



Investor Presentation
August 2014

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Overview

Listed:	NYSE-Euronext Amsterdam: AMG
Founded:	2006
LTM Q2'14 Revenues:	\$1,124.2M
LTM Q2'14 EBITDA:	\$68.7M
LTM Q2'14 Operating Cashflow:	\$61.9M
Employees:	3,137
Facilities:	Netherlands, Germany, France, Czech Republic, Poland, UK, USA, Brazil, Mexico, China, India, Sri Lanka, Turkey, Zimbabwe, Mozambique
Market Cap:	€203M (\$272M)
Enterprise Value:	€313M (\$420M)
EV / EBITDA	6.1x
Shares outstanding:	27.6M
52 week range:	€6.02–€8.35
Recent share price:	€7.33 (August 5, 2014)

Overview

AMG Processing

- AMG's conversion and recycling based businesses



- Metals & alloys
- Coating materials

AMG Mining

- Integrated AMG's mine based businesses



- Critical raw materials
- Concentrates

AMG Engineering

- AMG's vacuum systems and services business



- Capital equipment & service for high purity materials

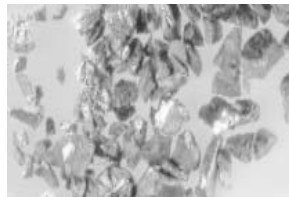
AMG Processing

AMG Processing – conversion and recycling operations

Value Proposition

- Aluminum grain refiners and master alloys for high performance materials in aerospace, automotive and infrastructure applications
- Ferrovanadium for high strength, low alloy steels for infrastructure; ferronickel-molybdenum for stainless steel
- Titanium master alloys for high performance, light weight aerospace engine and frame, and coating materials for aerospace turbines
- Chrome metal for stainless steel, electrical resistance wire, and superalloys

Key Products



Major Applications



AMG Mining

AMG Mining – mine based value chains

Value Proposition

Key Products

Major Applications

- Antimony trioxide and master batches for flame retardant on electronics, paints, and plastics



- Tantalum and niobium superalloys for aerospace engines and industrial gas turbines



- Conflict-free tantalum concentrate for tantalum capacitors used on portable electronics



- Natural graphite for building insulation materials, energy storage, li-ion batteries for electrical vehicle, and lubricants



- Silicon metal for aluminum production and solar panel materials



AMG Engineering

AMG Engineering – vacuum systems and services

Value Proposition

- Vacuum melting and re-melting furnaces for high-performance titanium, steel and alloys, and purification of rare metals and alloys



- Vacuum heat treatment furnaces and services for high-performance materials of aerospace and automotive applications



- Vacuum coating furnace for aerospace turbine blade coatings

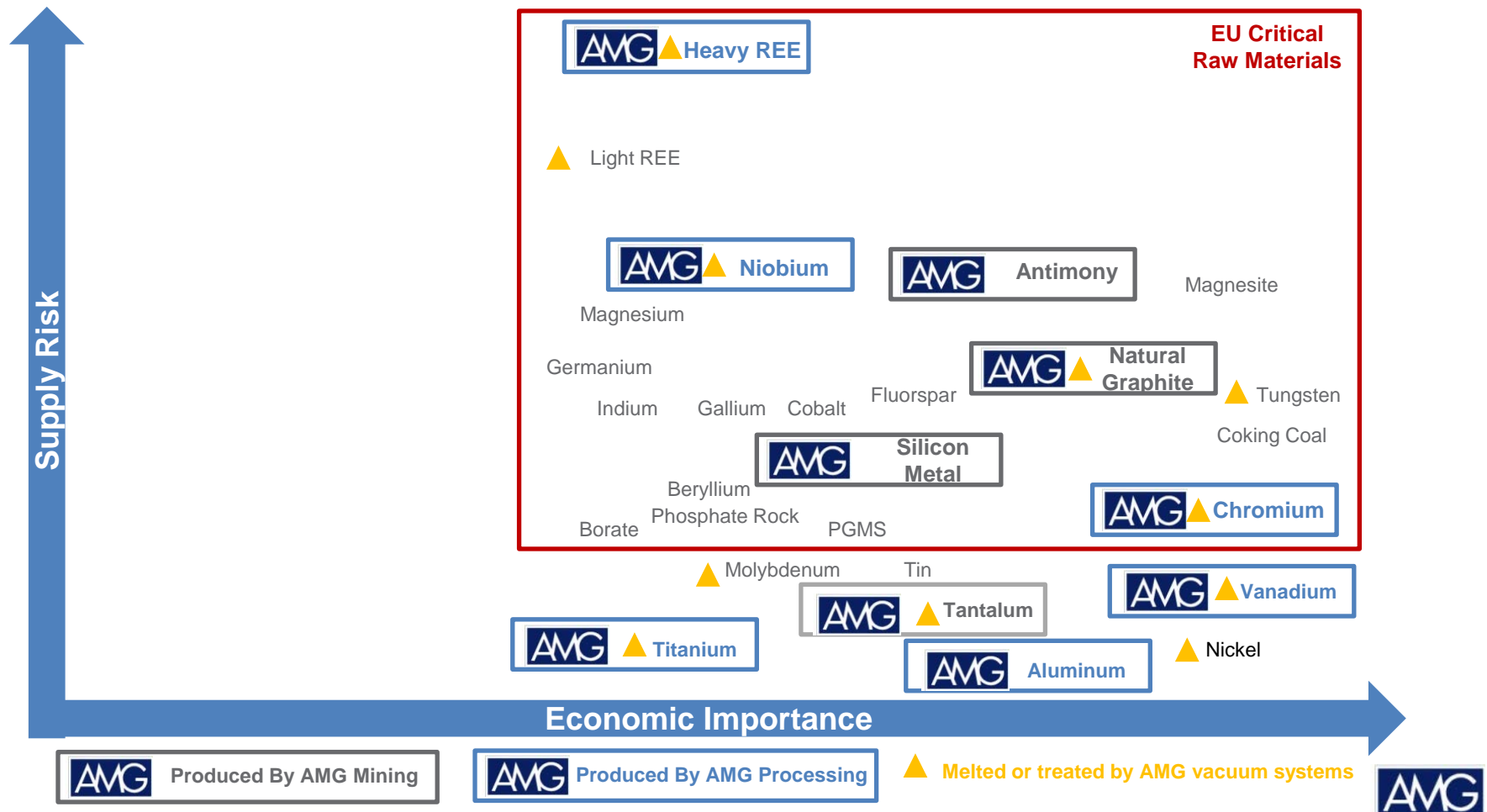


- Vacuum sintering and annealing furnaces for nuclear fuel productions

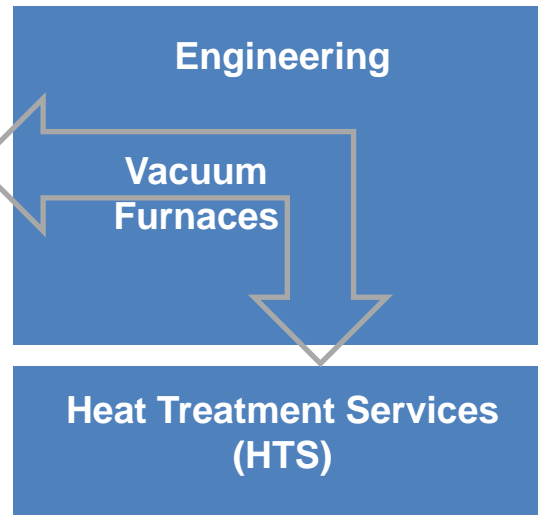
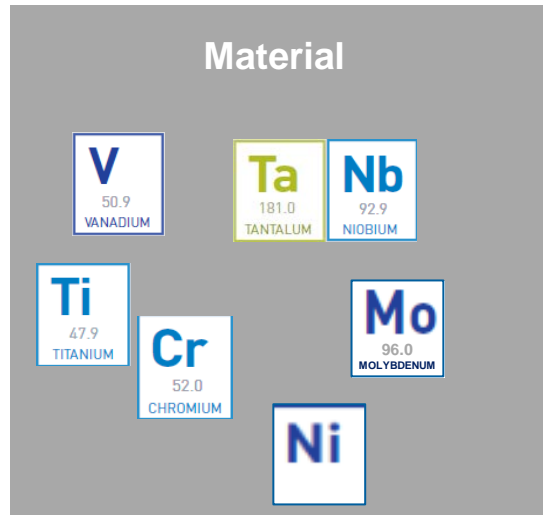


Critical Raw Materials

- The EU identified 14 critical raw materials* to the European economy in 2010 focusing on two determinants – economic importance and supply risk
- In 2014, EU updated to 20 critical raw materials* following the same methodology
- AMG produces 6 of the 20 EU critical raw materials



Strategy - The Complexity Issue

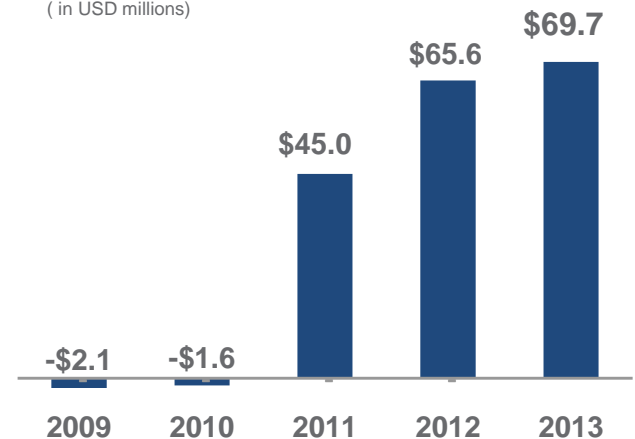


Measurement of Strategy

- Quality of Strategy
 - Ability to generate cash over the long run
- Ease of Assessment
 - Effort required to estimate future performance

Cash Flow from Operations

(in USD millions)



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

Operations

- AMG Aluminum adjusted aluminum alloys capacity by 5,000mt, or ~10% of global demand
 - Continuing efforts to lower cost structure, improve operations and increase ROCE
- AMG Vanadium exceeded its operating goals for up time and throughput on the new roaster
 - Record production volumes and throughput
- AMG Titanium Alloys & Coatings signed a contract with SNECMA to provide titanium aluminides for the CFM International LEAP engine
 - AMG Engineering will supply three furnaces for the production of the titanium aluminides
 - Value of contract > \$50 million
- AMG Engineering is addressing the impact of the current challenging market conditions through reducing headcount

Operations

AMG is improving operational performance and cash flow

Objectives	Progress Update
Reduce SG&A	<ul style="list-style-type: none">■ YTD SG&A reduced by over 1%<ul style="list-style-type: none">■ Excluding strategic projects, SG&A has declined over 4%
Improve Gross Margin	<ul style="list-style-type: none">■ YTD Gross Margin 16.5%■ Q2'14 Gross Margin up 2% for AMG Processing■ Q2'14 Gross Margin up 4% for AMG Mining
Increase Operating Cash Flow and Improve ROCE	<ul style="list-style-type: none">■ YTD Cash Flows from Operations \$24.8M, versus \$32.6M in 13<ul style="list-style-type: none">■ \$15.0M prepayment received in 2013 related to a L-T contract■ Q2'14 working capital reduced by \$10.2 million QoQ■ Q2'14 capital expenditure reduced by 35% QoQ
Reduce Gross and Net Debt	<ul style="list-style-type: none">■ Net Debt reduced by \$12.7M, or 8%, compared to Dec. 2013■ More efficient use of capital will result in a further reduction of gross debt and interest expenses in 2014

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 portion of an orange robotic arm is visible, blurred due to a shallow depth of field. The overall lighting is somewhat dim, with a bright light source visible in the background, creating a bokeh effect. The text "Financial Highlights" is centered over the image in a white, sans-serif font.

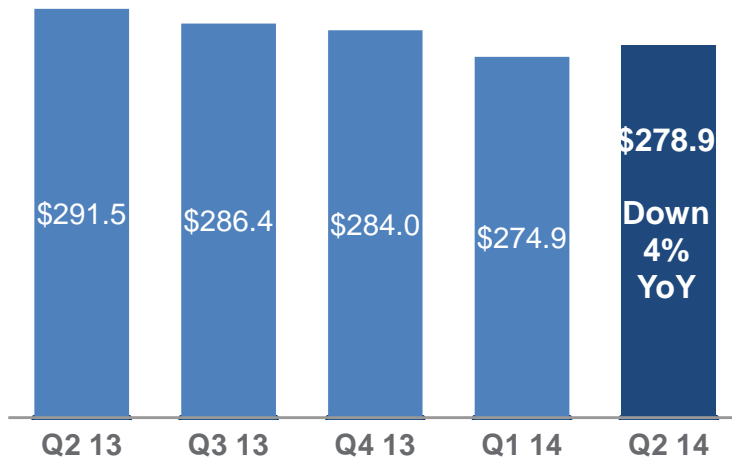
Financial Highlights

Financial Highlights

Revenue

LTM Q2 2014: \$1,124.2

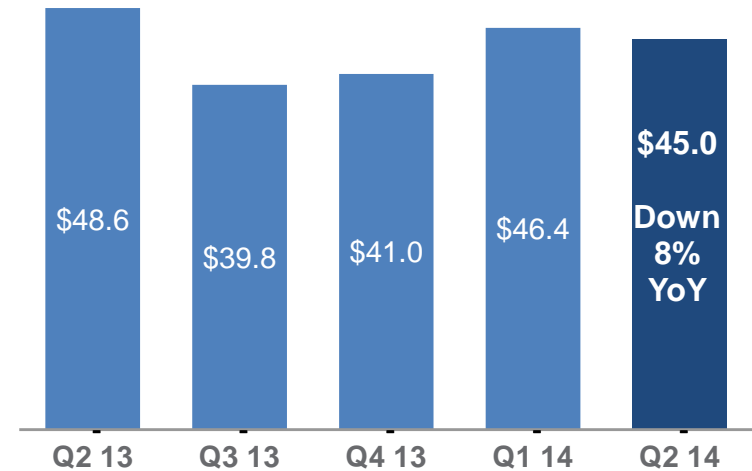
(in USD millions)



Gross Profit

LTM Q2 2014: \$172.2

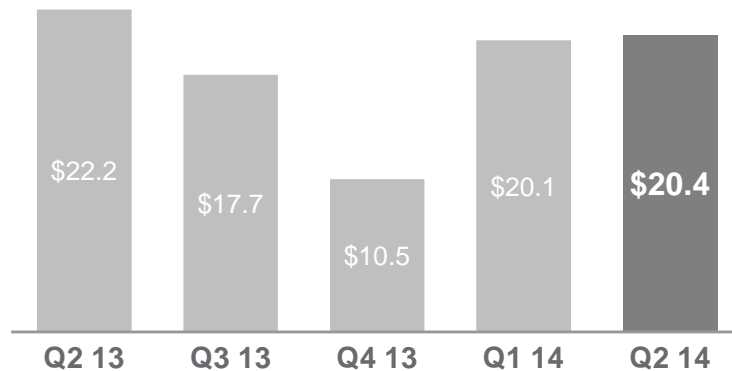
(in USD millions)



EBITDA

LTM Q2 2014: \$68.7

(in USD millions)



Adjusted EPS

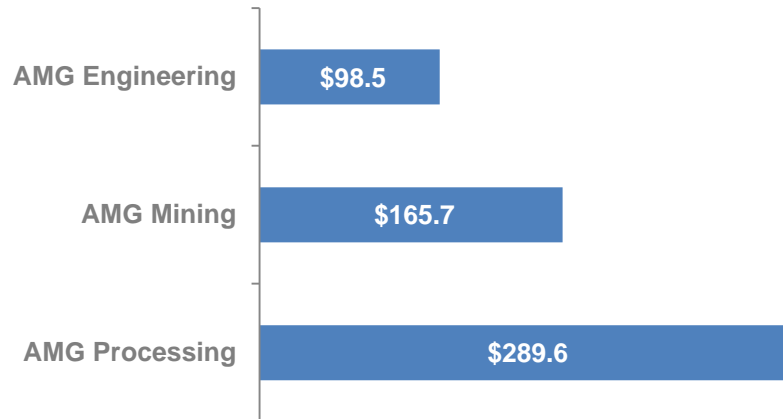
- Q2 2014 fully diluted EPS: \$0.27
 - Compared to (\$1.53) QoQ

Financial Highlights

Revenue

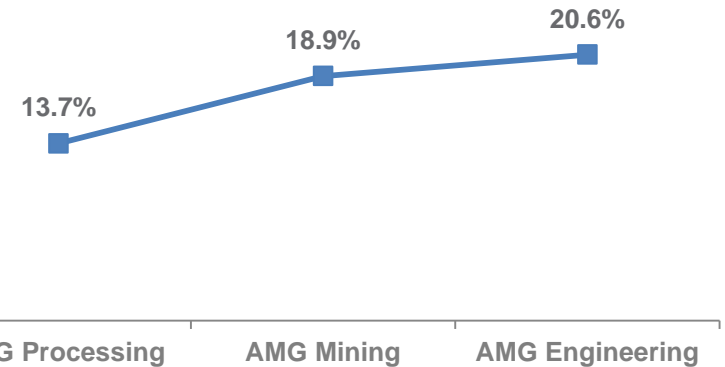
YTD Revenue: \$553.8

(in USD millions)



Gross Margin

YTD Gross Margin: 16.5%



EBITDA

YTD EBITDA: \$40.5

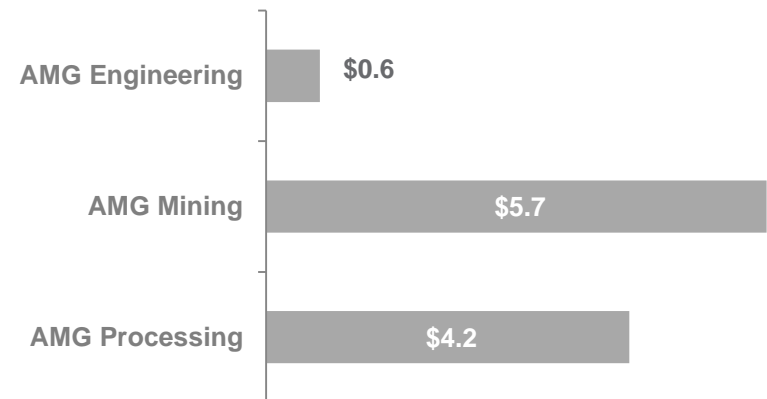
(in USD millions)



Capital Expenditure

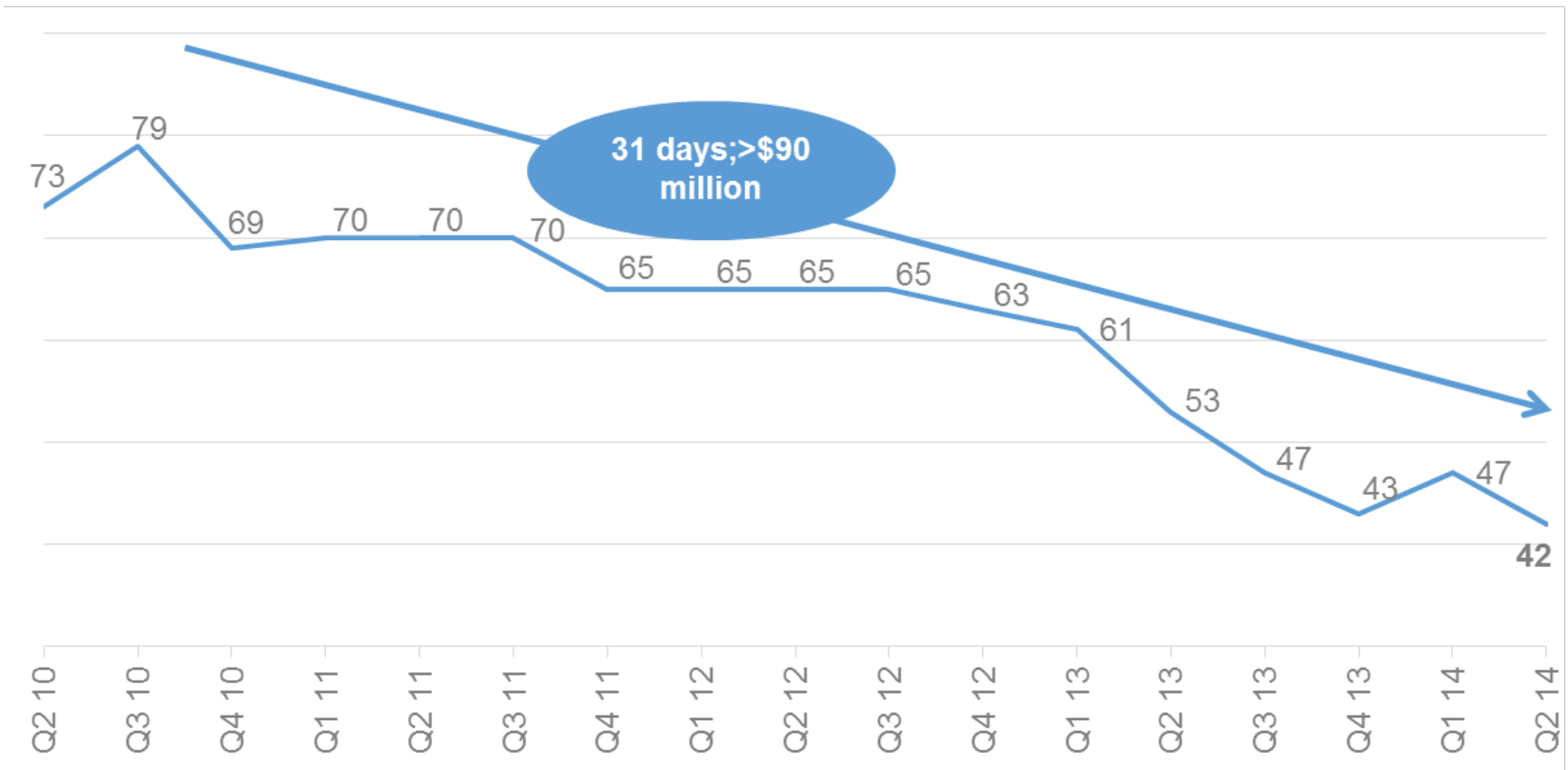
YTD CAPEX: \$10.5

(in USD millions)



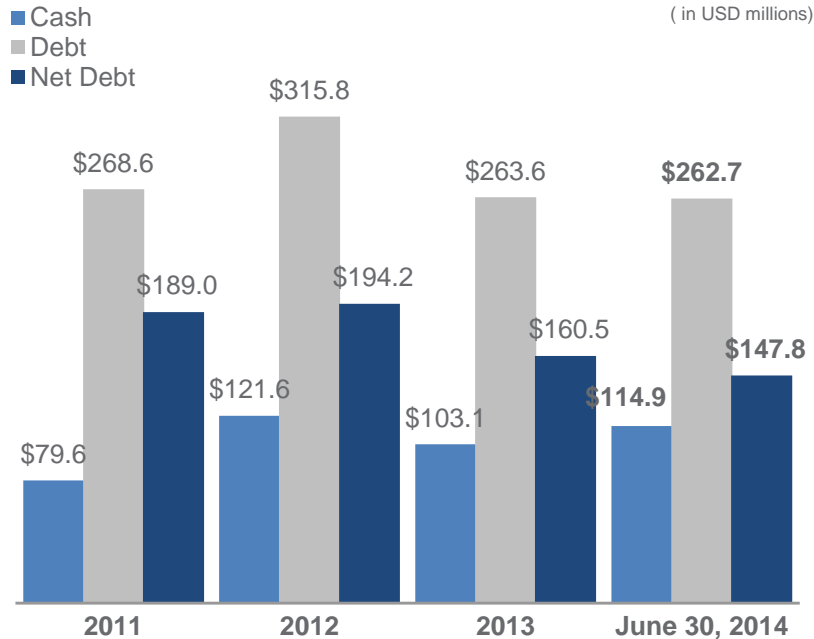
Financial Highlights

Reduced working capital days reduced by over 40% since 2010

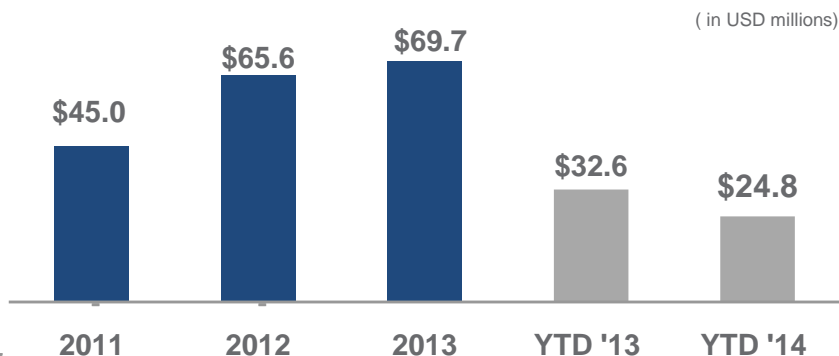


Capital Base

Cash and Debt



Operating Cash flow



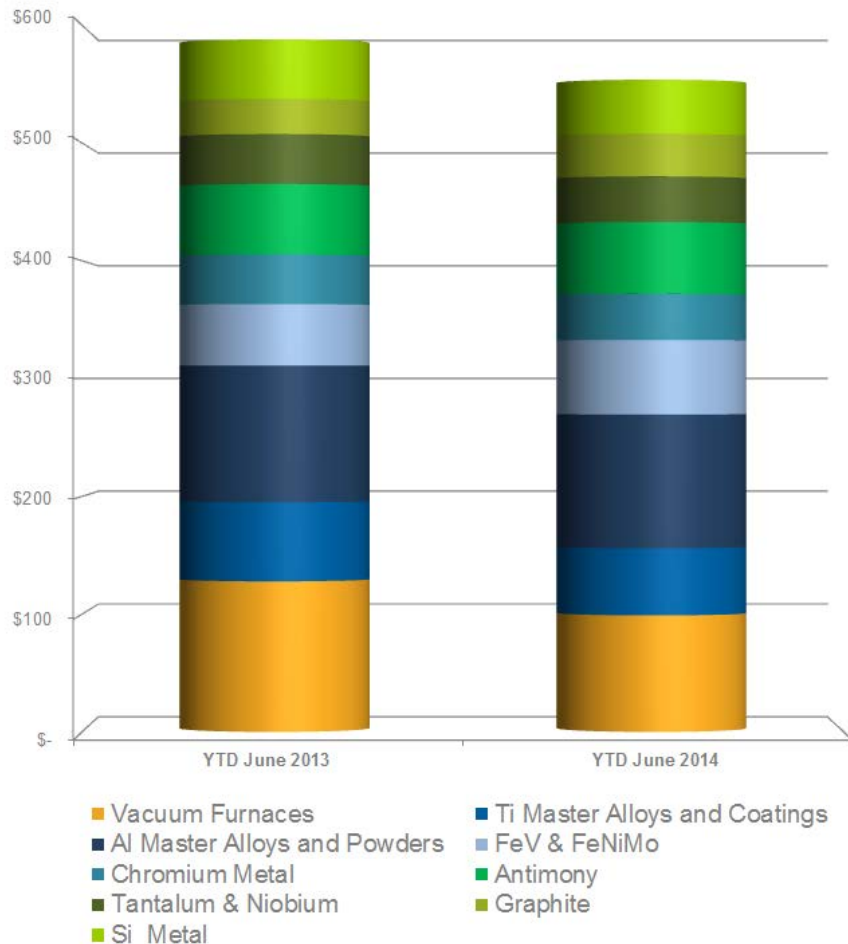
- Net debt: \$147.8M
 - \$12.7M reduction on net debt in H1 2014
 - Debt down 22% since 2011
 - Debt to capitalization: 0.65x
 - Net Debt to LTM EBITDA: 2.15x
- Revolver availability: \$57.8M
- Total liquidity: \$172.7M
- AMG's primary debt facility is a \$370M term loan and revolving credit facility
 - 5 year term – until 2016
 - In compliance with all debt covenants
- YTD '14 Cash Flows from Operations: \$24.8M, compared to \$32.6M in H1'13
 - \$15.0M prepayment received in H1'13 related to a long term contract

Key Products

Revenue

YTD 2014: \$553.8

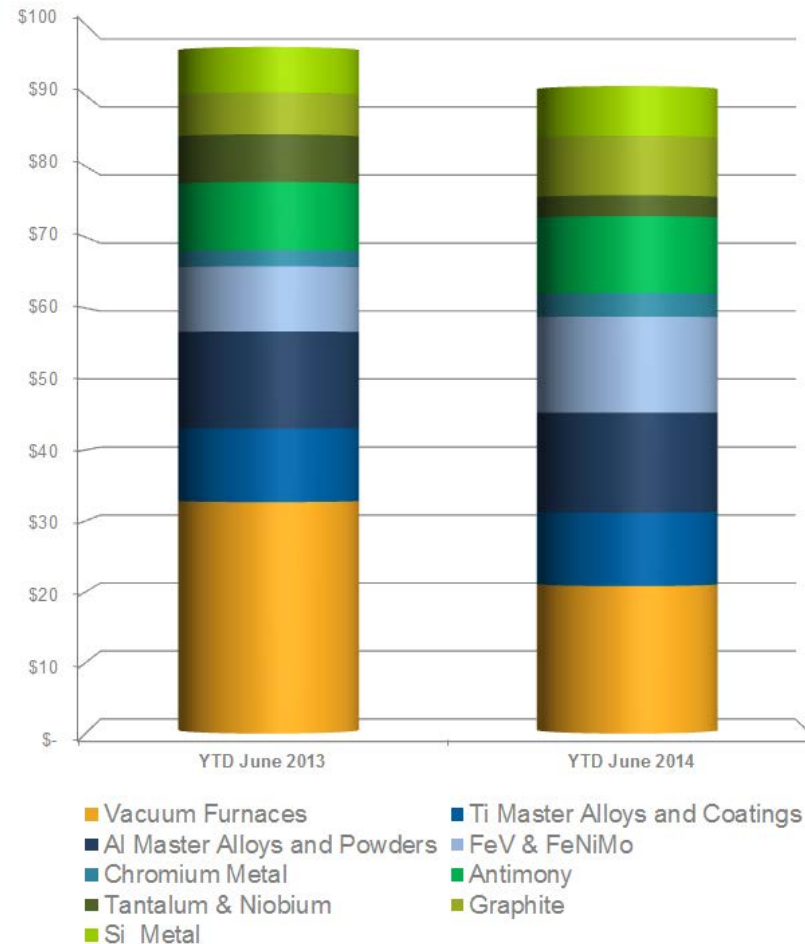
(in USD millions)



Gross Profit

YTD 2014: \$91.3

(in USD millions)

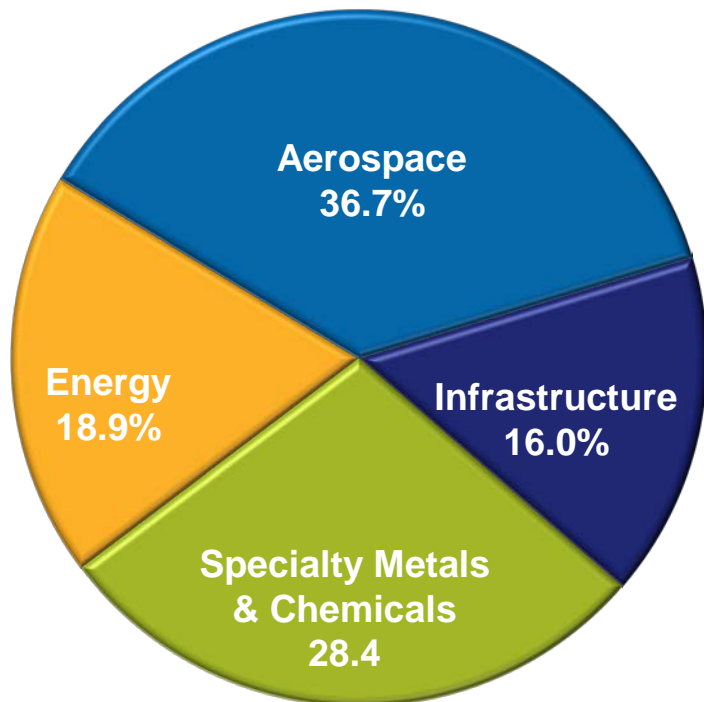


End Markets

Revenue

YTD 2014: \$553.8

(in USD millions)



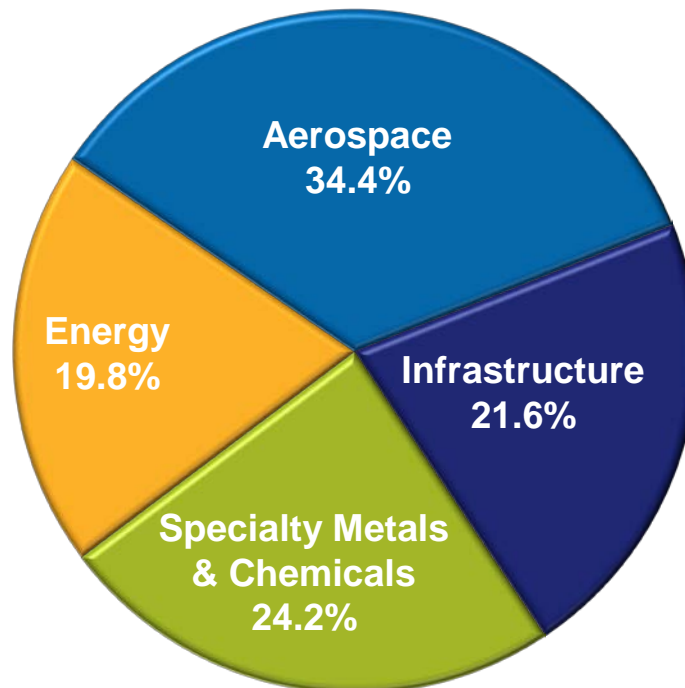
**Infrastructure + 23%
vs. YTD '13**

**Improved volumes from the
FeV capacity expansion**

Gross Profit

YTD 2014: \$91.3

(in USD millions)

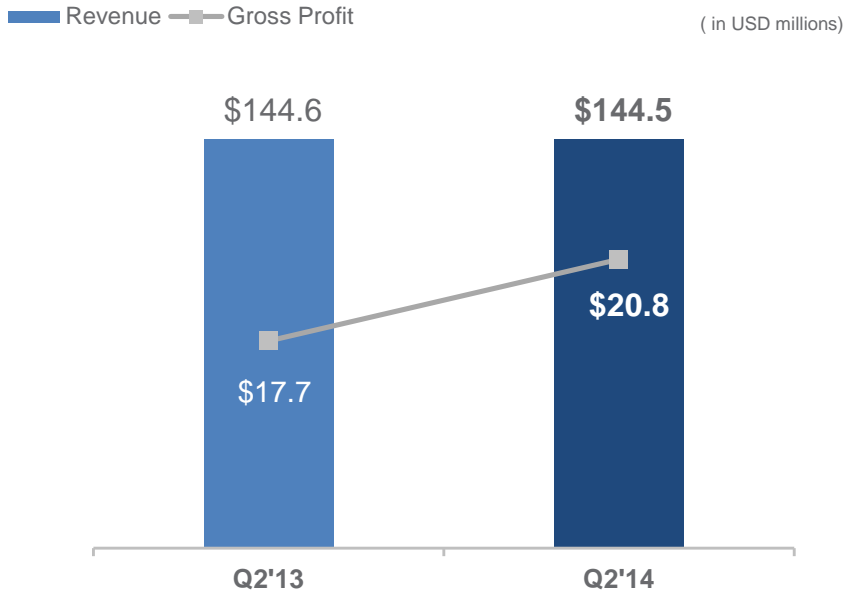


**Infrastructure + 110%
vs. YTD'13**

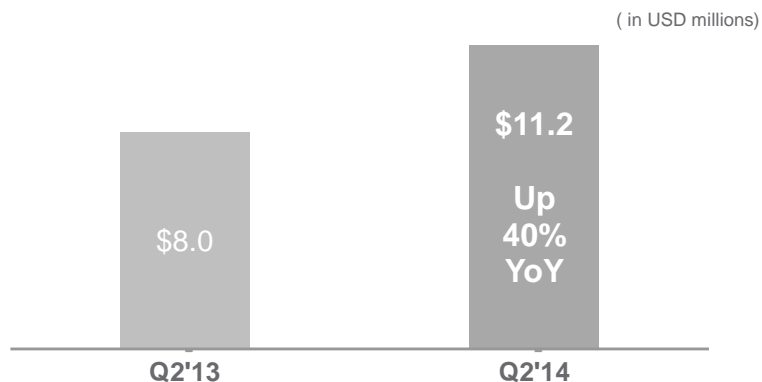
**Improved FeV prices and
volumes**

AMG Processing

Financial Summary



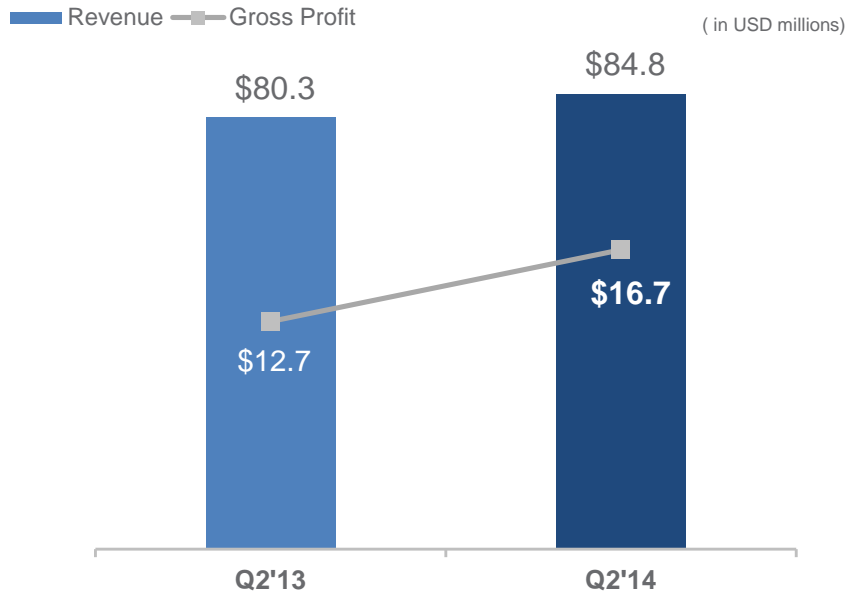
EBITDA



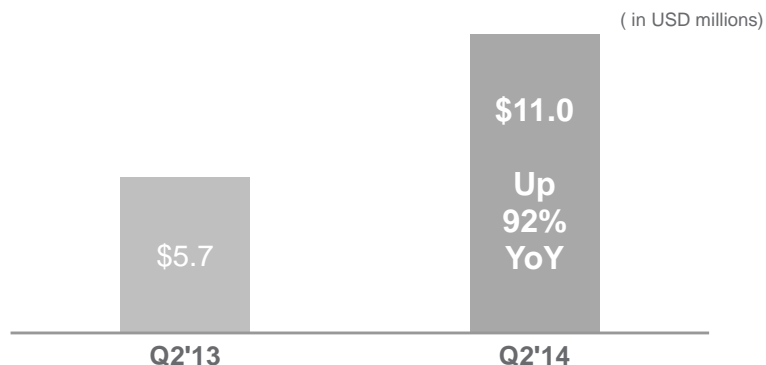
- Q2'14 revenue consistent with Q2'13
 - Ferrovanadium volumes up 103% due to the capacity expansion
 - Offset by lower demand in certain aerospace end markets
- Q2'14 gross margin 14% of revenue, up 2% compared to the 12% in Q2'13
 - Consistent metal prices, improved production efficiencies and impacts of restructuring efforts
- Gross profit improved by 17%
 - Improved production efficiencies and lower cost structures at AMG Vanadium and AMG Superalloys
- Q2'14 EBITDA up 40% compared to Q2'13

AMG Mining

Financial Summary



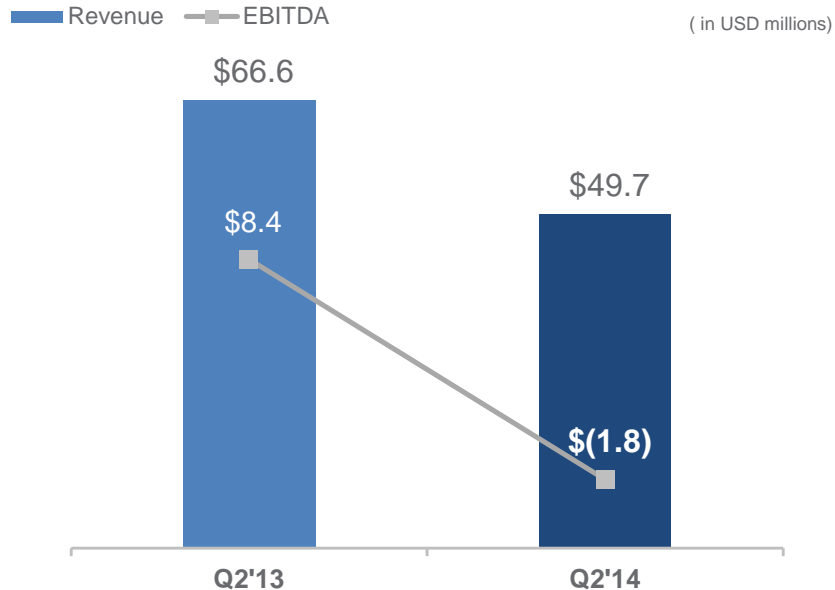
EBITDA



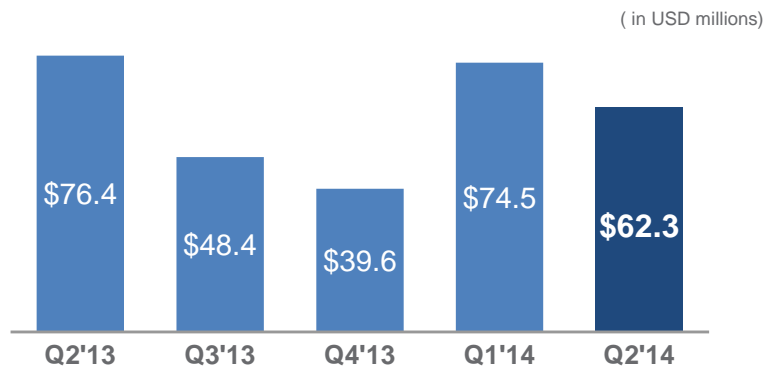
- Q2'14 revenue up 6% vs. Q2'13
 - AMG Tantalum volume up 54% and price up due to the LT contract
 - AMG Graphite volume up 21%
- Q2'14 gross margin 20% of revenue, up 4% from the 16% in Q2'13
 - Gross profit improved by 32%
 - Improved operational efficiencies and increased sales of higher margin graphite products for the energy efficiency market
- Q2'14 EBITDA up 92% compared to Q2'13
 - EBITDA margin increased 82%

AMG Engineering

Financial Summary



Order Intake

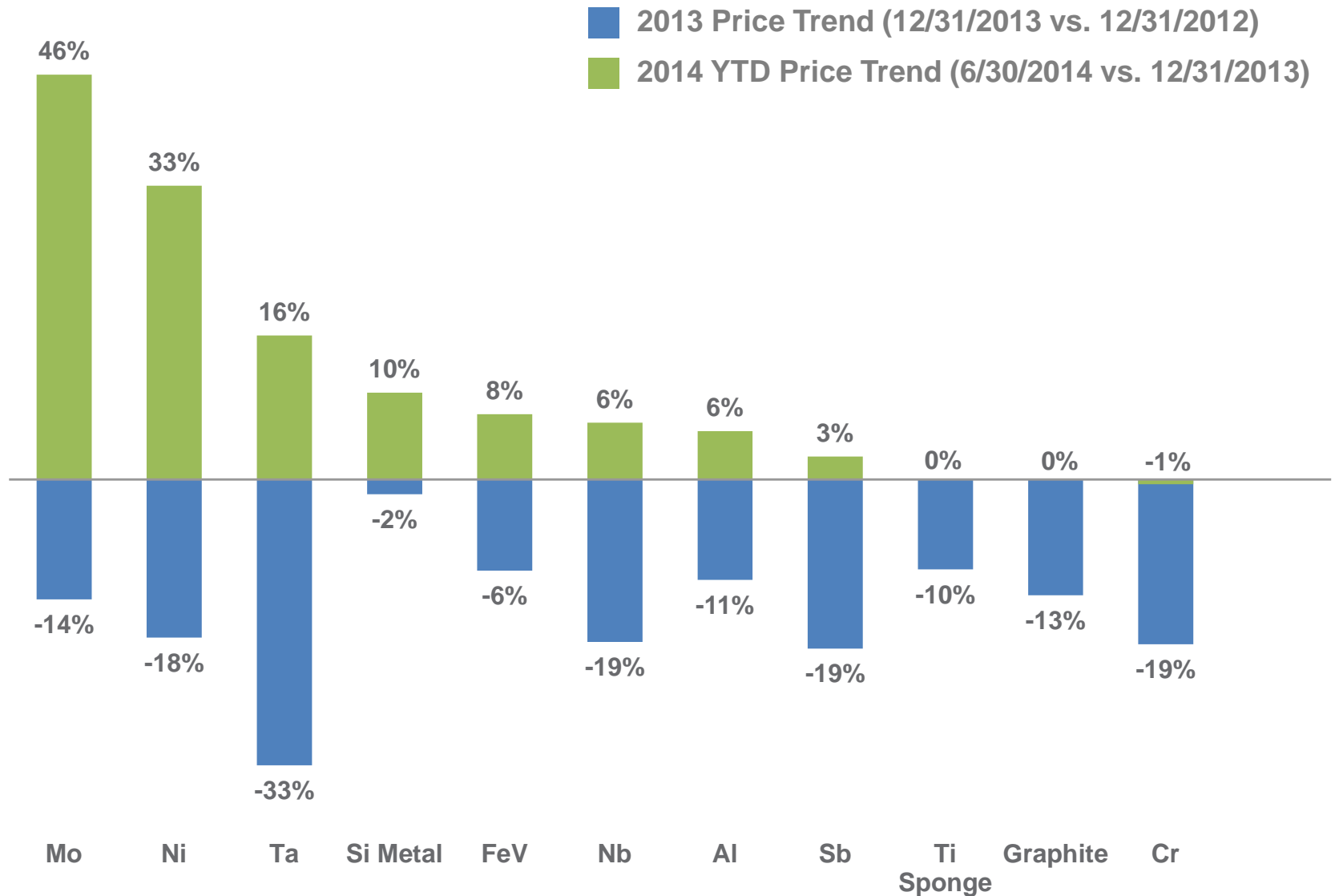


- Q2'14 revenue down 25% vs. Q2'13
 - Impacted by the low level of order intake in H2 2013
- Q2'14 gross margin 15% of revenue, down from the 27% in Q2'13
 - Reduced volumes and pricing pressure
- EBITDA declined due to the \$10.7 million decline in gross profit
- Q2'14 order intake \$62.3M
 - Turbine blade coating accounted for ~33% of order intake
 - 1.25x book to bill ratio
 - Order backlog increased 9% to \$148.0M at June 30, 2014

Outlook



Metals Market – 2013 & 2014 YTD Prices



Outlook

AMG Processing

- Most metals prices with limited downside for the foreseeable future
- Increasing FeV market share through the expanded capacity
- FY 2014 results should be above 2013 level

AMG Mining

- Making significant progress to move downstream into higher value added products and ancillary services
- Leveraging technological expertise to differentiate products, particularly in graphite and antimony

AMG Engineering

- Q2 order intake was strong, enabling improved H2'14 revenue and earnings
- Market is beginning to show signs of life and order intake should continue to be consistent with Q2 level
- Focus to return to historical levels of profitability

- AMG should produce significant operating cash flow in 2014, and ROCE and EBITDA should improve over 2013 levels
- AMG announces Q3 2014 financial results on Nov. 7, 2014



Appendix

Consolidated Balance Sheet

Balance Sheet (\$'000) As of	Actual	
	31-December-13	30-June-14 Unaudited
Fixed assets	259,683	251,268
Goodwill and intangibles	37,194	36,163
Other non-current assets	65,515	72,730
Inventories	179,343	166,945
Receivables	150,807	174,425
Other current assets	36,607	35,292
Cash	103,067	114,940
TOTAL ASSETS	832,216	851,763
TOTAL EQUITY	134,590	140,907
Long-term debt	223,788	217,776
Employee benefits	138,009	148,904
Other long-term liabilities	62,350	58,254
Current debt	39,792	44,967
Accounts payable	127,381	128,221
Advance payments	16,341	22,497
Accruals	54,383	56,055
Other current liabilities	35,582	34,182
TOTAL LIABILITIES	697,626	710,856
TOTAL LIABILITIES & EQUITY	832,216	851,763

Consolidated Income Statement

Income Statement (\$'000)	Actual	
	30-June-13 Unaudited	30-June-14 Unaudited
For the six months ended		
Revenue	588,006	553,793
Cost of sales	491,130	462,478
Gross profit	96,876	91,315
Selling, general & admin.	70,011	69,134
Asset impairment & restructuring	56,438	1,792
Other income, net	(391)	(1,546)
Operating profit (loss)	(29,182)	21,935
Net finance costs	10,766	10,100
Share of profit (loss) of associates	(556)	783
Profit (loss) before income taxes	(40,504)	12,618
Income tax expense	1,924	1,811
Profit (loss) for the period	(42,428)	10,807
Shareholders of the Company	(39,770)	11,364
Non-controlling interest	(2,658)	(557)
Adjusted EBITDA	44,384	40,460

Consolidated Statement of Cash Flows

Cash Flow Statement (\$'000) For the six months ended	Actual	
	30-June-13 Unaudited	30-June-14 Unaudited
EBITDA	44,384	40,460
+/- Change in working capital and deferred revenue	11,360	2,956
-Interest paid, net	(9,296)	(7,921)
Other operating cash flow	(4,188)	(6,882)
Cash flows from operations before taxes	42,260	28,613
Income tax paid	(9,629)	(3,825)
Total cash flows from operations	32,631	24,788
Capital expenditures	(16,219)	(10,478)
Other investing activities	(2,471)	(1,005)
Cash flows used in investing activities	(18,690)	(11,483)
Cash flows used in financing activities	(22,494)	(829)
Net increase/(decrease) in cash	(8,553)	12,476
Beginning cash	121,639	103,067
Effects of exchange rates on cash	(856)	(603)
Ending cash	112,230	114,940

AMG