



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

# Cautionary Note

THIS DOCUMENT IS STRICTLY CONFIDENTIAL AND IS BEING PROVIDED TO YOU SOLELY FOR YOUR INFORMATION BY AMG ADVANCED METALLURGICAL GROUP N.V. (THE “COMPANY”) AND MAY NOT BE REPRODUCED IN ANY FORM OR FURTHER DISTRIBUTED TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE. FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF APPLICABLE SECURITIES LAWS.

This presentation does not constitute or form part of, and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Company or any of its subsidiaries nor should it or any part of it, nor the fact of its distribution, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

This presentation has been prepared by, and is the sole responsibility of, the Company. This document, any presentation made in conjunction herewith and any accompanying materials are for information only and are not a prospectus, offering circular or admission document. This presentation does not form a part of, and should not be construed as, an offer, invitation or solicitation to subscribe for or purchase, or dispose of any of the securities of the companies mentioned in this presentation. These materials do not constitute an offer of securities for sale in the United States or an invitation or an offer to the public or form of application to subscribe for securities. Neither this presentation nor anything contained herein shall form the basis of, or be relied on in connection with, any offer or commitment whatsoever. The information contained in this presentation has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information or the opinions contained herein. The Company and its advisors are under no obligation to update or keep current the information contained in this presentation. To the extent allowed by law, none of the Company or its affiliates, advisors or representatives accept any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.

Certain statements in this presentation constitute forward-looking statements, including statements regarding the Company's financial position, business strategy, plans and objectives of management for future operations. These statements, which contain the words “believe,” “expect,” “anticipate,” “intends,” “estimate,” “forecast,” “project,” “will,” “may,” “should” and similar expressions, reflect the beliefs and expectations of the management board of directors of the Company and are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, the achievement of the anticipated levels of profitability, growth, cost and synergy of the Company's recent acquisitions, the timely development and acceptance of new products, the impact of competitive pricing, the ability to obtain necessary regulatory approvals, and the impact of general business and global economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein.

Neither the Company, nor any of its respective agents, employees or advisors intend or have any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this presentation.

The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.

This document has not been approved by any competent regulatory or supervisory authority.

# Agenda

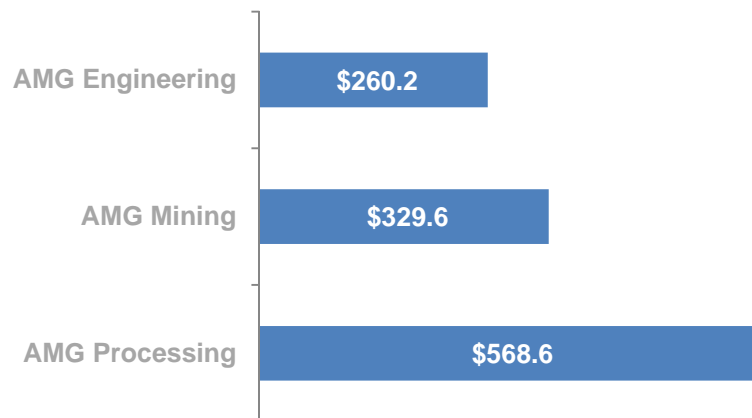
- 2013 Financial review
  - Financial highlights and Operations update
  - Financial topics
  - Capital base
  - End markets
  - Segment results
- Q1 2014 Financial highlights

# Financial highlights

## Revenue

2013 Revenue: \$1,158.4

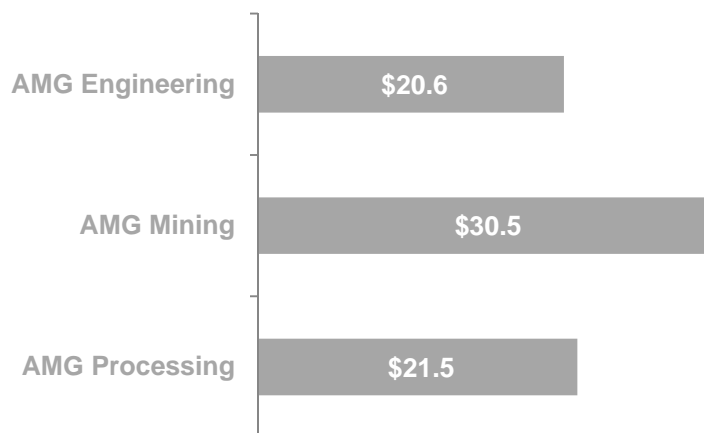
(in USD millions)



## EBITDA

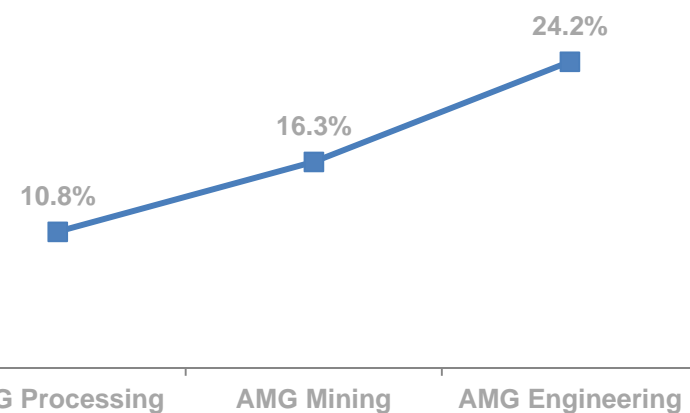
2013 EBITDA: \$72.6

(in USD millions)



## Gross Margin

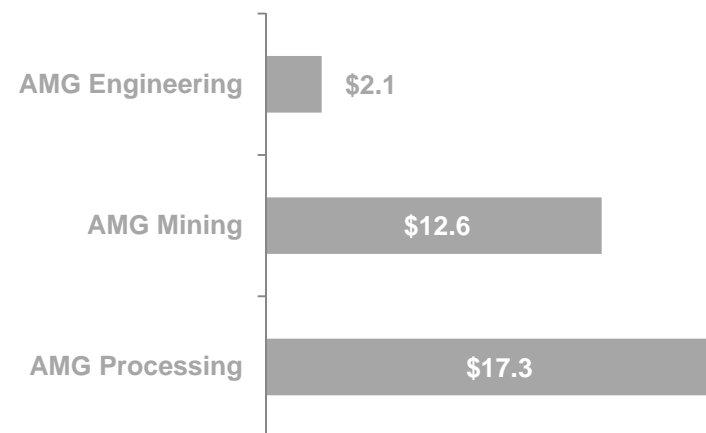
2013 Gross Margin: 15.3%



## Capital Expenditure

2013 CAPEX: \$32.0

(in USD millions)



# Operations update

## AMG is improving operational performance and cash flow

2013 Objectives	Progress Update
Reduce SG&A	<ul style="list-style-type: none"><li>2013 SG&amp;A reduced by 3%, or \$4.2M, compared to 2012 as compared to goal of 5%</li><li>Programs in place to further reduce SG&amp;A expenses in 2014</li></ul>
Improve Gross Margin	<ul style="list-style-type: none"><li>2013 Gross Margin 15.3%, down 0.9% compared to 2012</li><li>Significant decline in metal prices impacted margins</li><li>Restructuring activities implemented for underperforming units</li></ul>
Increase Operating Cash Flow	<ul style="list-style-type: none"><li>2013 Cash flow from operations \$69.7M, up \$4.1M or 6%, compared to 2012</li><li>Dec. 31, 2013 Working Capital reduced by 27% and Working Capital Days reduced by 20 days, compared to Dec. 31, 2012</li><li>Continued improvement in this metric will primarily come from operating profitability</li></ul>
Reduce Net Debt	<ul style="list-style-type: none"><li>Net Debt reduced by \$33.7M, or 17%, compared to Dec. 31, 2012</li><li>Continuing to improve cash management activities in 2014 that will enable a further reduction in gross debt and interest expenses</li></ul>

## Financial topic – Asset impairment and restructuring

	Asset impairment expense (\$ in millions)	Restructuring expense (\$ in millions)
AMG Engineering	14.9	6.5
AMG Intellifast	0.5	-
<b>AMG Engineering – total</b>	<b>15.4</b>	<b>6.5</b>
AMG Mining AG	13.3	-
AMG Antimony	22.2	1.3
<b>AMG Mining – total</b>	<b>35.5</b>	<b>1.3</b>
AMG Aluminum	-	0.3
AMG Titanium Alloys and Coatings	-	1.7
AMG Superalloys	-	2.8
<b>AMG Processing</b>	<b>0.1</b>	<b>4.8</b>
<b>Corporate</b>	<b>-</b>	<b>1.6</b>
<b>AMG - total</b>	<b>51.0</b>	<b>14.2</b>

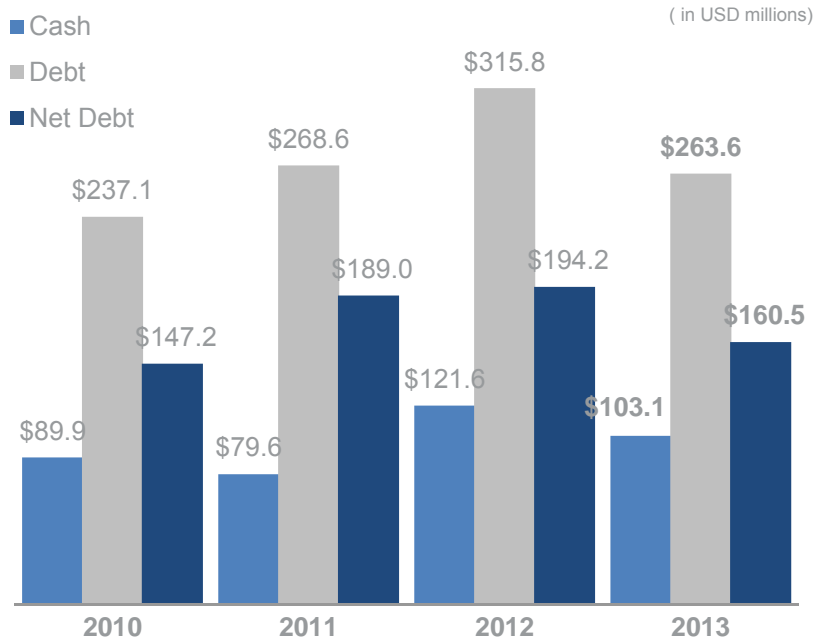
Restructuring expense included costs to streamline operations and optimize the workforce

## Financial topic – Financing

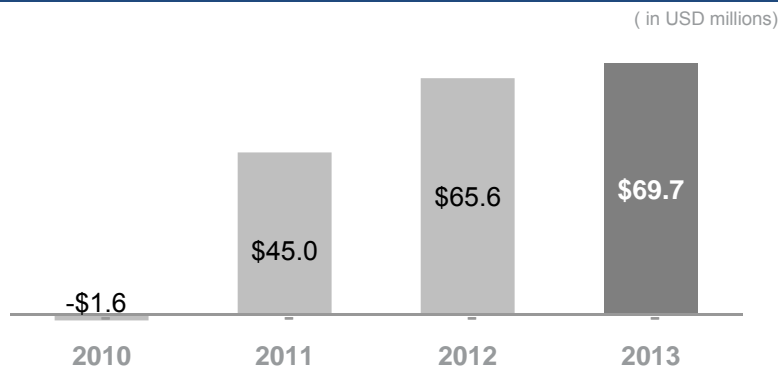
- Tangible net worth ratio was negatively impacted by asset impairment charges
- Bank amendment received in 2013 reset tangible net worth ratios for one year, including June 30, 2014
- As noted in the Annual Report, AMG identified a risk related to compliance with its tangible net worth covenant at September 30, 2014
- AMG is currently in the process of amending its credit facility through its term (April 2016) to resolve this uncertainty

# Capital base

## Cash and Debt



## Cash Flow from Operations



- Net debt: \$160.5M
  - A reduction of \$33.7M in 2013
  - Debt to capitalization: 0.66x
  - Net Debt to LTM EBITDA: 2.21x
- Revolver availability: \$71.7M
- Total liquidity: \$174.8M
- AMG's primary debt facility is a \$370M term loan and revolving credit facility
  - 5 year term – until 2016
  - Currently in compliance with all debt covenants
  - Reduced gross debt by \$52.2M in 2013
- 2013 full year Cash Flows from Operations: \$69.7M, up 6% compared to the same period in 2012

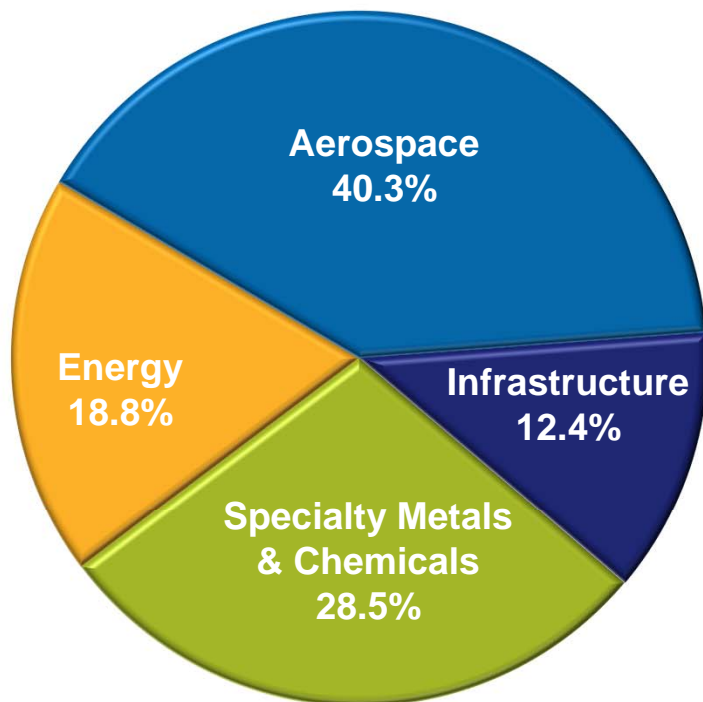


# End markets

## Revenue

2013: \$1,158.4

( in USD millions)



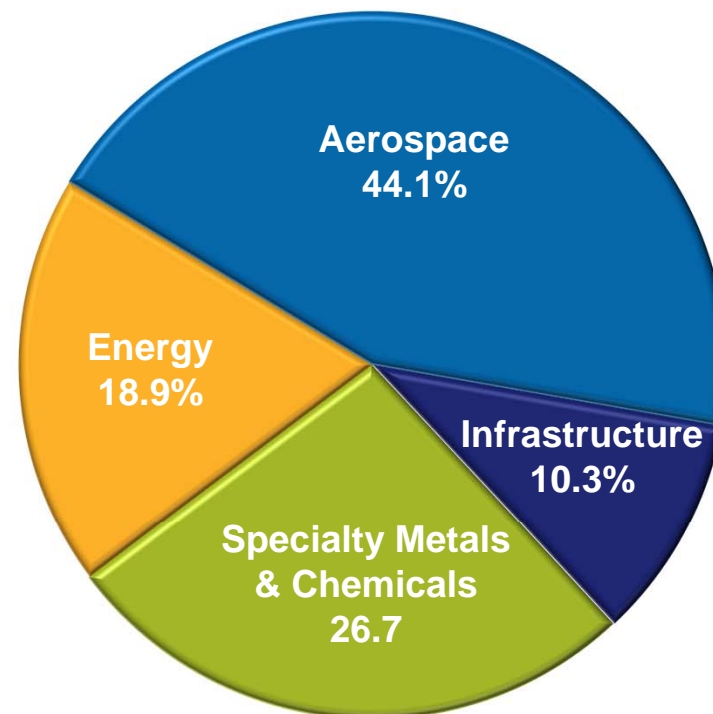
**Aerospace - 8%  
vs. 2012**

**Titanium alloys and  
Chrome revenue  
decreased**

## Gross Profit

2013: \$177.7

( in USD millions)



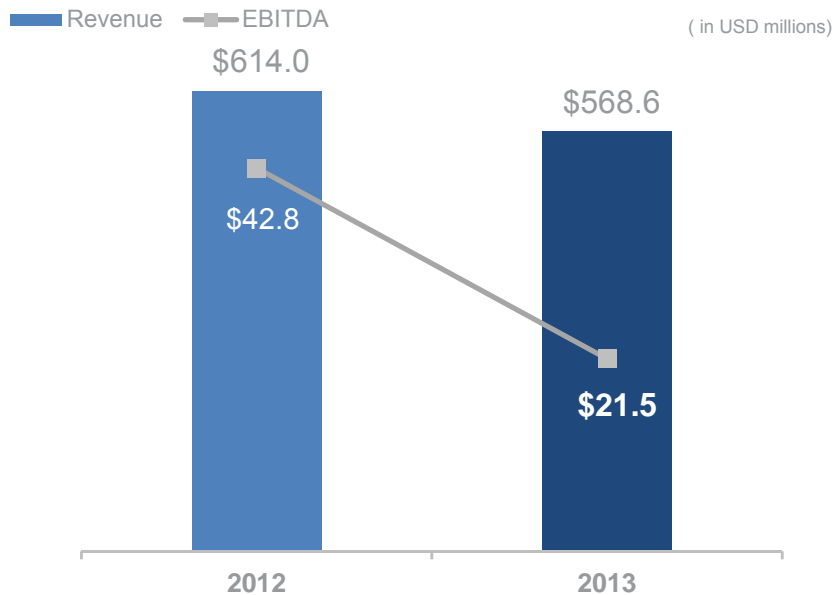
**Aerospace - 6%  
vs. 2012**

**Focusing on higher  
margin products for  
Aerospace**

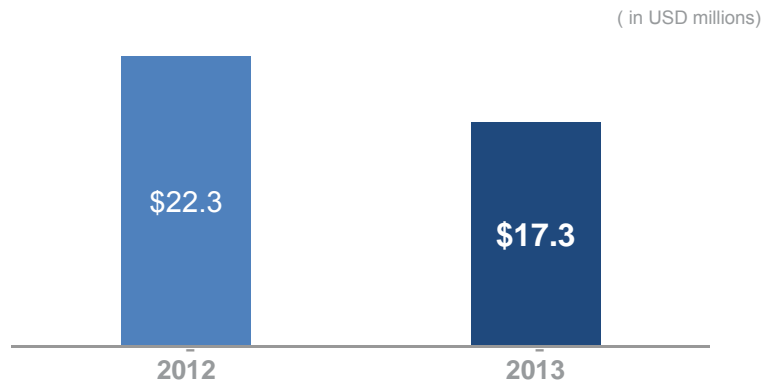


# Segment results - AMG Processing

## Financial Summary



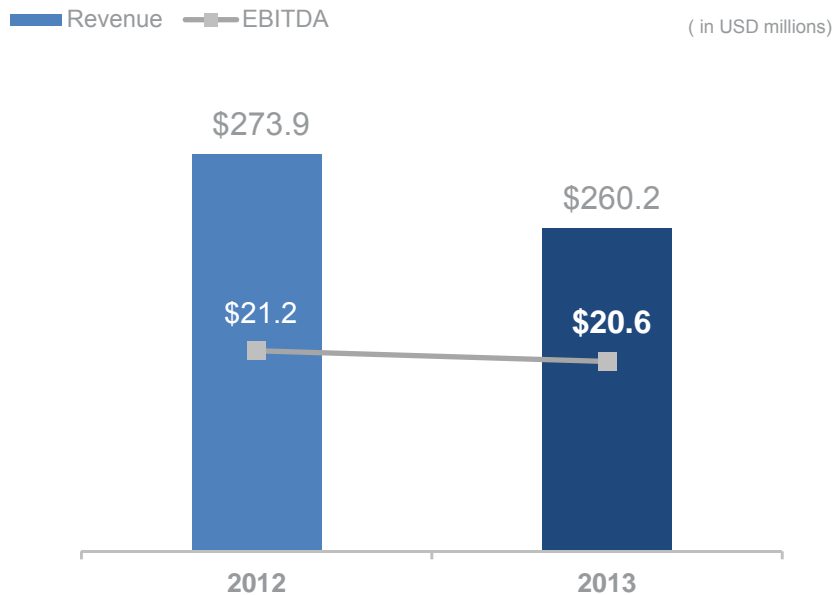
## Capital Expenditure



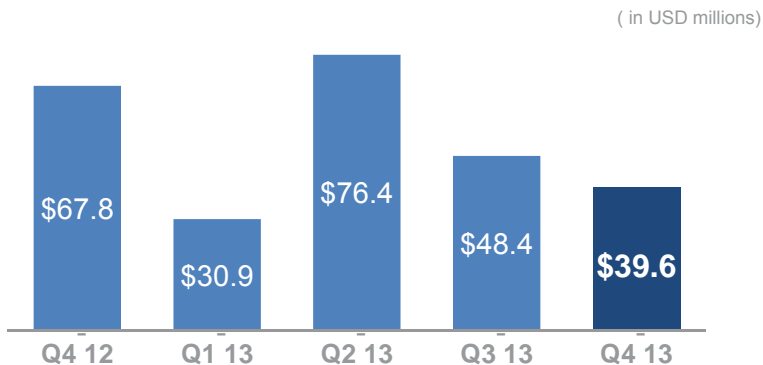
- 2013 revenue declined by 7%
  - Price declines for chrome, niobium, vanadium and coatings products contributed to decline
- 2013 gross margin 11% of revenue, down from 14% in 2012
  - Declining metal price environment has an adverse effect on profitability
  - Cost cutting measures implemented to help offset the market environment
- 2013 EBITDA margin was 4% as compared to 7% in 2012
  - Lower gross profit could not be offset by SG&A improvements
- 2013 CAPEX \$17.3M
  - Maintenance capex: \$8.2 million
  - Significant portion of 2013 capex related to 2012 projects

# Segment results - AMG Engineering

## Financial Summary



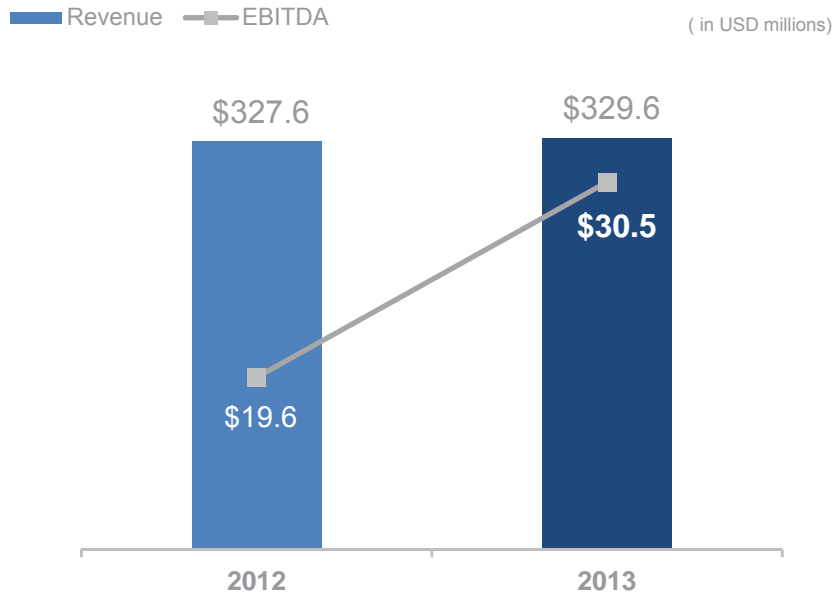
## Order Intake



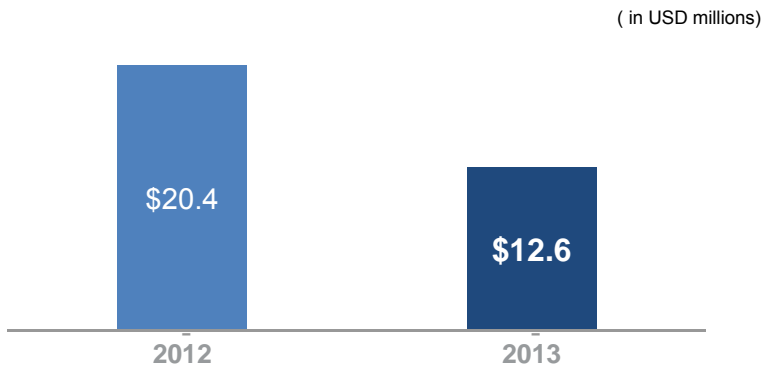
- 2013 revenue down 5% from 2012
  - Turbine blade coating furnaces up significantly due to one significant order
  - Heat treatment furnaces down 42%
  - Impacted by slowdown in China
- 2013 gross margin 24% of revenue, slightly improved over 2012
  - Improved profitability on certain large projects
  - Increased focus on cost control
- 2013 EBITDA 8% of revenue, consistent with 2012
- 2013 order intake down 29% from 2012
  - Order intake \$39.6M in Q4'13 – delayed investment decisions
  - 0.75x book to bill ratio

# Segment results - AMG Mining

## Financial Summary



## Capital Expenditure



- 2013 revenue up 1% from 2012
- 2013 gross margin 16% of revenue, up from 15% in 2012
  - Antimony increased its sales of value-added products
  - Favorable product mix for Graphite
- 2013 EBITDA 9% of revenue, up from 6% in 2012
  - Primarily due to higher gross profit and lower SG&A
- 2013 CAPEX \$12.6M
  - \$7.1M for maintenance





The background of the slide is a photograph of an industrial setting. On the right side, there is a large, tightly wound coil of metal, possibly copper or aluminum, which is the primary focus of the image. To the left, a robotic arm with a bright orange protective sleeve is visible, though it is out of focus. The background is dark and industrial, with a bright light source visible in the distance. The overall tone is professional and industrial.

## Q1 2014 Financial highlights

# Q1 2014 Financial highlights

- Revenue: \$274.9 million
  - 7% decrease from the same period in 2013
  - LTM revenue: was \$1,136.8 million
- SG&A: \$35.0 million
  - 3% decrease from the same period in 2013
  - \$3.5 million decline from Q4 2013
- EBITDA: \$20.1 million
  - 10% decrease from the same period in 2013
  - 91% sequential increase over Q4 2013
- EPS: \$0.14
  - 56% increase from the same period in 2013
  - \$0.26 sequential improvement over Q4 2013
- Cash Flow from Operating Activities: \$5.7 million
  - \$5.0 million improvement from the same period in 2013



# Q1 2014 Financial highlights

- AMG Processing:
  - Revenue: \$145.1 million
  - EBITDA: \$9.4 million
- AMG Engineering
  - Revenue: \$48.8 million
  - EBITDA \$1.5 million
- AMG Mining
  - Revenue: \$81.0 million
  - EBITDA: \$9.1 million
- As of March 31, 2014
  - Cash: \$97.9 million
  - Net debt: \$160.9 million
  - Debt to capitalization: 0.65x
  - Net Debt to LTM EBITDA: 2.28x
  - Total liquidity: \$172.9 million

