months ending September 2014 are down 52% from the previous 12 month period



**Rigorous commitment to safety reflected in continually improving safety records**



## **Financial Highlights**

## Year to Date Q3 2014 at a Glance

Amounts in \$M	YTD Q3 2013	YTD Q3 2014	% Change
Revenue	\$874.4	\$833.5	(4.7%)
Gross profit	\$136.7	\$139.4	2.0%
Gross margin %	15.6%	16.7%	1.1%
EBITDA	\$62.1	\$63.9	2.9%
EBITDA margin %	7.1%	7.7%	0.6%
Free cash flow	\$34.8	\$55.5	59.5%
Net debt	\$163.6	\$103.9	(36.5%)
ROCE	9.2%	11.4%	2.2%

- AMG continues to focus on EBITDA growth, efficient use of capital and working capital reduction to generate free cash flow
- YTD Q3 2014, Free Cash Flow (FCF) has exceeded full year 2013 by 36%
- Net debt: \$103.9M
  - \$56.7M reduction on net debt in 2014
  - Debt down 46% since 2012
  - Net debt to LTM EBITDA: 1.40x

**YTD Q3 2014 FCF up  
36% vs FY 2013**  
**Net debt down 46%  
since 2012**



# 2014 Objectives Update

Objectives	Progress Update
<b>Increase Operating Cash Flow and Improve ROCE</b>	<ul style="list-style-type: none"> <li>• YTD Q3 '14 cash flows from operations \$72.5M, versus \$57.3M YTD Q3 '13</li> <li>• YTD Q3 '14 record free cash flow \$55.5M</li> <li>• Annualized ROCE of 11%</li> </ul>
<b>Reduce Gross and Net Debt</b>	<ul style="list-style-type: none"> <li>• Net debt declined by \$56.7M, or 35%, compared to Dec. '13</li> <li>• More efficient use of capital will result in a further reduction of gross debt and interest expenses in Q4 '14</li> </ul>
<b>Reduce SG&amp;A</b>	<ul style="list-style-type: none"> <li>• Comprehensive cost reduction initiative underway with a completion target of Q2 '15</li> </ul>
<b>Improve Gross Margin</b>	<ul style="list-style-type: none"> <li>• YTD Q3 '14 gross margin 16.7%</li> <li>• Q3 '14 gross margin up 6% for AMG Processing</li> <li>• Q3 '14 gross margin up 5% for AMG Mining</li> </ul>

**AMG is  
improving  
operational  
performance  
and cash flow**

# Transformation Delivering Results; Profitability Up YoY

## Objectives

## Progress Update

### Delivering Strong Operational Performance

- Q3 '14 YTD record Free Cash Flow of \$55.5m
- Q3 '14 YTD Cash flow from Operations of \$72.5m versus 3Q13 of \$57.3m, increase of 26.5% YOY
- Q3 '14 Gross Margin increases in AMG Processing and AMG Mining of 6% and 5% respectively
- Net Debt decline of \$56.5m, or 35%, compared to December 2013
- Q3 YTD EBITDA of \$63.9m; Full year EBITDA growth in excess of 10% expected versus 2013

### Accelerating Portfolio Transformation

- **Signed** long term supply contract with Snecma to provide titanium aluminides ("TiAl") for production of the CFM International LEAP engine
- **Executed** capacity reduction program in AMG Aluminum to curtail capacity by 5,000 metric tons, or approximately 10% of global demand, to address current market conditions
- **Reached** agreement to sell 40% equity stake in AMG Graphit Kropfmühl GmbH by way of a capital increase in combination with a 10.33% equity stake in Bogala Graphite Lanka PLC
- **Divested** non-core equity interests in Benda-Lutz-Alpoco and Bostlan SA
- **Signed** long-term supply agreement with Premium AEROTEC to supply advanced technology to measure load control pathways in the manufacture of airframe components, critical to maintain and monitor the Airbus A380 wing flaps
- **Signed** Memorandum of Understanding with NUKEM Technologies GmbH, and E.ON Technologies GmbH to develop concept for local melting services to recycle radioactive metallic wastes from closed nuclear power plants

# Financial Data: Net Debt & Operating Cash Flow

## Net Debt (in USD millions)



**\$90.3M  
reduction in  
net debt since  
2012**

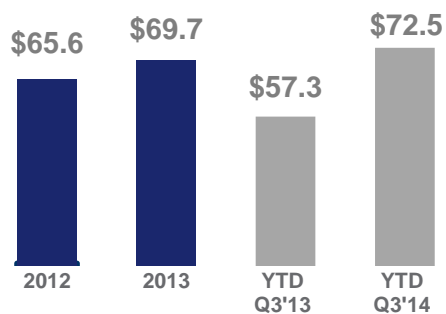
Net debt: \$103.9M

- \$56.7M reduction on net debt in 2014
- Debt down 46% since 2012
- Net Debt to LTM EBITDA: 1.40x

AMG's primary debt facility is a \$370M term loan and revolving credit facility

- 5 year term (until 2016)
- In compliance with all debt covenants

## Operating Cash Flow (in USD millions)



**Record YTD  
'14 free cash  
flow of \$55.5M**

YTD '14 Cash Flows from Operations: \$72.5M, compared to \$57.3M in '13

- Record YTD '14 free cash flow of \$55.5M



# Financial Data: Free Cash Flow

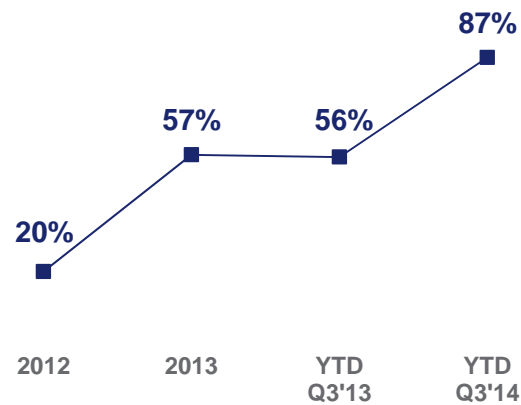
**Free Cash Flow** (in USD millions)



**YTD Q3 2014,  
exceeded  
full year 2013  
by 36%**

AMG continues to focus on EBITDA Growth, Efficient Use of Capital and Working Capital Reduction to generate Free Cash Flow

**Free Cash Flow as % of EBITDA**

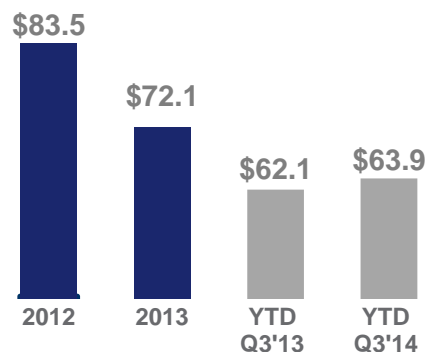


**Increased by  
55% YTD '14**

Free cash flow as a % EBITDA has increased by 55% YTD '14 versus YTD '13

# Financial Data: ROCE & EBITDA

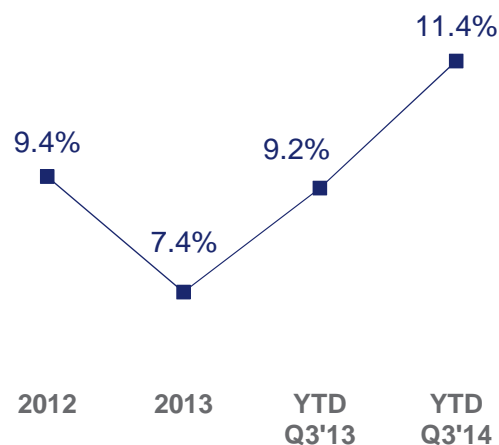
## EBITDA (in USD millions)



**Growth  
in excess  
of 10%**

Expected full year 2014 EBITDA growth in excess of 10% versus 2013

## Annualized ROCE



**ROCE YTD '14  
has exceeded  
YTD '13 by 24%**

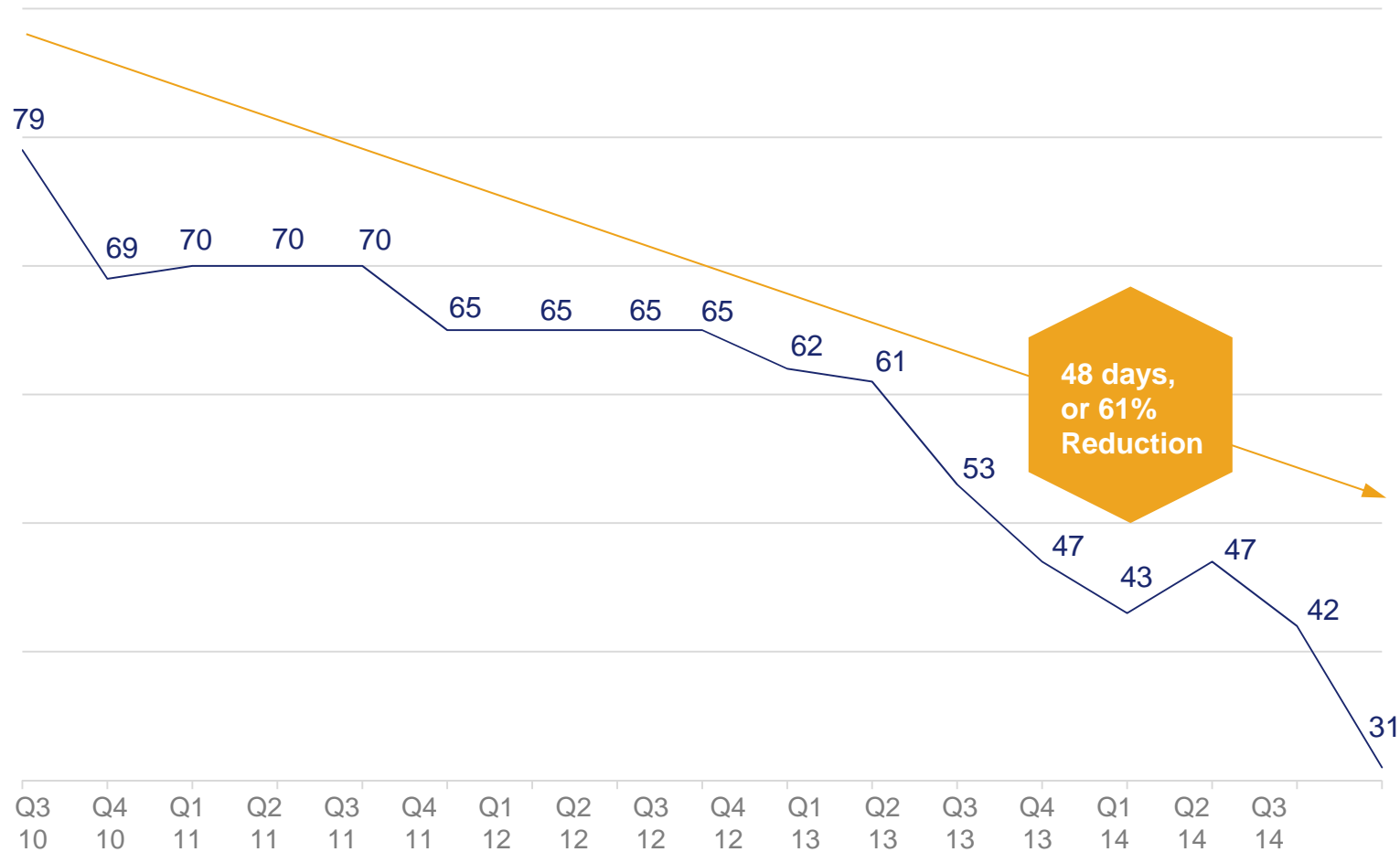
ROCE YTD '14 has exceeded YTD '13 by 24% (an increase of 2.2% over YTD 2013)

Compared to full year 2013, YTD '14 ROCE is 54% higher (an increase of 3.8% over full year 2013)

2014 ROCE improvements are the result of EBITDA growth, efficient use of capital and working capital reductions

# Working Capital Reduction

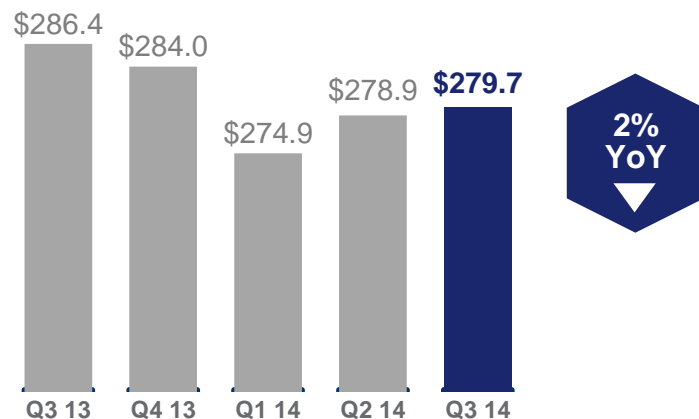
Working Capital Days reduced by 61% since Q3'10



# Financial Highlights

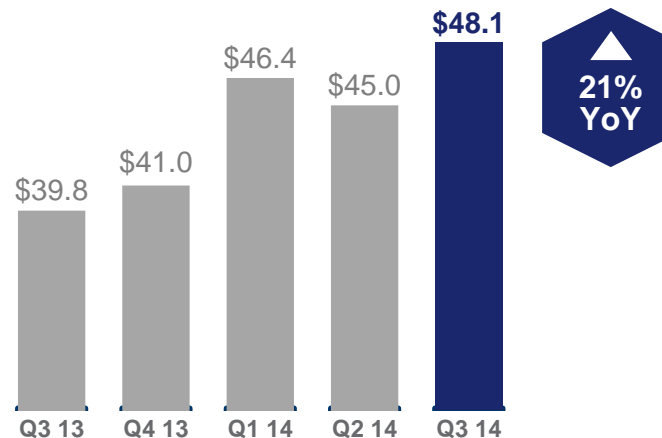
## Revenue (in USD millions)

LTM Q3 2014: \$1,117.5



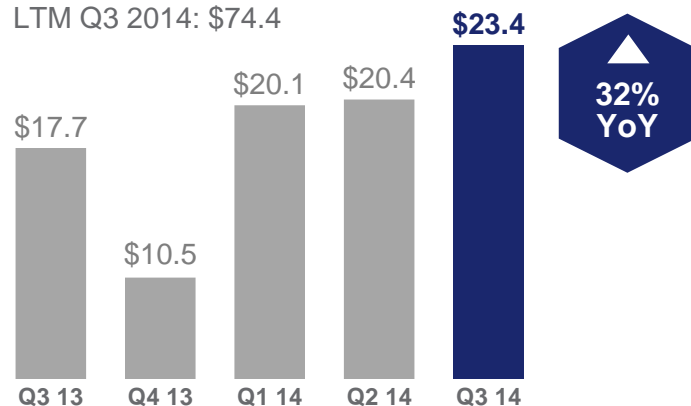
## Gross Profit (in USD millions)

LTM Q3 2014: \$180.5



## EBITDA (in USD millions)

LTM Q3 2014: \$74.4

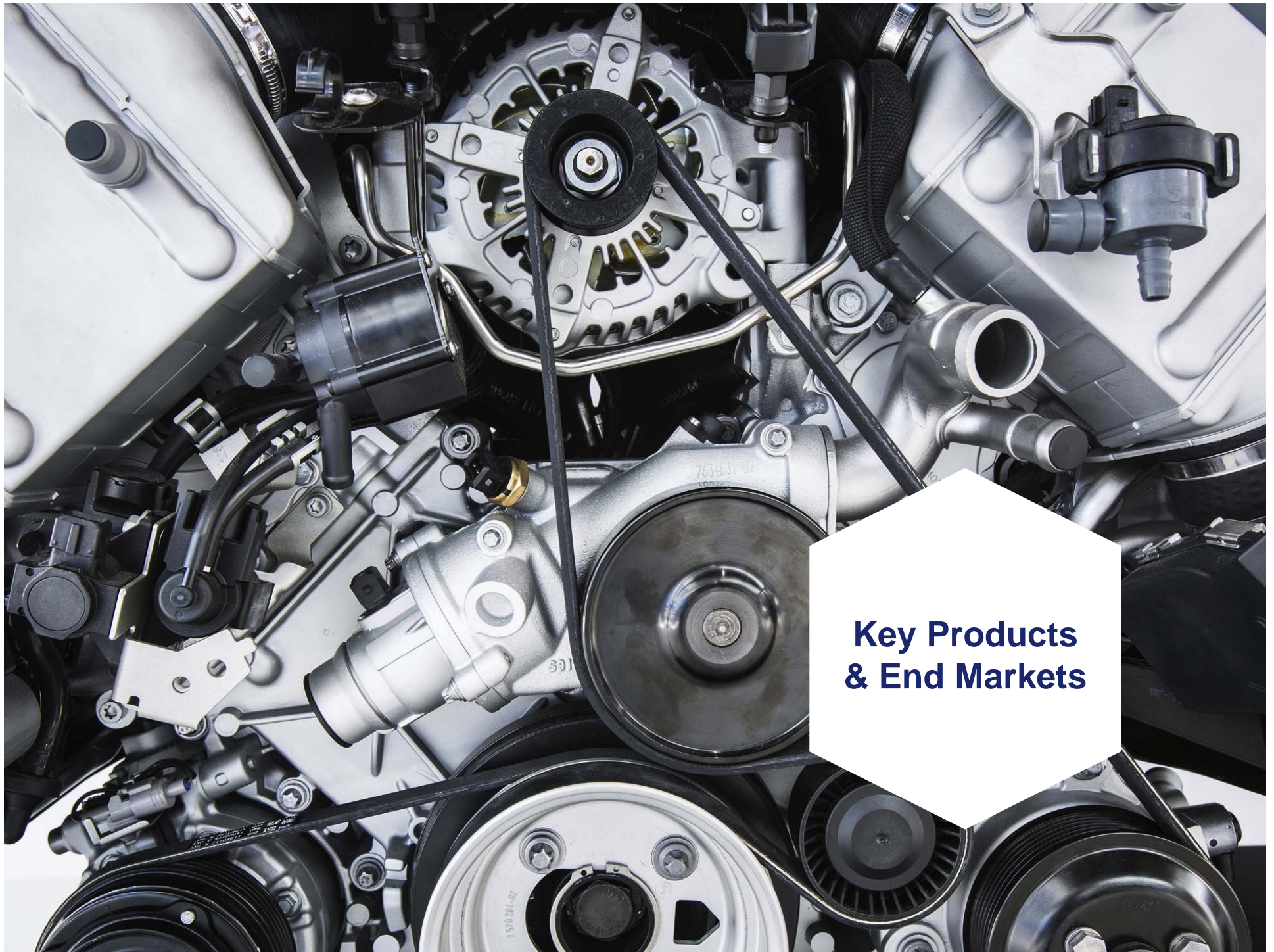


## Adjusted EPS

Q3 2014 fully diluted EPS: \$0.12  
Up 140% from \$0.05 in Q3 2013

YTD Q3 2014 EPS \$0.53



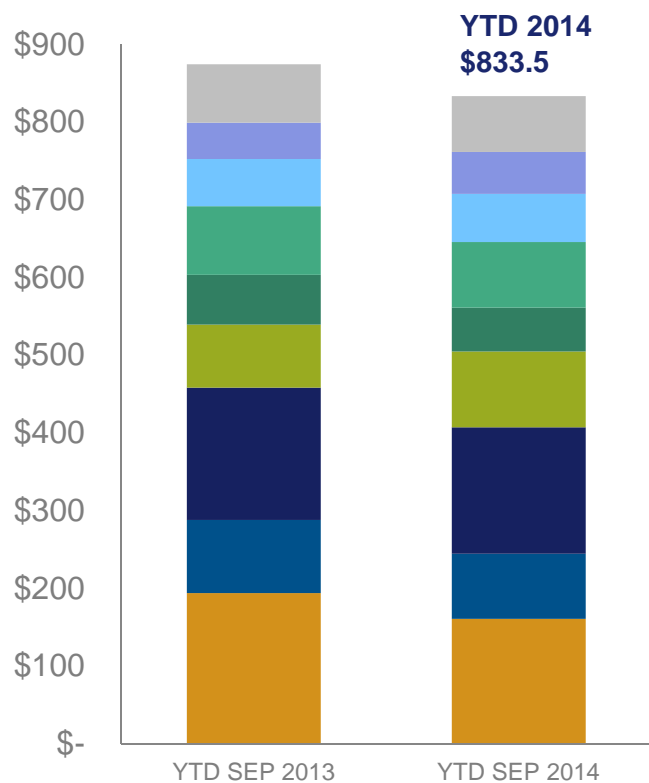


## **Key Products & End Markets**

# Key Products

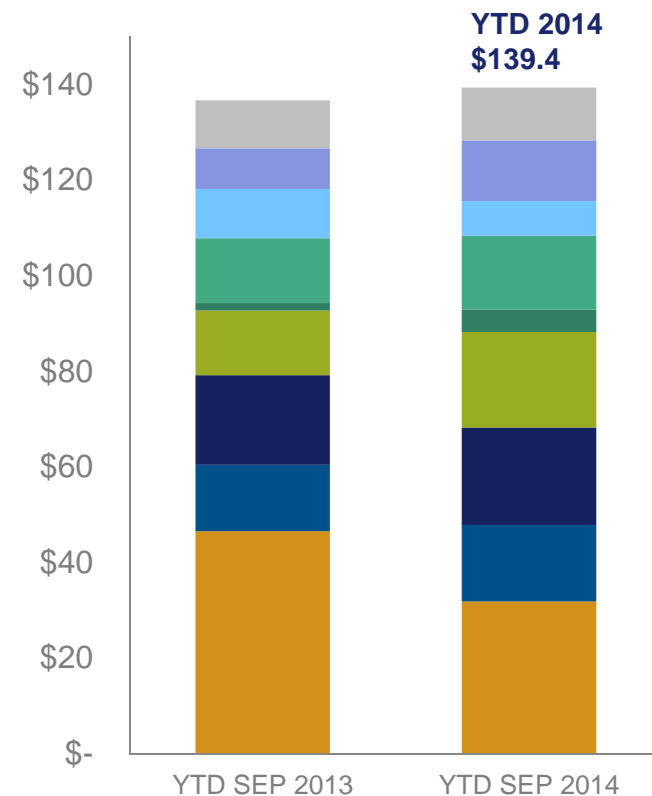
## Revenue

(in USD millions)



## Gross Profit

(in USD millions)

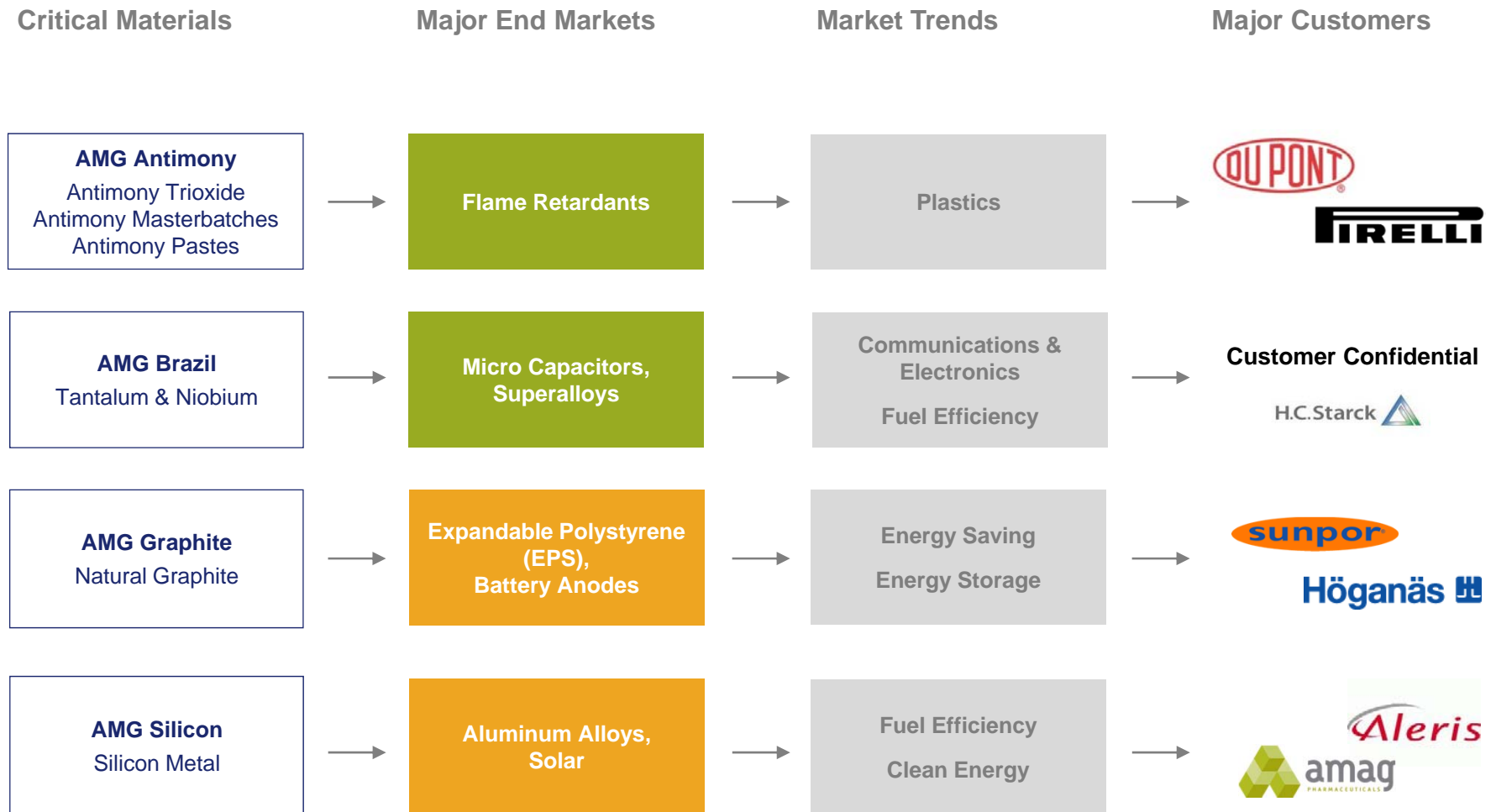


■ Vacuum Furnaces  
■ FeV & FeNiMo  
■ Tantalum & Niobium

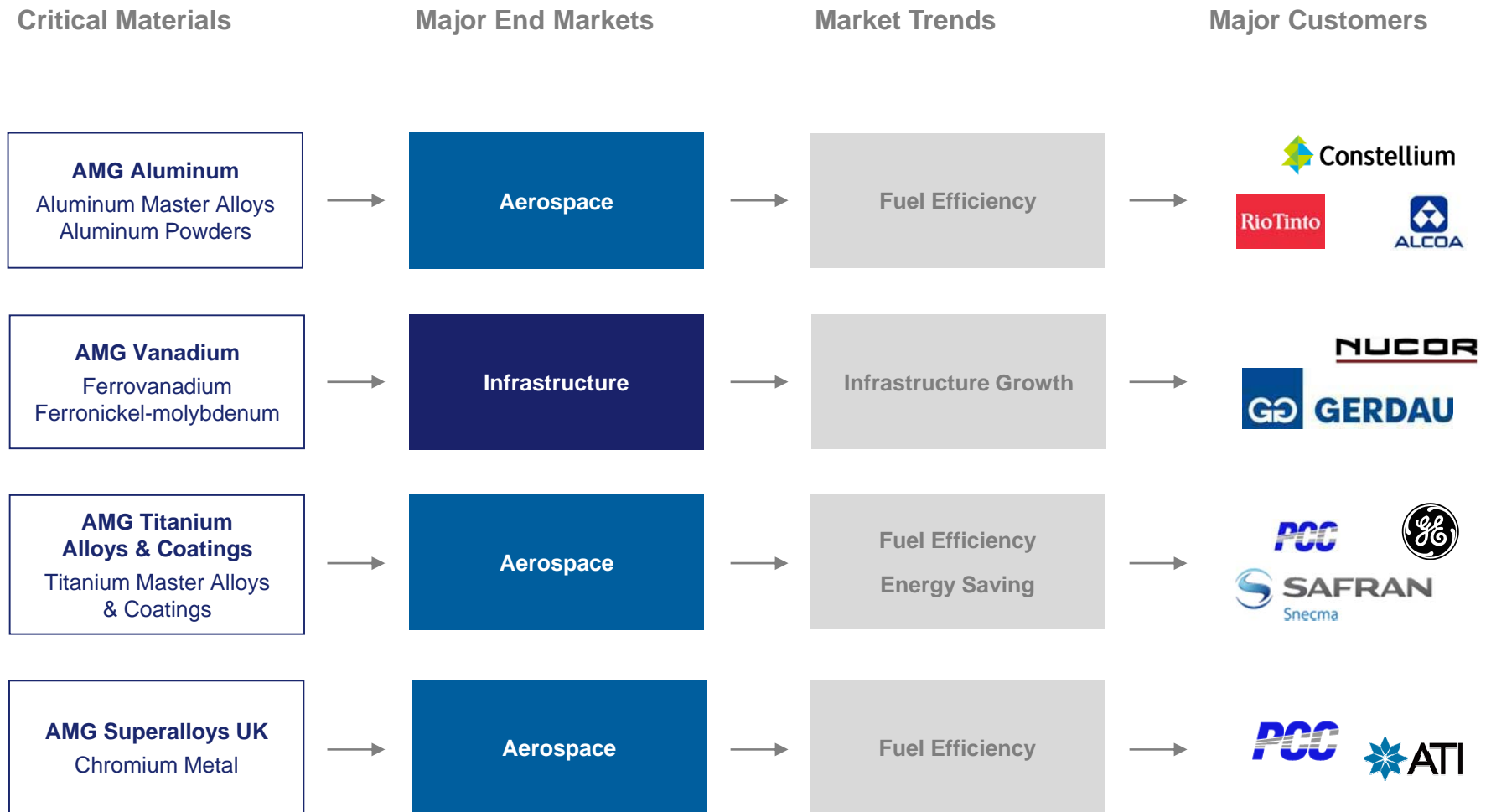
■ Ti Master Alloys and Coatings  
■ Chromium Metal  
■ Graphite

■ Al Master Alloys and Powders  
■ Antimony  
■ Si Metal

# Critical Materials – Market Trends



# Critical Materials – Market Trends





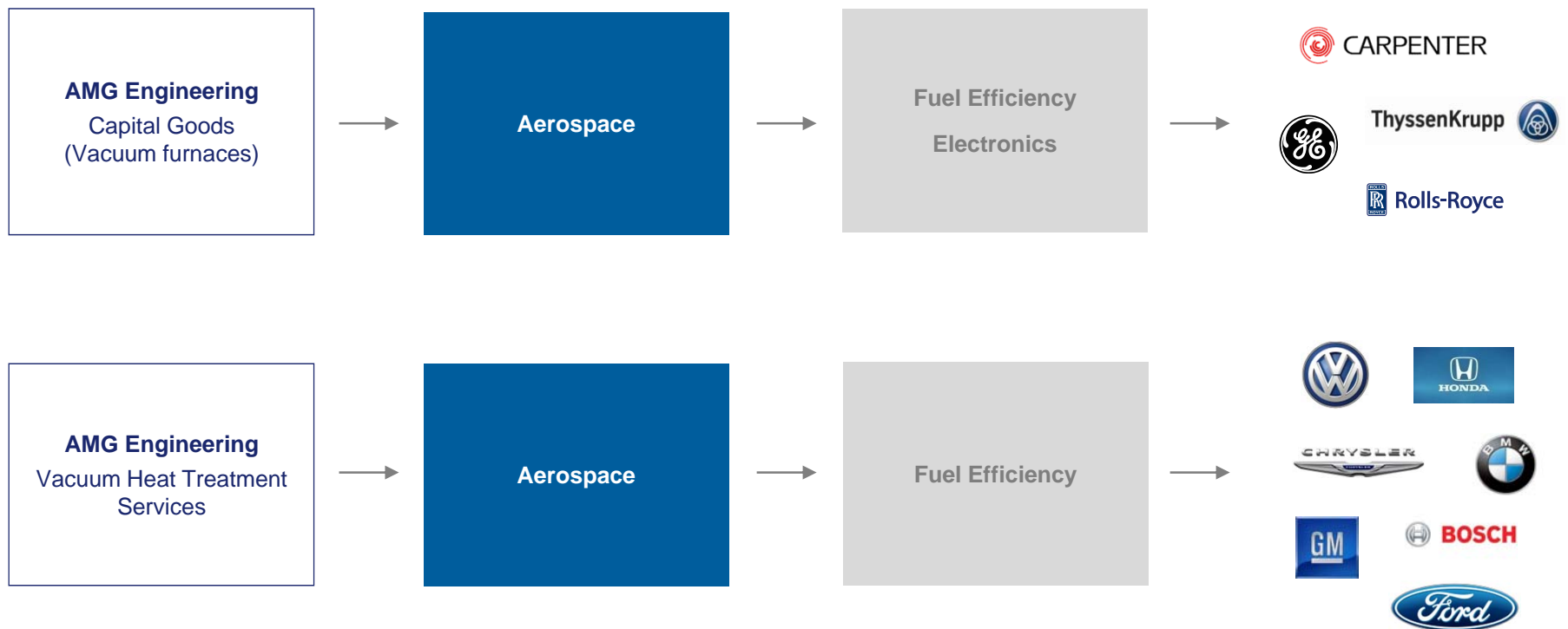
# Engineering – Market Trends

## Critical Materials

## Major End Markets

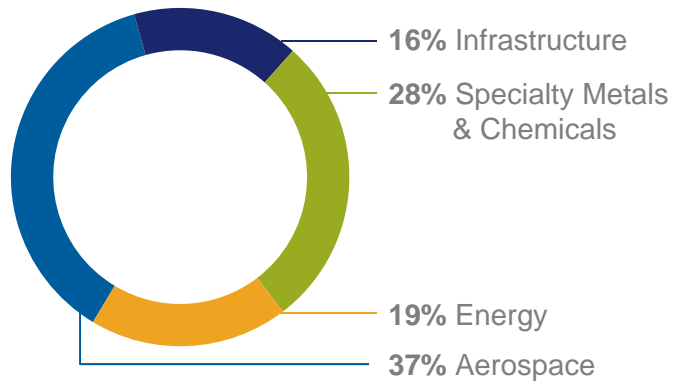
## Market Trends

## Major Customers



# A Global Supplier of Critical Materials

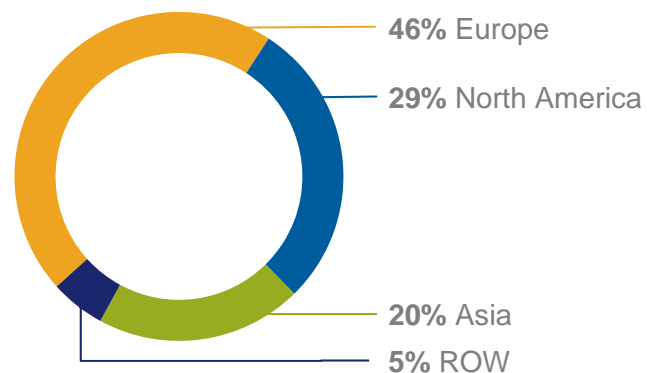
## YTD Q3 2014 Revenues by End Market



**>3,000  
employees**

**\$1.16 billion\*  
annual  
revenues**

## Revenue by Region\*



**AMG is a global supplier of  
Critical Materials to:**

**Energy**



**Aerospace**



**Infrastructure**



**Specialty Metals  
& Chemicals**





## Appendix

# Consolidated Balance Sheet

	Actual	
As of in \$M	31 December 2013	30 September 2014 Unaudited
Fixed assets	259.7	241.0
Goodwill and intangibles	37.2	34.4
Other non-current assets	65.5	63.0
Inventories	179.3	157.5
Receivables	150.8	156.1
Other current assets	36.6	35.1
Cash	103.1	122.2
<b>TOTAL ASSETS</b>	<b>832.2</b>	<b>809.2</b>
<b>TOTAL EQUITY</b>	134.6	132.3
Long term debt	223.8	192.3
Employee benefits	138.0	140.8
Other long term liabilities	62.4	61.9
Current debt	39.8	33.8
Accounts payable	127.4	126.6
Advance payments	16.3	31.1
Accruals	54.4	55.8
Other current liabilities	35.6	34.6
<b>TOTAL LIABILITIES</b>	<b>697.6</b>	<b>677.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>832.2</b>	<b>809.2</b>

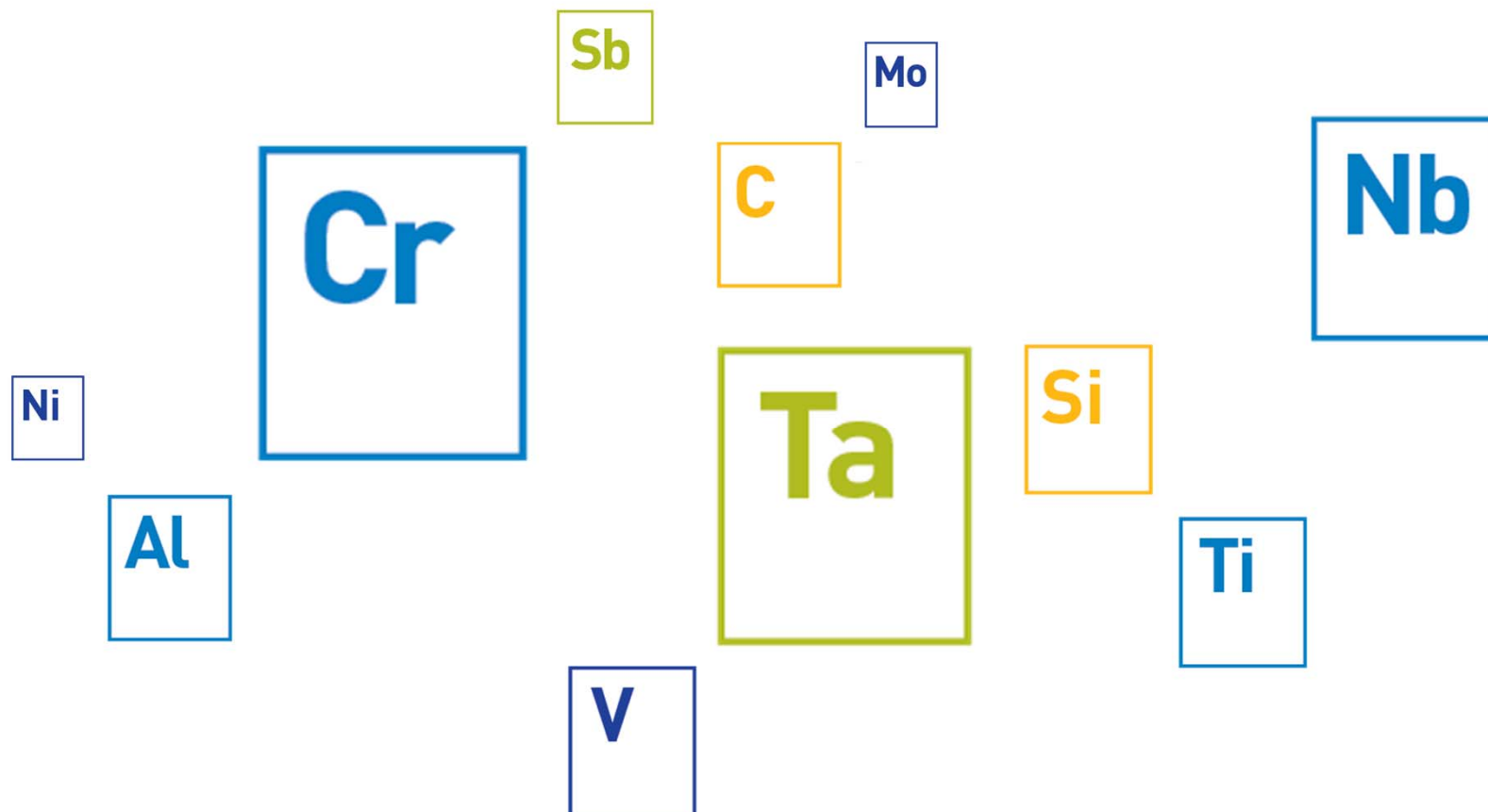


# Consolidated Income Statement

	Actual	
For the nine months ended in \$M	30 September 2013 Unaudited	30 September 2014 Unaudited
Revenue	874.4	833.5
Cost of sales	737.8	694.1
Gross profit	<b>136.7</b>	<b>139.4</b>
Selling, general & administrative	102.4	102.3
Asset impairment & restructuring	58.2	1.8
Other income, net	(2.0)	(1.6)
Operating profit (loss)	<b>(21.9)</b>	<b>36.9</b>
Net finance costs	16.4	13.6
Share of loss of associates	(0.5)	(0.5)
Profit (loss) before income taxes	<b>(38.9)</b>	<b>22.9</b>
Income tax expense	2.4	8.9
Profit (loss) for the period	<b>(41.3)</b>	<b>14.0</b>
Shareholders of the Company	(38.4)	14.6
Non-controlling interest	(2.9)	(0.6)
<b>Adjusted EBITDA</b>	<b>62.1</b>	<b>63.9</b>

# Consolidated Statement of Cash Flows

	Actual	
For the nine months ended in \$M	30 September 2013 Unaudited	30 September 2014 Unaudited
EBITDA	62.1	63.9
Change in working capital and deferred revenue	27.4	27.6
Finance costs paid, net	(11.3)	(8.9)
Other operating cash flow	(9.3)	(5.7)
<b>Cash flows from operations before taxes</b>	<b>68.9</b>	<b>76.9</b>
Income tax paid	(11.5)	(4.5)
<b>Net cash flows from operations</b>	<b>57.3</b>	<b>72.5</b>
Capital expenditures	(22.5)	(17.2)
Other investing activities	0.4	0.2
<b>Net cash flows used in investing activities</b>	<b>(22.1)</b>	<b>(17.0)</b>
<b>Net cash flows used in financing activities</b>	<b>(42.6)</b>	<b>(30.8)</b>
Net increase/(decrease) in cash and equivalents	(7.4)	24.7
<b>Cash and equivalents at January 1</b>	<b>121.6</b>	<b>103.1</b>
Effect of exchange rate fluctuations on cash held	2.0	(5.5)
<b>Cash and equivalents at September 30</b>	<b>116.3</b>	<b>122.2</b>



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