





**Annual General Meeting
Company Presentation
May 8, 2014**

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Management Report

- Mission Statement
- Health, Safety & Environmental
- Market & Operations
- Selected Strategic Initiatives
- Strategy
- Outlook

Mission Statement

Mission Statement

AMG Advanced Metallurgical Group N.V. creates innovative metallurgical solutions for sustainable economic development of critical materials

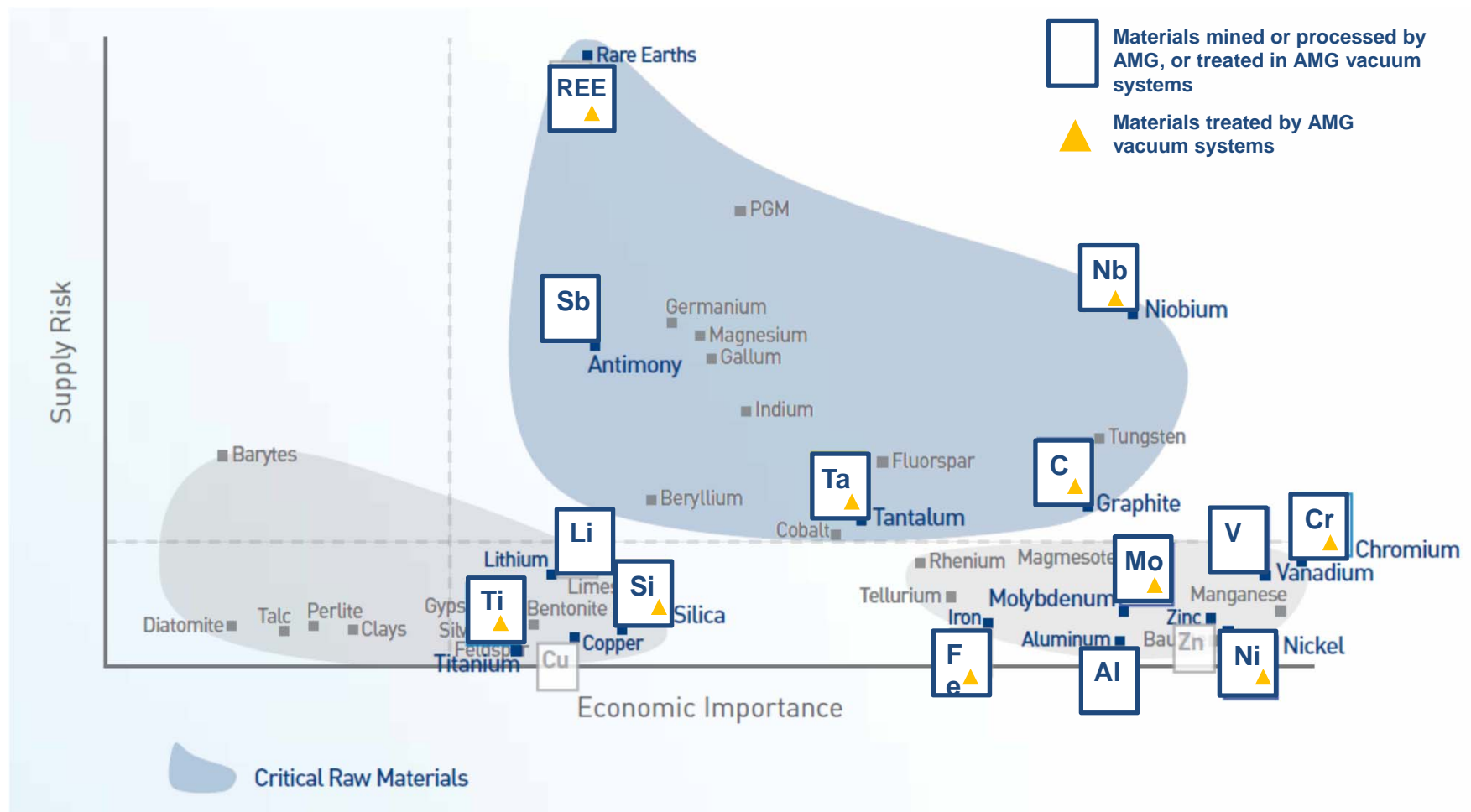
The four elements of AMG's Mission Statement reside in **CO₂ Reduction**, **Critical Materials and Advanced Process Know-how**, **Segment Market Leadership**, and **Long-term Shareholder Value**.

In pursuing this:

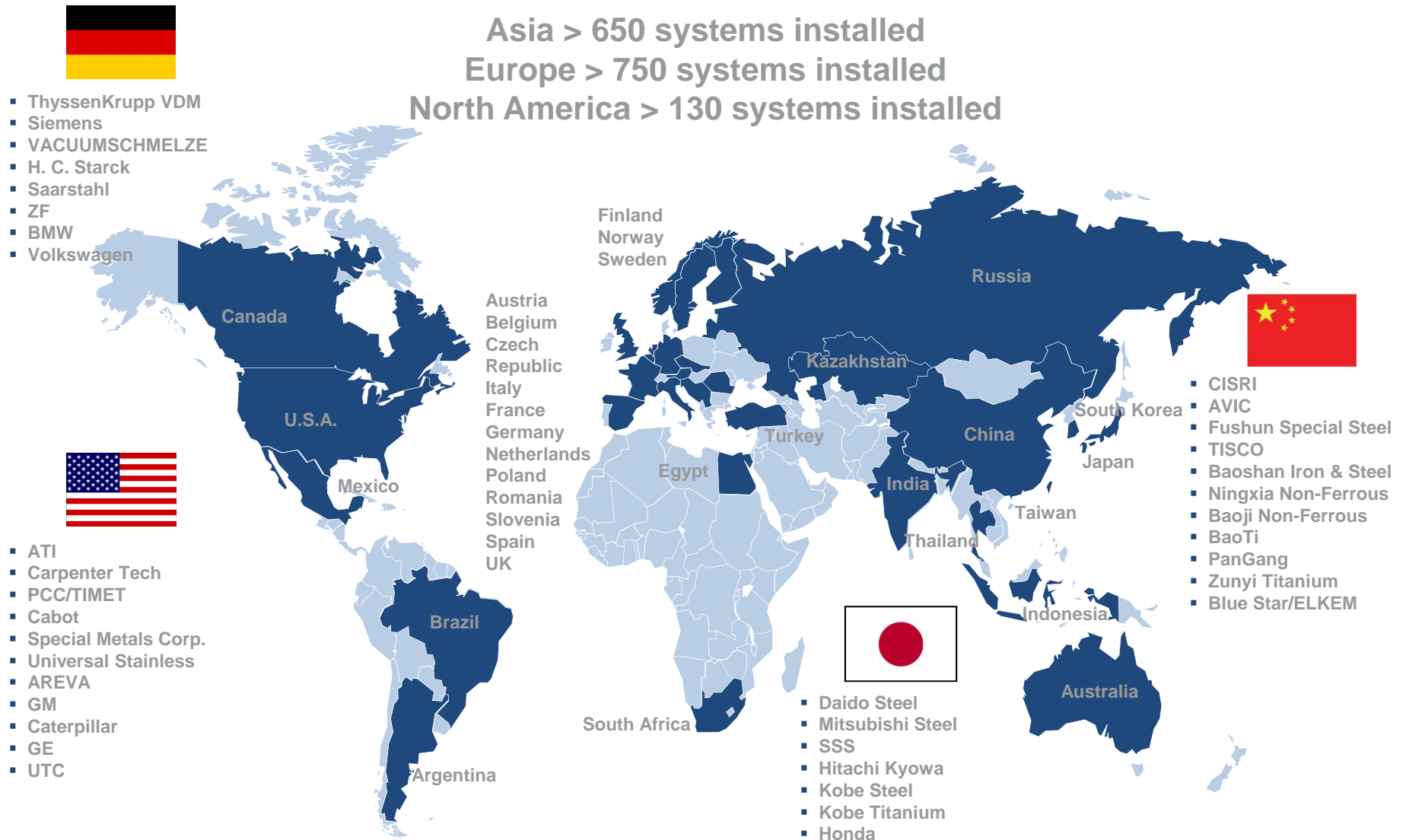
- AMG relates “sustainability” to CO₂ reduction
- AMG specializes in critical materials and advanced process know-how
- AMG seeks leadership in its markets to secure attractive financial returns
- AMG combines these elements to create long-term shareholder value

Critical Materials

- The EU identified 14 critical raw materials* to the European economy – focusing on two determinants – economic importance and supply risk



Market Leadership – AMG Engineering



Health Safety & Environmental

Health, Safety & Environmental (HSE)

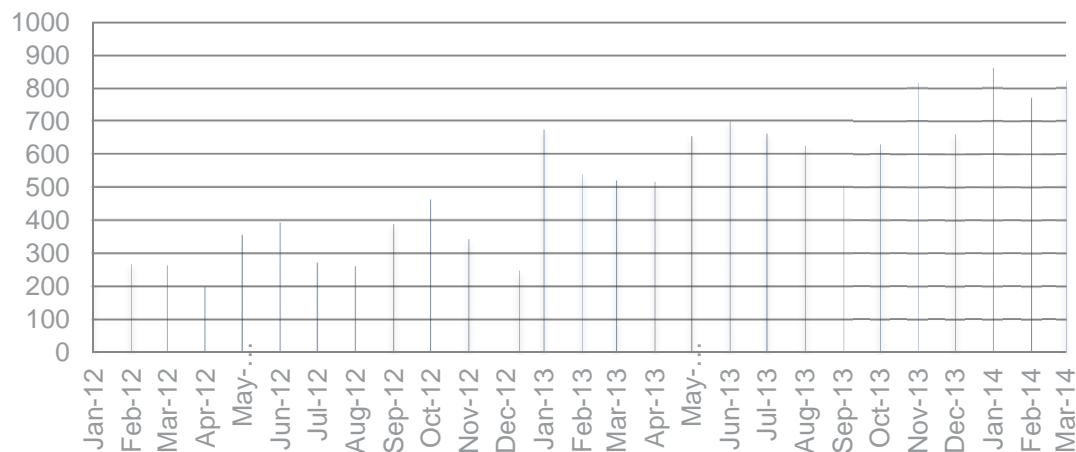
AMG is focused on the health and safety of our employees and our environmental impact:

- HSE matters reported directly to the CEO
- Record low number of lost time incidents in 2013
- 17 locations achieved zero lost time accidents in 2013
- OHSAS 18001 formal safety management systems approaching completion
- Introducing ISO 14001 formal environmental management systems

Safety – 2013 Proactive Measures

- OHSAS 18001 Implementation
 - Now covers 10 major locations
- Improved safety communications
 - Monthly corporate reports
 - Immediate incident alerts
- Increased training
- Expanding near miss reporting process

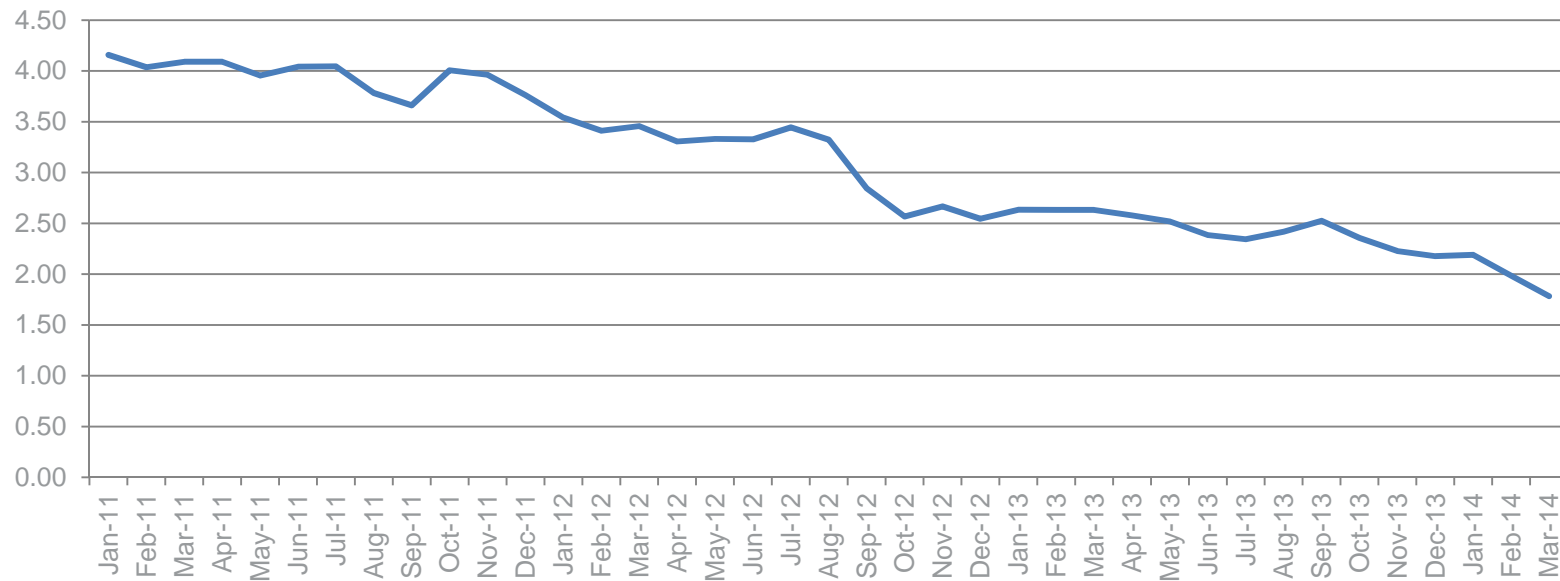
AMG Near Misses Reports 2012 to 2014



Safety – 2013 Results

- No Fatalities
- Continued Lost Time Incident (LTI) Reduction
 - 1.76 per 200,000 hours in 2013
- Incident Severity Rate
 - 0.21 lost days per 1,000 hours worked

AMG LTI Rate 2011 to 2014

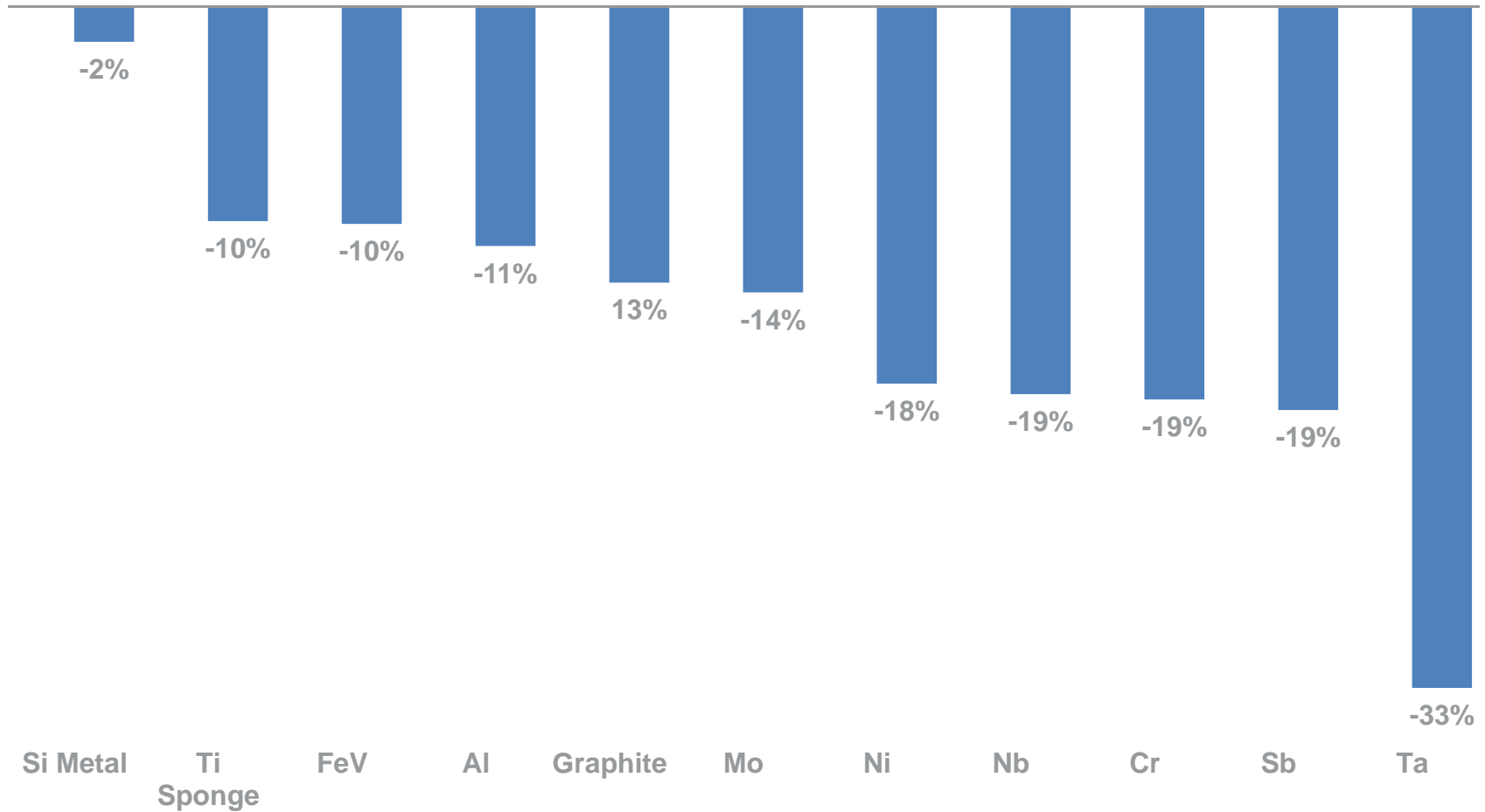


A photograph of three men in an industrial setting. They are all wearing white hard hats with the 'AMG' logo and high-visibility yellow safety vests over dark suits. The man on the left is wearing glasses and has an orange earplug in his left ear. The man in the center is also wearing glasses and has a beard. The man on the right is wearing safety glasses and has an orange earplug in his left ear. They are all looking at a dark, cylindrical metal component that is being held by the man on the right. In the background, there is a large blue industrial machine with a sign that reads 'The Solution' and 'ald DYNATECH'. Below this, another sign partially shows 'H 3500'.

Market & Operations

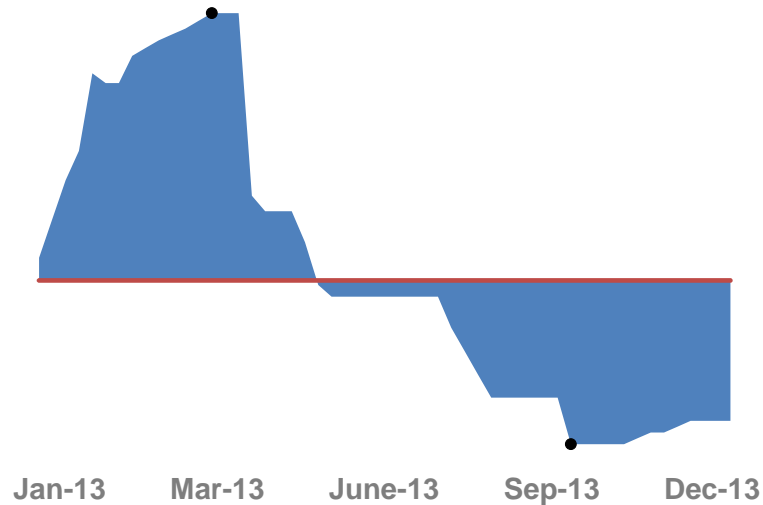
Market – 2013 Critical Metals Prices

2013* Metal Prices

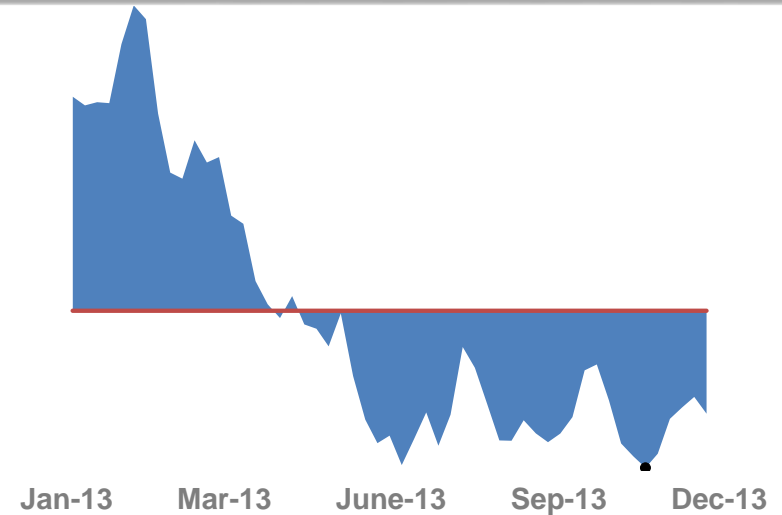


Market – 2013 Critical Metals Prices

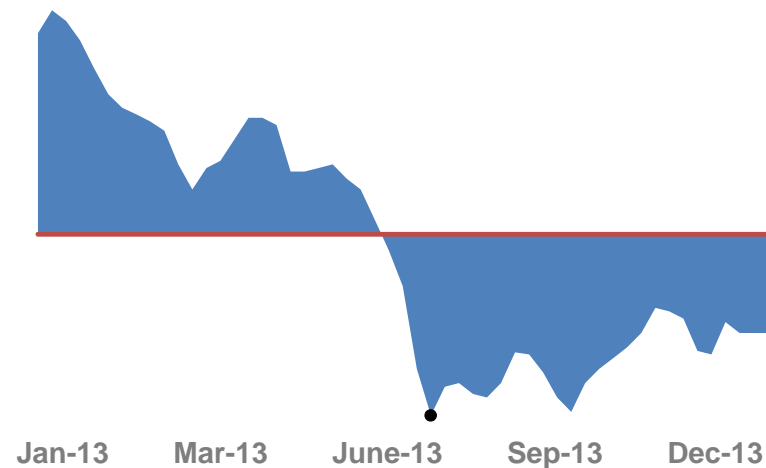
Ferrovanadium (FeV)



Nickel (Ni)



Molybdenum (Mo)



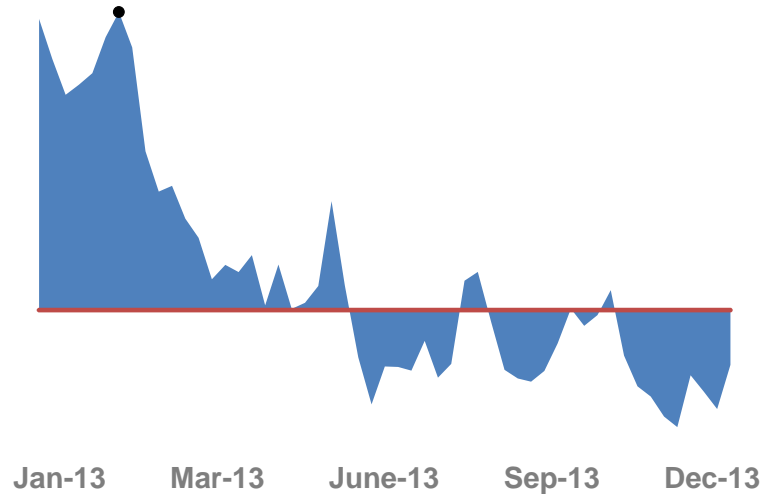
Legend:

2013 Prices

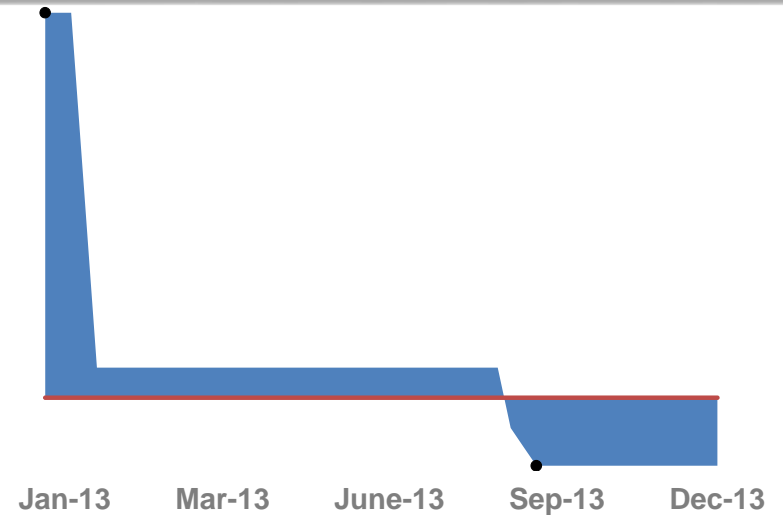
Mean of 13' &
14' May YTD

Market – 2013 Critical Metals Prices

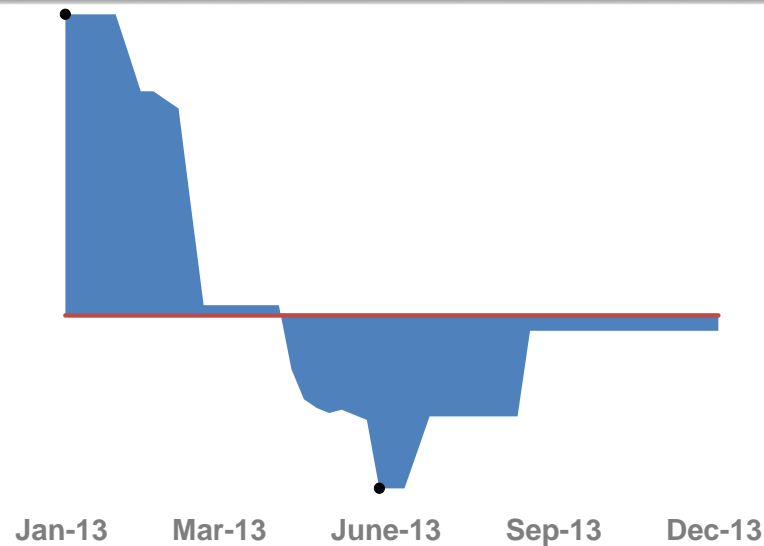
Aluminum (Al)



Titanium (Ti)



Chrome (Cr)

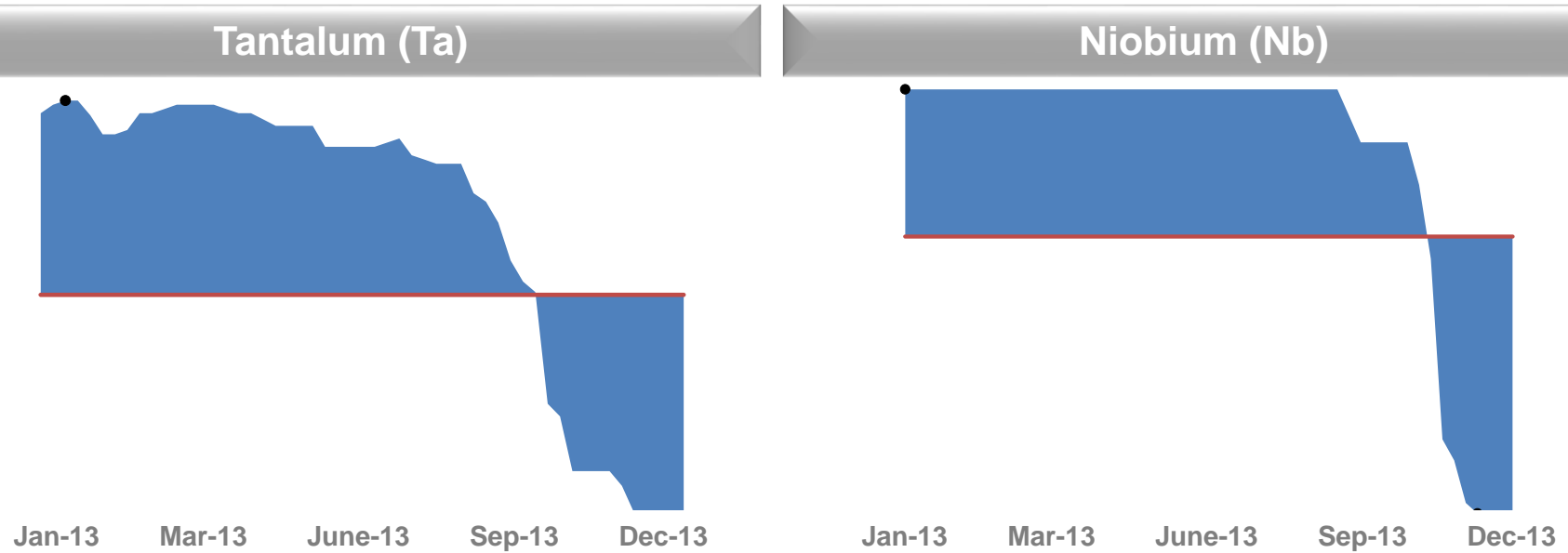


Legend:

2013 Prices

Mean of 13' &
14' May YTD

Market – 2013 Critical Metals Prices



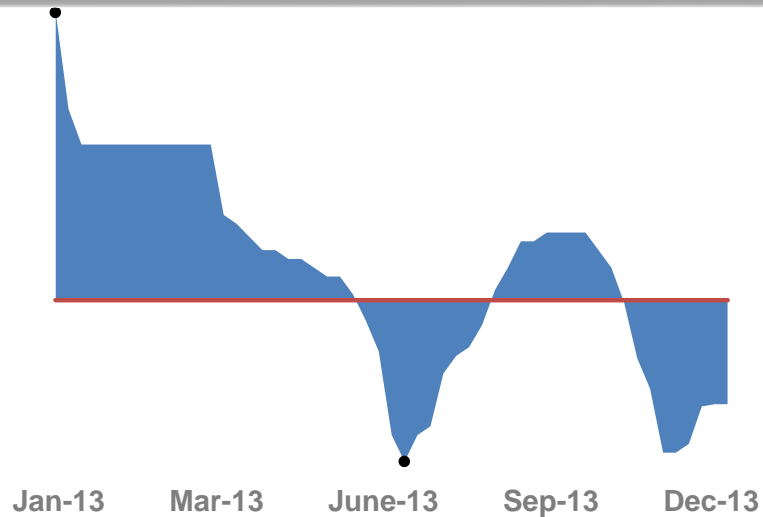
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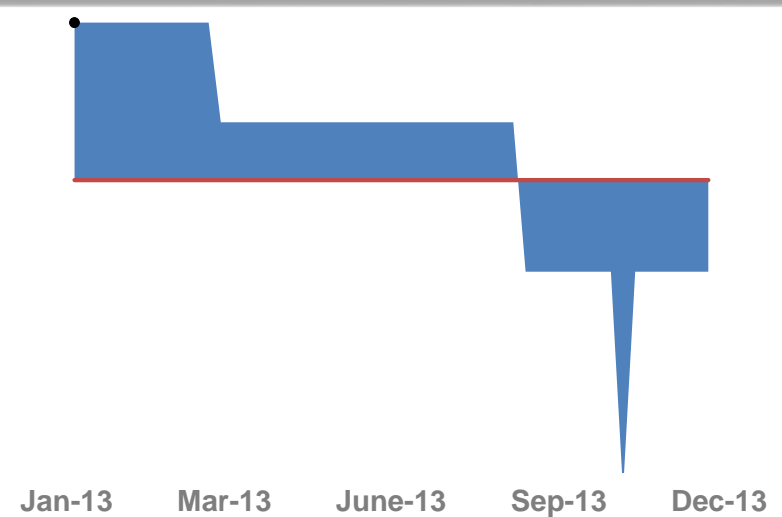
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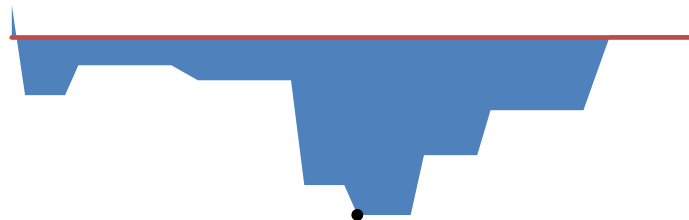
Antimony (Sb)



Graphite (C)



Silicon Metal (Si)



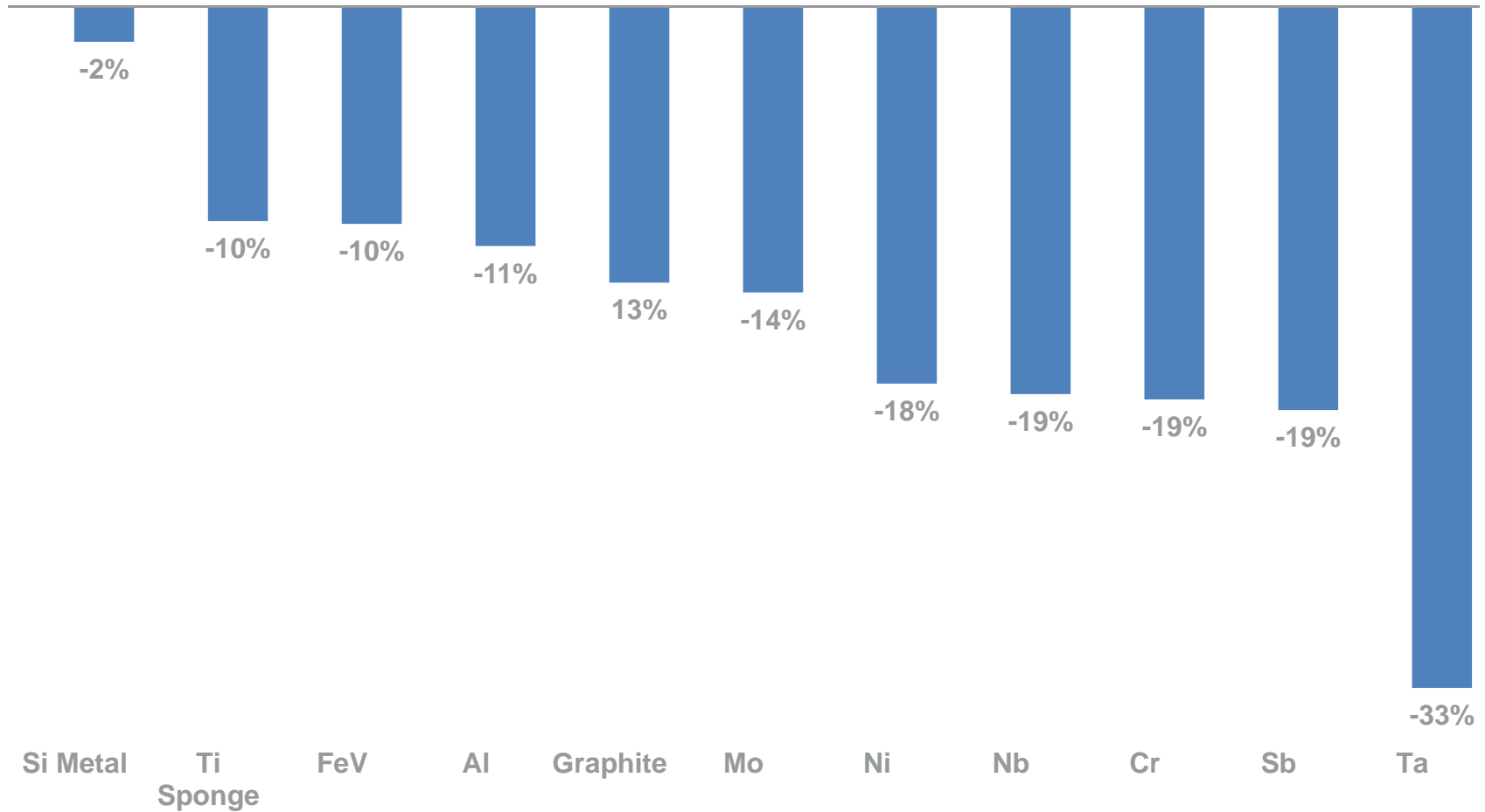
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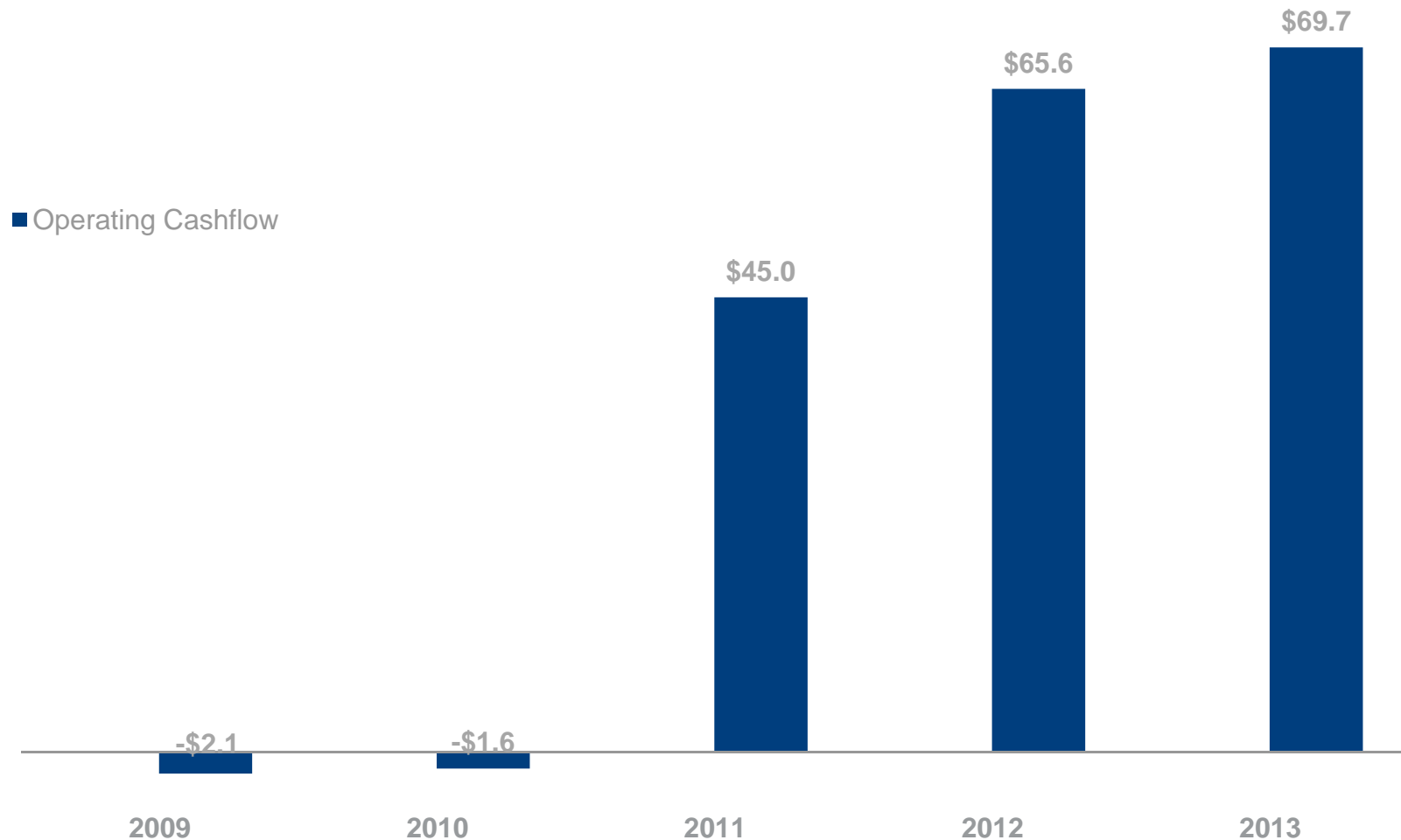
Market – 2013 Critical Metals Prices

2013* Metal Prices



Operations – Focus on Cash Flow

- Net debt reduced from \$194.2 million to \$160.5 million in 2013, a \$33.7 million or 17% reduction compared to December 31, 2012



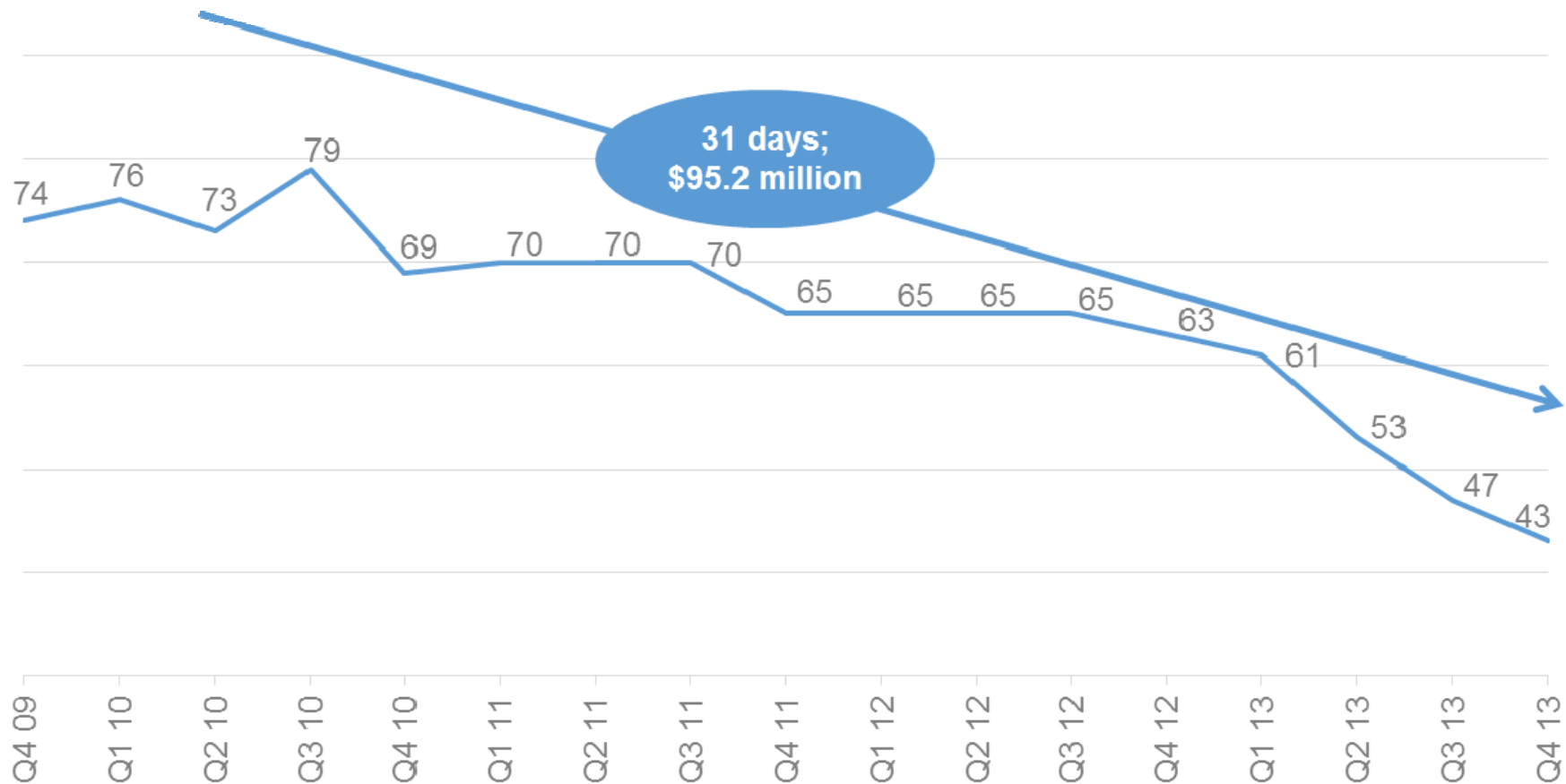
Operations - Improvements

AMG made substantial operational improvements in 2013:

- Reorganized the supply chains, reduced working capital by \$50 million, or 27% in 2013
 - Reduced working capital by \$95 million since 2009
- Brought AMG V's spent catalyst roaster online - resulting in a 25% increase in capacity
- Right sized AMG Engineering, AMG Superalloys and AMG TAC to align capacity to market conditions
- Debottlenecked and implemented process and productivity improvements across the Company, reducing the cost base
- Reduced SG&A by 3%

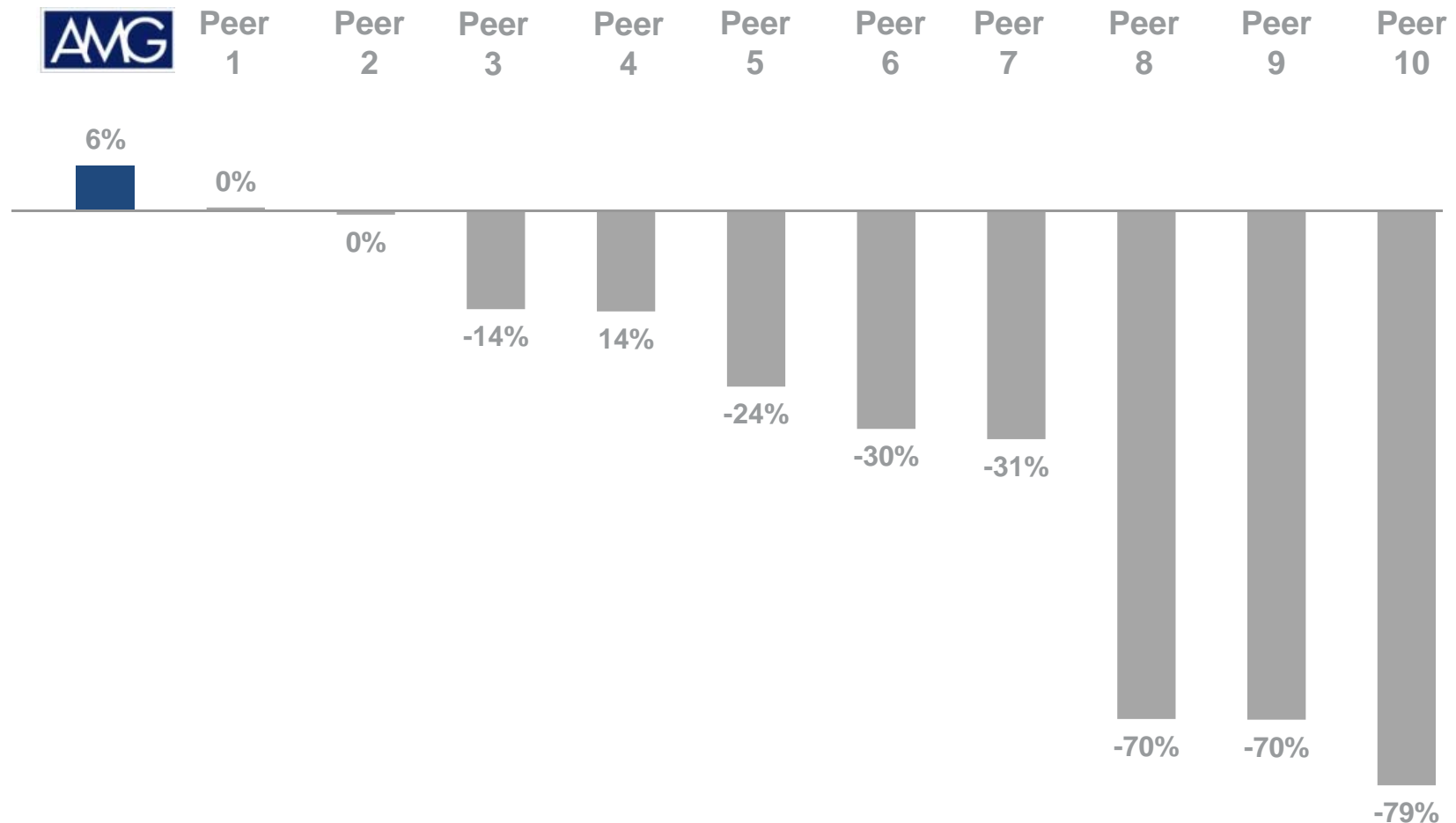
Operations – Improving Working Capital

Reduced working capital days by over 40% since 2009

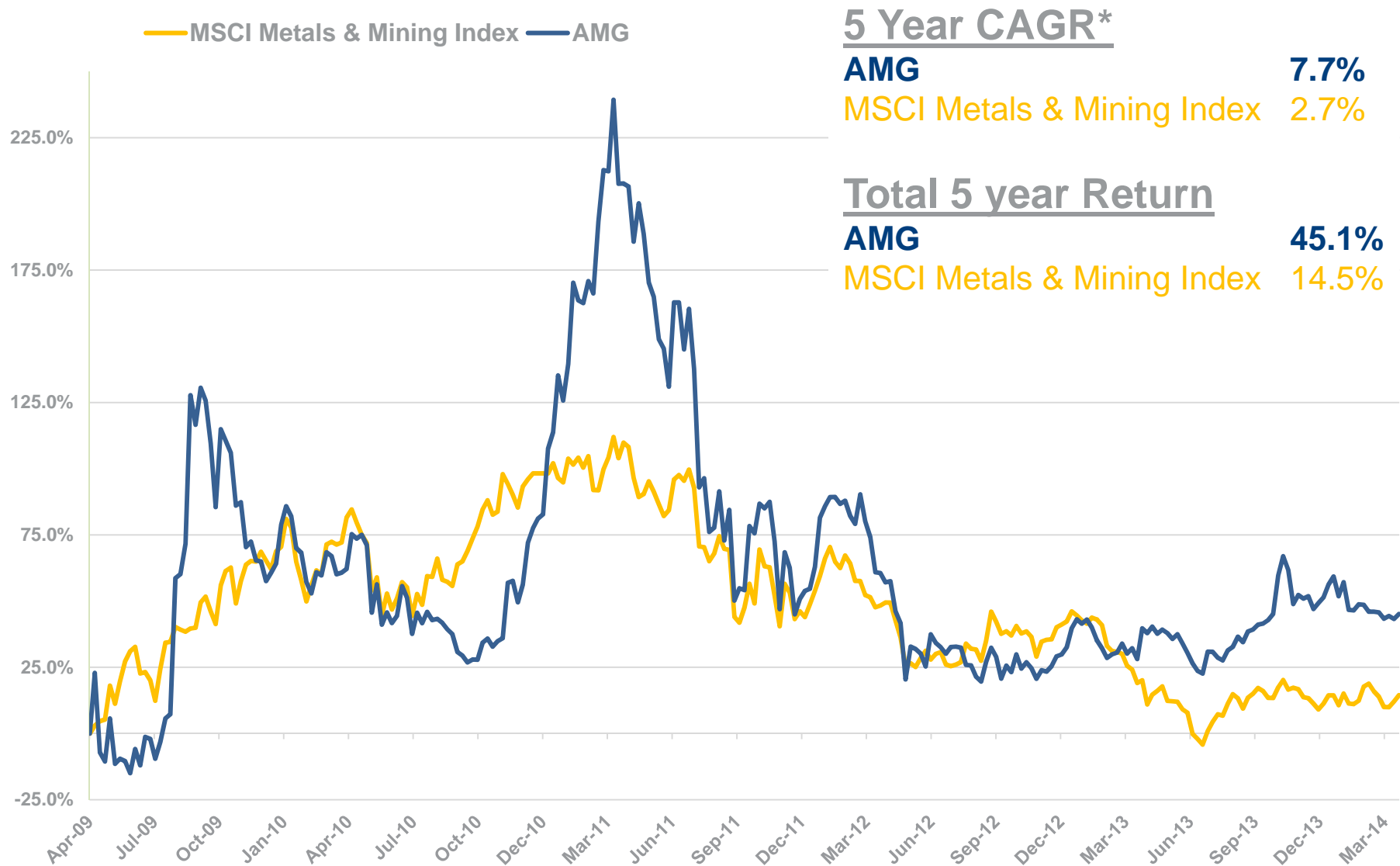


Operations – Leading the Peer Group

Growth of Operating Cash flow – 2013 vs. 2012



Share Price Performance



The background of the slide is an abstract composition. It features a series of concentric, curved lines in shades of brown and black, creating a sense of depth and movement. Overlaid on this is a grid of small, irregular shapes in various shades of blue and silver, giving it a textured, almost crystalline appearance. The text "Selected Strategic Initiatives" is centered in the middle of the image.

Selected Strategic Initiatives

“Green” Investments

Green Product Innovations

End Markets

AMG Processing

- Uses a proprietary technology to produce FeV via **recycling** oil refinery waste resulting in significant CO₂ reduction compared to mining
- Produces Al alloys to enable weight reductions in the new aluminum based US **automotive** models and airframes
- Provides titanium alloys for **airframes** enabling 1% CO₂ reduction compared to traditional materials

Recycling

Automotive

Aerospace

AMG Mining

- Supplies specialty graphite for more effective insulation materials for energy savings in **buildings**

Building

AMG Engineering

- Produces proprietary heat treatment furnaces and provides heat treatment services for the surface hardening of **automotive** engines enabling significant CO₂ reductions
- Produces turbine blade coating equipment for thermal barrier coating for lighter and more fuel efficient **aerospace** engines, enabling significant CO₂ reductions

Automotive

Aerospace

Enabling Technologies – Graphite Based Insulation

Base Technology

No
Insulation



ENABLING TECHNOLOGY

Enhanced Technology

Graphite Enhanced
EPS Insulation



GRAPHITE ENHANCED EXPANDED POLYSTYRENE INSULATION
Increases Thermal Coefficient of the Insulating Materials
Estimated CO₂ savings are 5,913 kg per standard family home per year

Estimated CO₂ Savings, 5,913 kg per home per Year

In 2013 AMG supplied enough graphite to produce insulation for 158,000 homes

Enables 930,000 mt CO₂ Savings per Year

Enabling Technologies – Vehicle Light Weighting

Base Technology

Steel Vehicle Panels



Aluminum Door Panel



ENABLING TECHNOLOGY

Enhanced Technology

Aluminum Vehicle Panels



GRAIN REFINERS FOR ALUMINUM IN VEHICLE PANELS
Series 5000, 6000 and 7000 (Military Grade) aluminum alloys
utilized in new vehicles reduce weight and increase fuel
efficiency

New 2015 Ford F-150 – estimated 520,000 units per year
Improved fuel efficiency estimated at 20% (from 18 to 21 mpg)

Potential 685,000 mt CO₂ Savings per Year

Enabling Technologies – Gamma Titanium Aluminides

Base Technology

Current Technology Aircraft Engine



A320 NEO / B737 MAX



ENABLING TECHNOLOGY

Enhanced Technology

Gamma Titanium Aluminide



GE/SNECMA - LEAP
GE - GenX
P&W - GTF

GAMMA TITANIUM ALUMINIDE ENGINE COMPONENTS

Reduced weight of turbine blades dramatically increasing efficiency

Estimated fuel saving is 15% over current technology

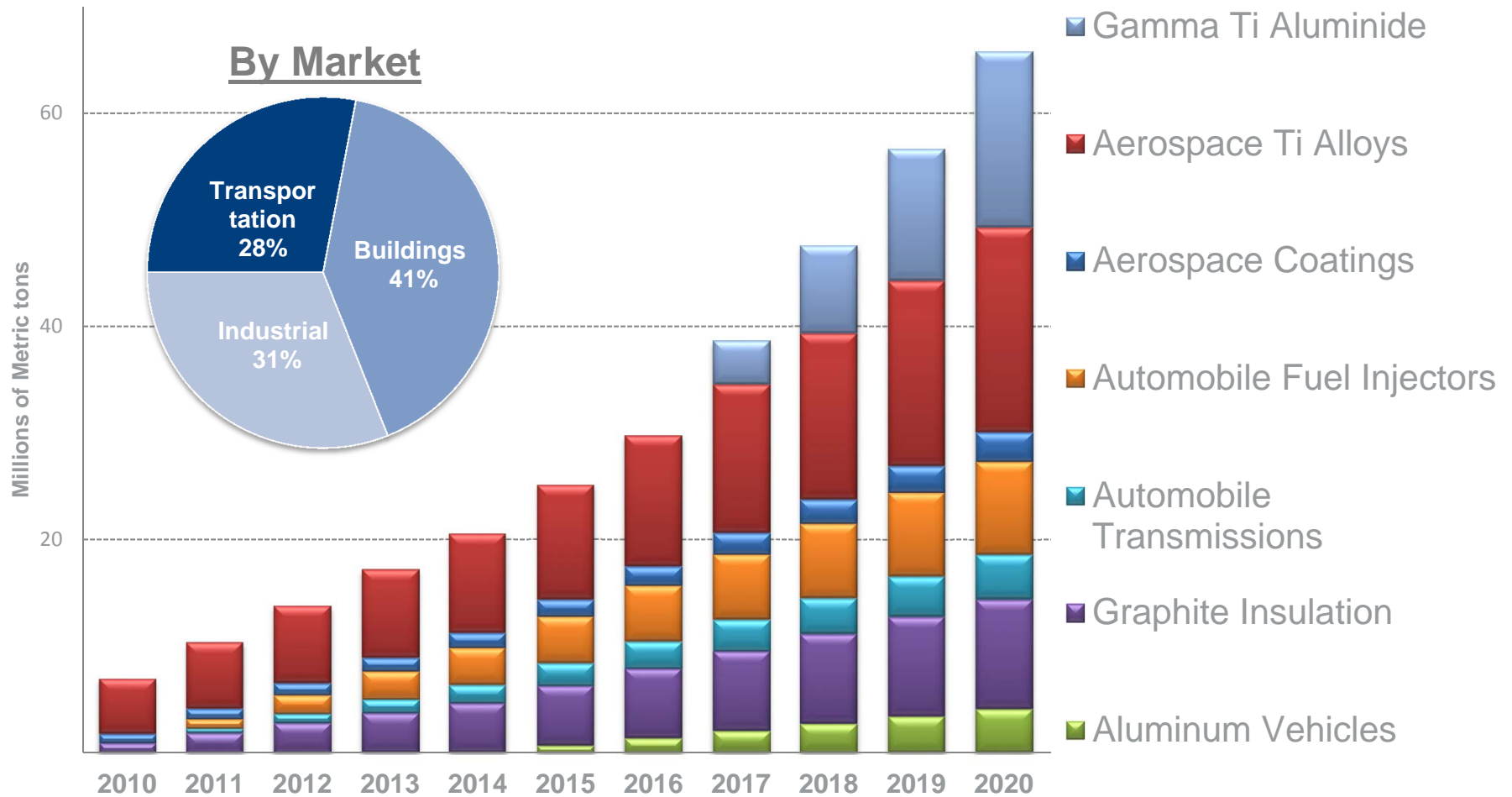
Estimated new fleet – 2014 to 2035

A320 NEO, B737 MAX, B747 and B787 – 21,320 Aircraft¹

Potential 76 million mt CO₂ Savings per Year by 2035²

Enabling Technologies

Total AMG Enabling Technologies Cumulative CO₂e Reductions





Strategy

Strategy

AMG's is building critical mass in materials where it possesses a significant market position and potential for long-term growth exceeding global GDP.

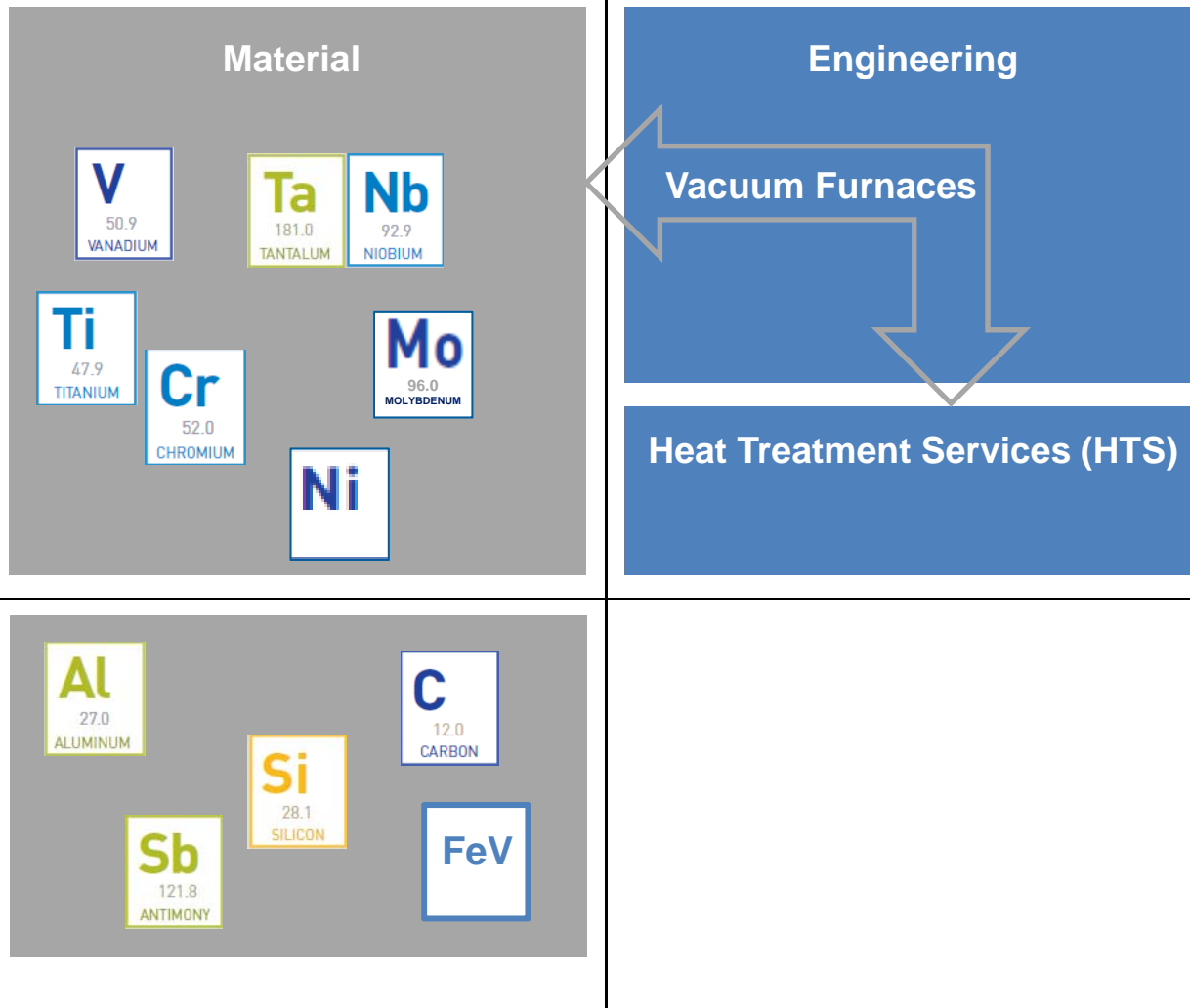
Process

- Strengthen AMG's Balance Sheet
 - Reduce debt
- Evaluate assets that are non-core
- Identify possible transactions
- Deepen focus on high value added critical materials

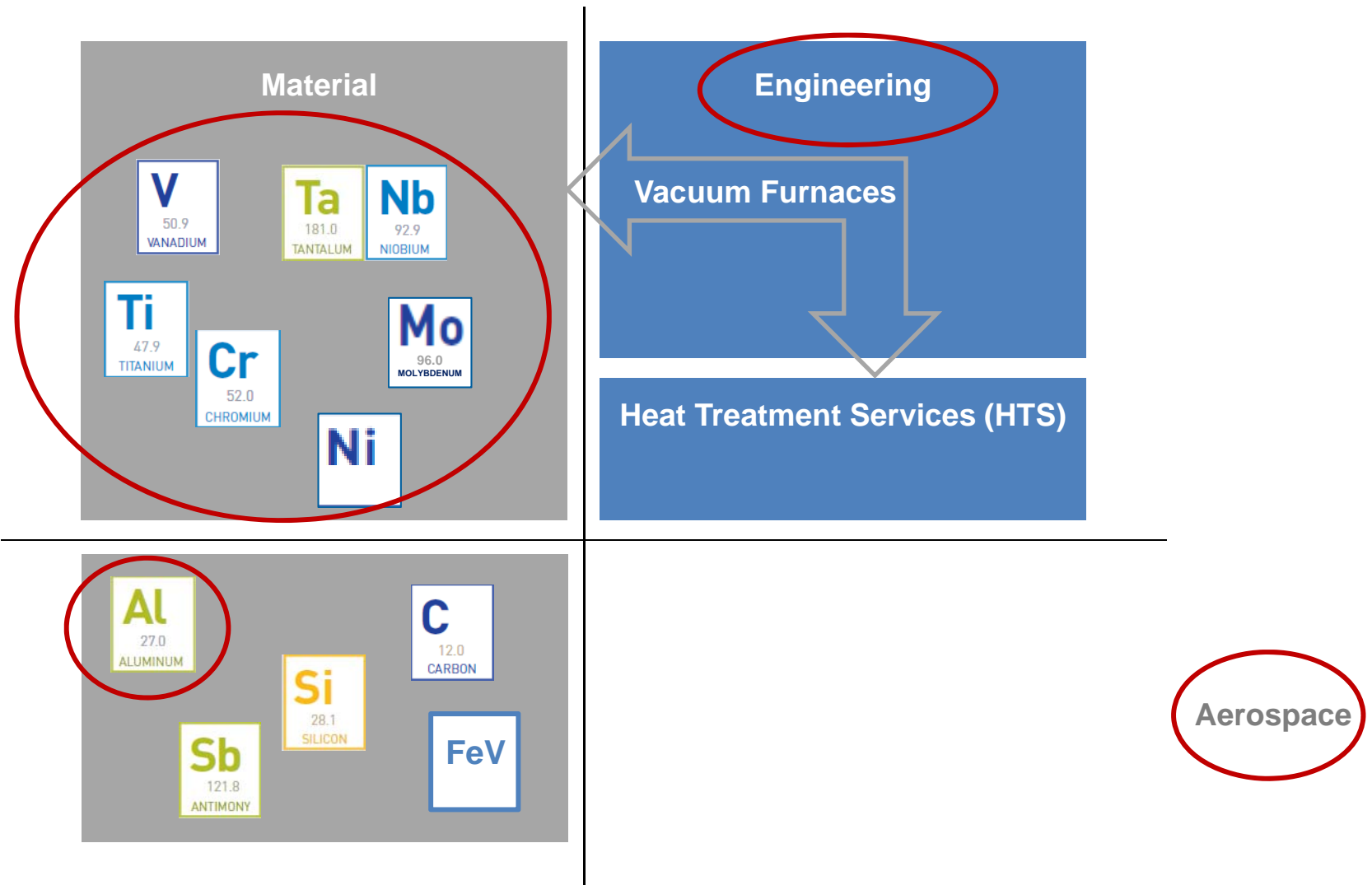
Results

- Reduced complexity
- More focused business on critical materials with long-term growth potential above global GDP
- Lower net debt to EBITDA
- Increase Shareholder Value

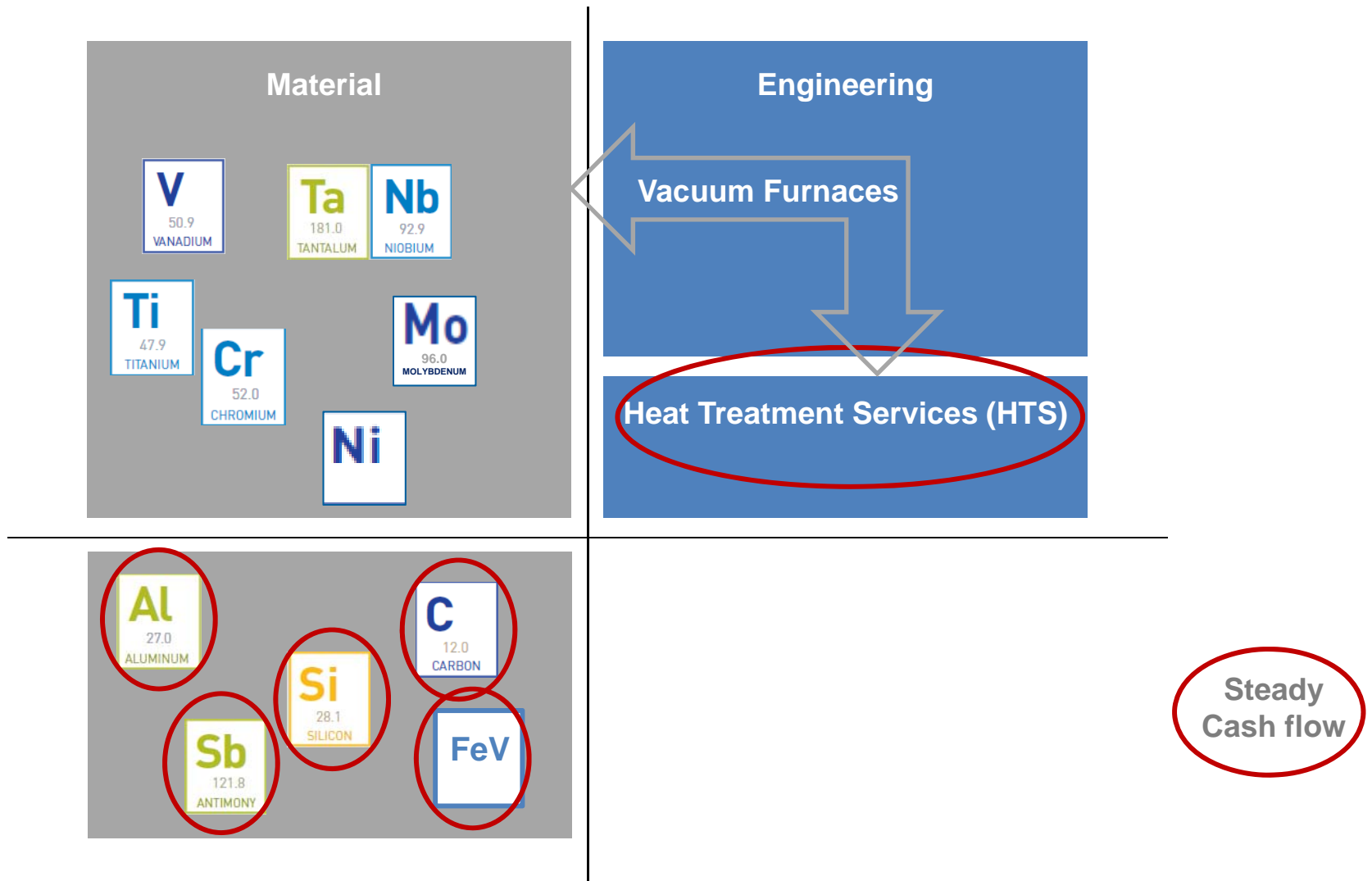
Strategy – The “Complexity” Issue



Strategy – The “Complexity” Issue

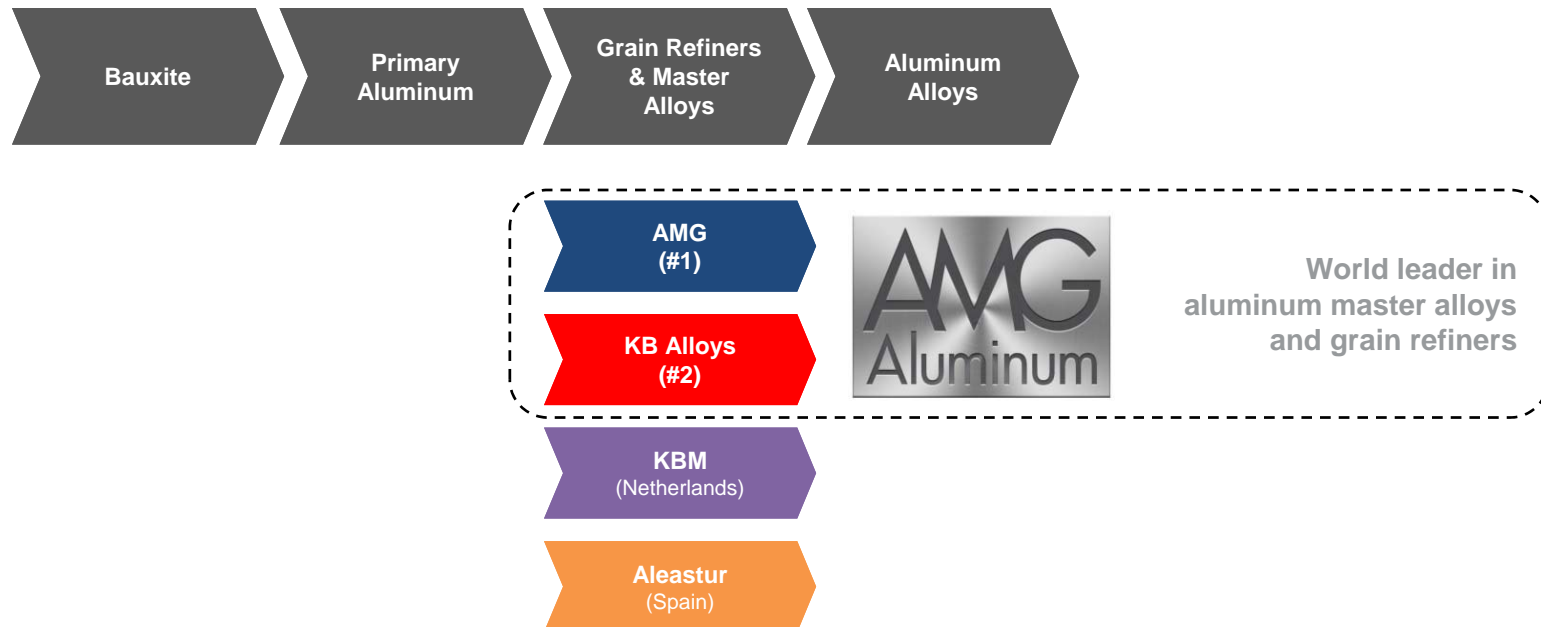


Portfolio Strategy – The “Complexity” Issue



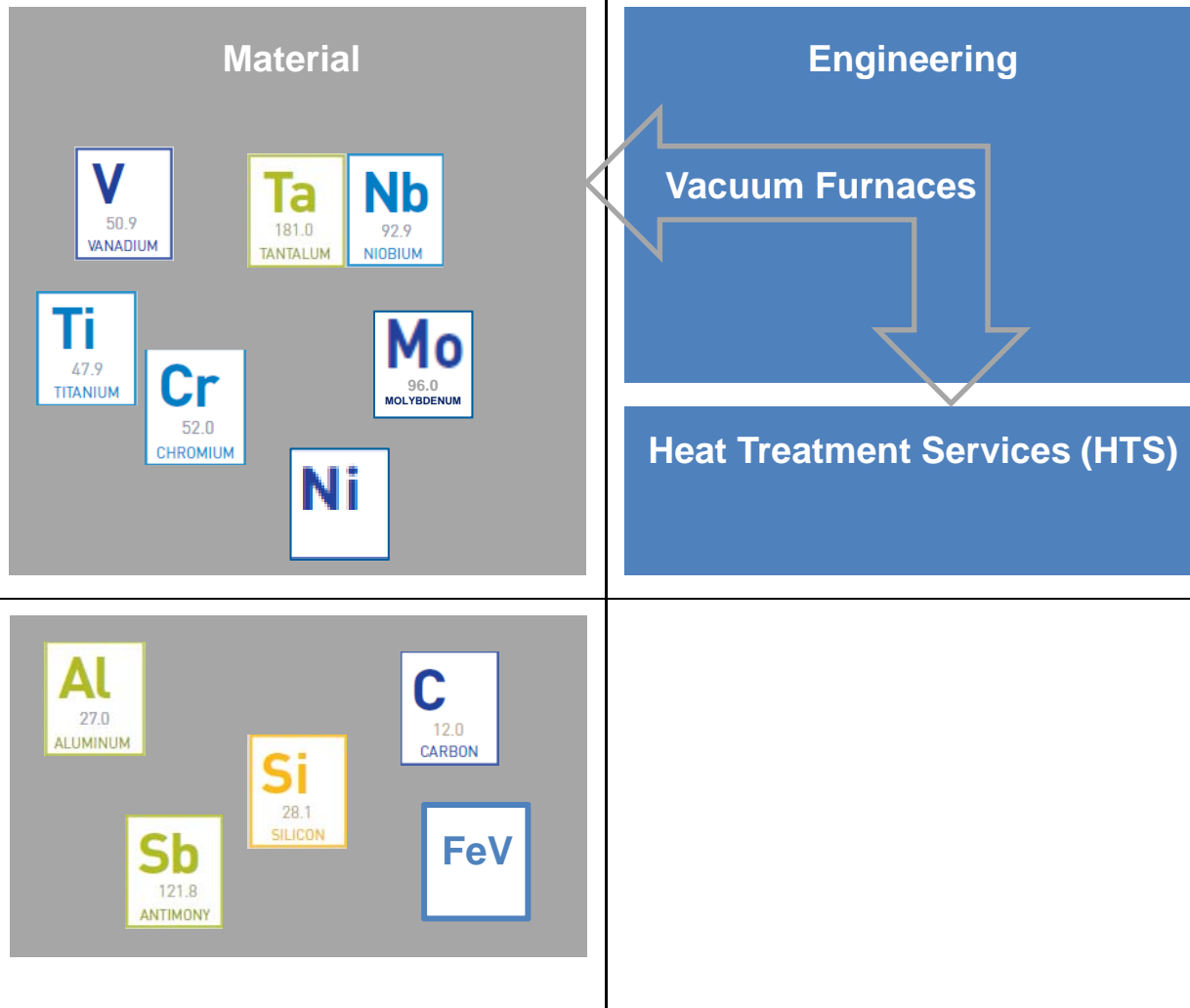
Strategy – The AMG Aluminum Case

- AMG acquired KB Alloys in February 2011 for approximately \$23.5 million



- Compared to pre-acquisition:
 - SG&A down 12%
 - EBITDA up 130%
 - Working capital down 60%
- **3 Year payback on investment**
- **Added an indicative €1.20 per share to AMG's share price**

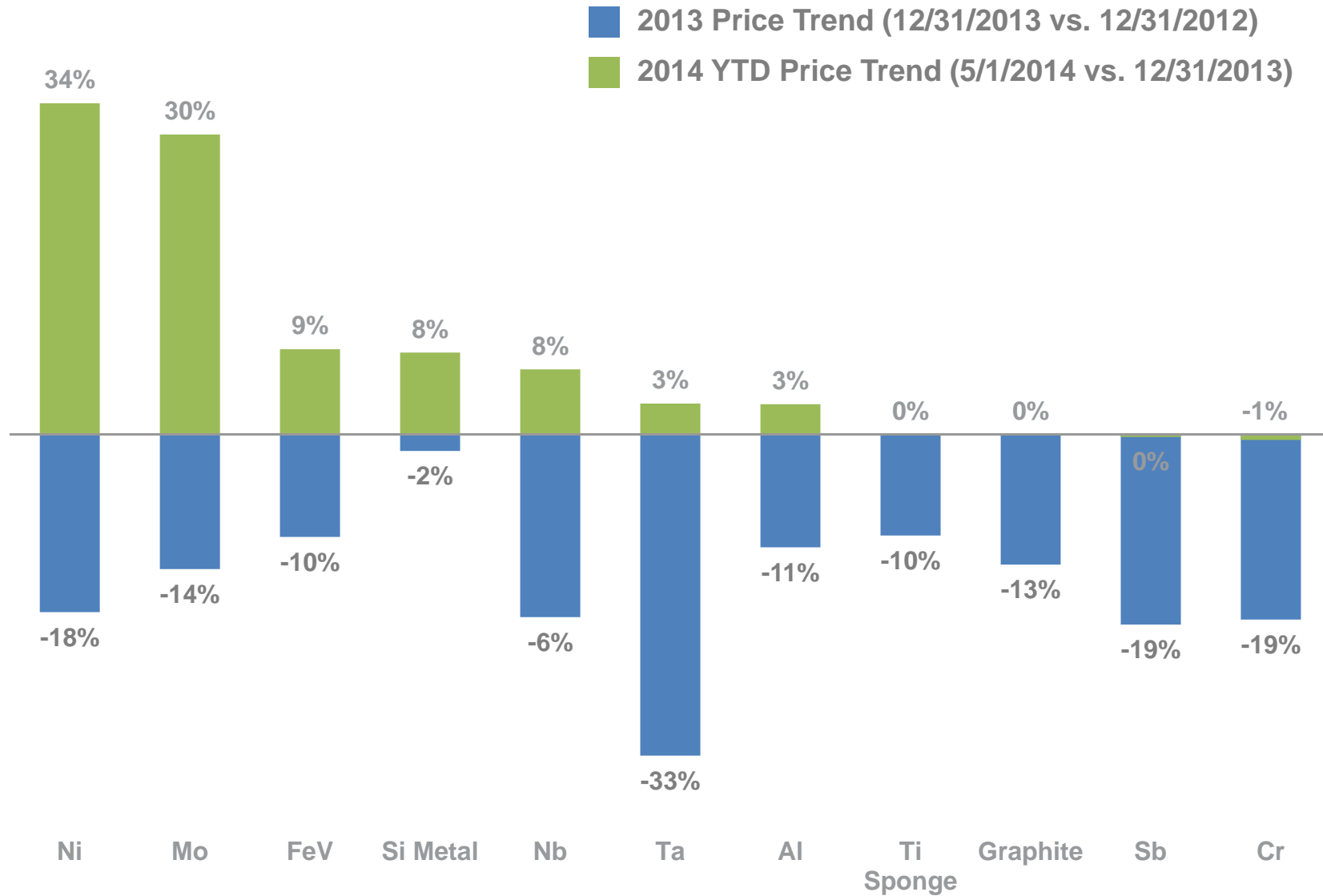
Strategy – The “Complexity” Issue





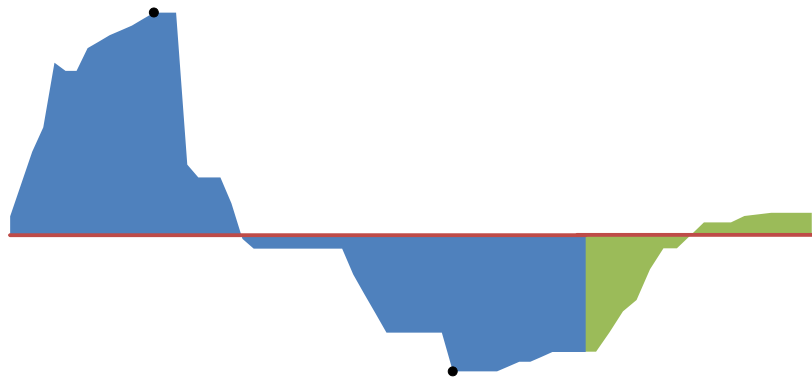
Outlook

Metals Market – 2013 & 2014 YTD Prices



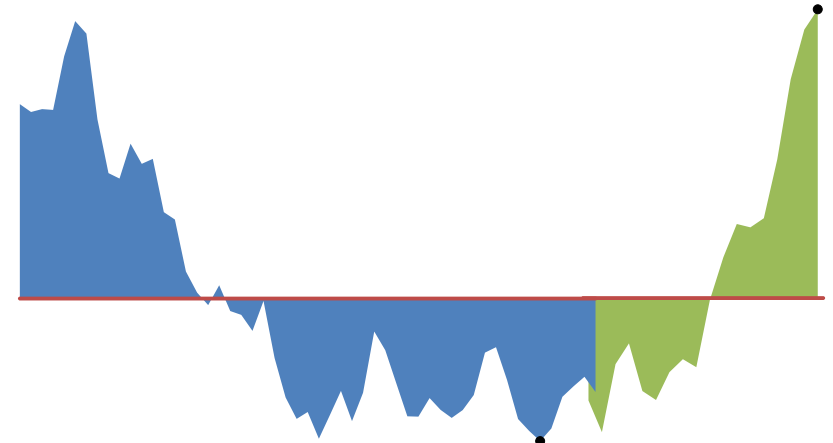
Metals Market – 2013 & 2014 YTD Prices

Ferrovanadium (FeV)



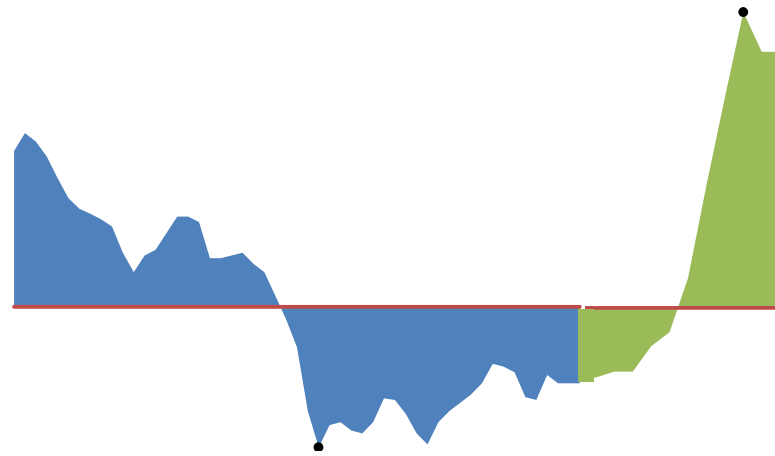
Jan-13 Mar-13 Jun-13 Sep-13 Dec-13 Mar-14 May-14

Nickel (Ni)



Jan-13 Mar-13 Jun-13 Sep-13 Dec-13 Mar-14 May-14

Molybdenum (Mo)



Jan-13 Mar-13 Jun-13 Sep-13 Dec-13 Mar-14 May-14

Legend:

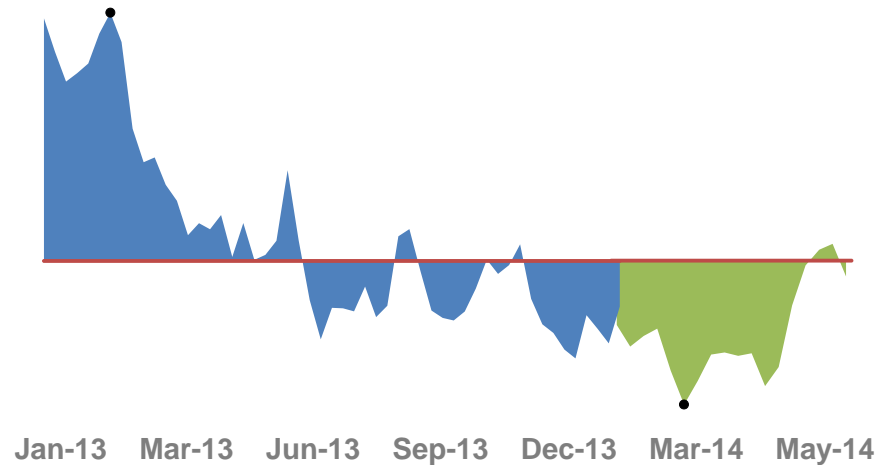
2013 Prices

2014 Prices

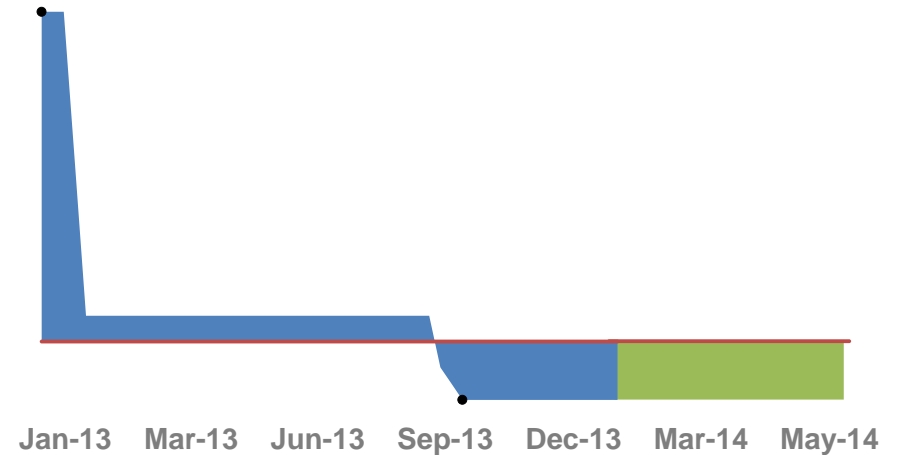
Mean of 13' &
14' May YTD

Metals Market – 2013 & 2014 YTD Prices

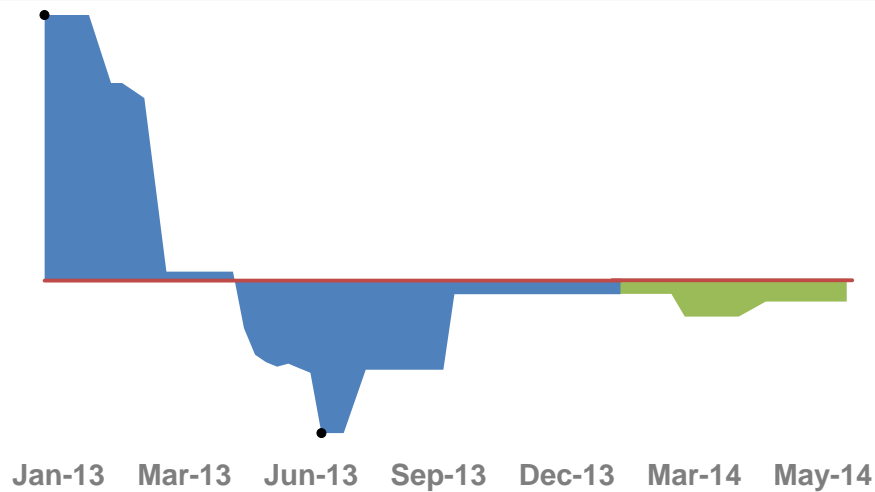
Aluminum (Al)



Titanium (Ti)



Chrome (Cr)



Legend:

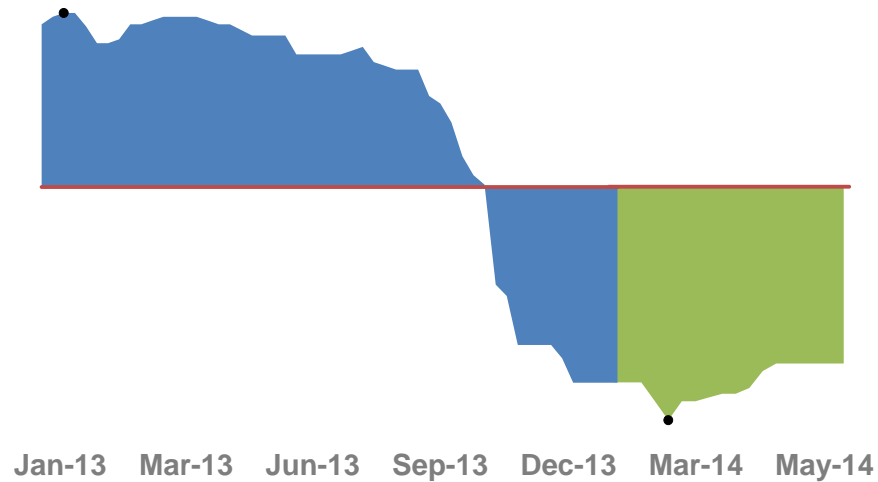
2013 Prices

2014 Prices

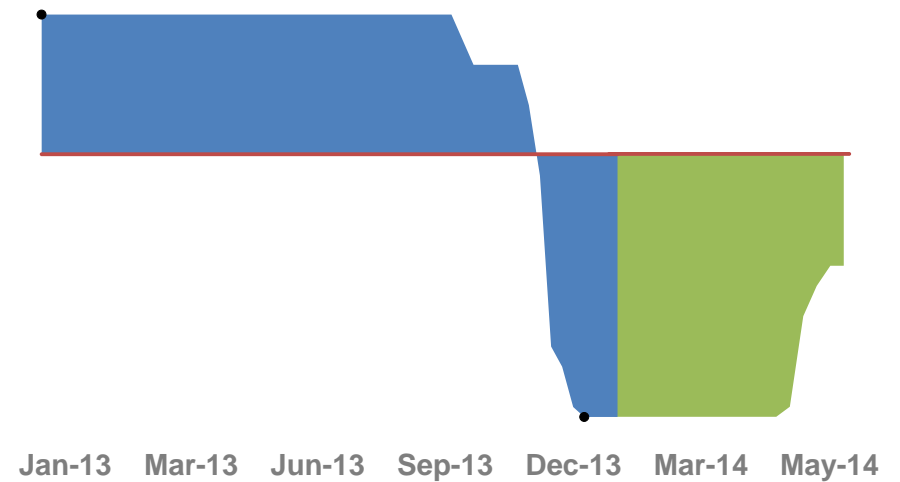
Mean of 13' &
14' May YTD

Metals Market – 2013 & 2014 YTD Prices

Tantalum (Ta)



Niobium (Nb)



Legend:

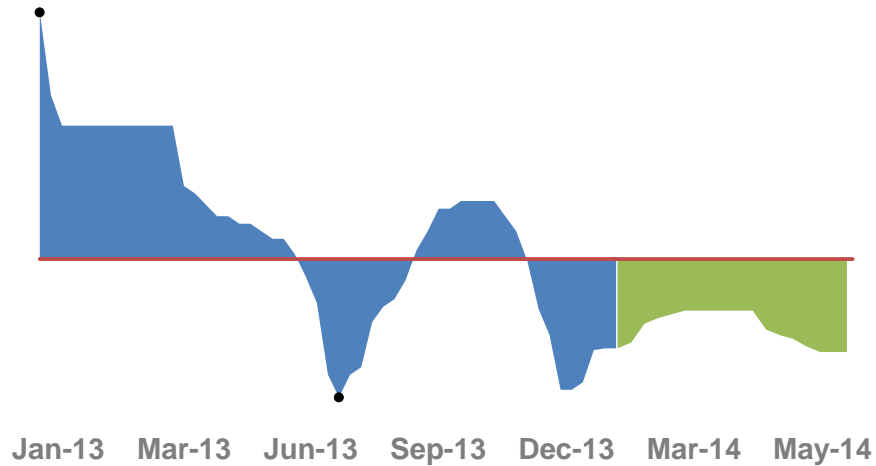
2013 Prices

2014 Prices

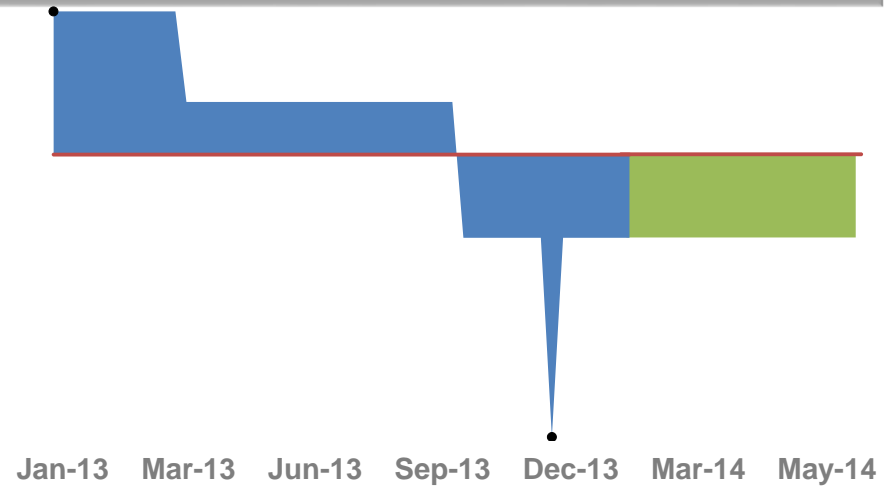
Mean of 13' &
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Metals Market – 2013 and 2014 YTD Critical Metals Prices

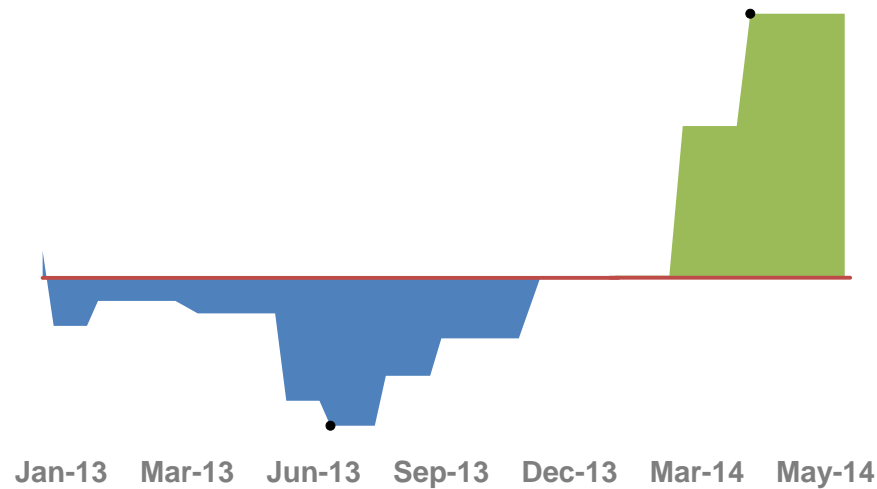
Antimony (Sb)



Graphite (C)



Silicon Metal (Si)



Legend:

2013 Prices

2014 Prices

Mean of 13' &
14' May YTD

Outlook

AMG Processing

- Metal prices are discontinuing their down trend
- Inventory minimized to manage price risk
- Increased capacity, improved prices, and higher demand driving AMG V
- Aerospace market destocking continues

AMG Mining

- Si, G and Sb are performing well
- Ta & Nb market continues to be depressed
- Making additional operational improvements to reduce costs

AMG Engineering

- Q2 order intake expected to be the same order of magnitude as Q1, but visibility is limited
- Majority of revenue and earnings in the H2 '14 due to low order backlog in early 2014
- Reducing costs and increasing recurring service revenues

- AMG should produce significant operating cash flow in 2014, and ROCE and EBITDA should improve over 2013 levels
- AMG announces Q2 2014 financial results on August 6, 2014



Long-Term Growth – The AMG Intellifast Case

- AMG acquired Intellifast in 2011
- Coatings and measurement technologies for fasteners
 - Improve safety and efficiency of bolts
 - Aerospace, Heavy Machinery, Automotive, Oil & Gas
 - Key customers: Airbus, Caterpillar, VW, Rolls-Royce
- AMG Intellifast revenue development
 - 2013 revenue EUR2.5 million
 - 45% CAGR 2011-2013
 - 34% CAGR 2014e-2017e
- Total market size of EUR110 million
 - Significant growth potential ahead

