

A nighttime photograph of a city skyline, featuring a prominent skyscraper with a brightly lit, illuminated spire. The sky is dark blue with some clouds, and the city lights are visible in the background.

CRITICAL MATERIALS FOR

# THE NEW MILLENNIUM



AMG Advanced Metallurgical Group N.V.  
Investor Presentation May 2017



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# AMG IS A CRITICAL MATERIALS COMPANY

## GLOBAL TRENDS

CO<sub>2</sub> emission reduction,  
population growth, increasing  
affluence, and energy  
efficiency

## DEMAND

Innovative new products  
that are lighter, stronger,  
and resistant to higher  
temperatures

## SUPPLY: AMG

Sources, processes, and  
supplies the critical materials  
that the market demands





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LEADER IN ADVANCED TECHNOLOGIES  
TO ADDRESS CO<sub>2</sub> REDUCTION

# CO<sub>2</sub> REDUCTION

A GLOBAL IMPERATIVE FOR THE 21ST CENTURY

AMG has developed into a  
leader in enabling technologies

## AMG: **MITIGATING TECHNOLOGIES**

Products and processes saving raw materials, energy and CO<sub>2</sub> emissions during manufacturing  
(i.e., recycling of Ferrovanadium)

## AMG: **ENABLING TECHNOLOGIES**

Products and processes saving CO<sub>2</sub> emissions during use  
(i.e., light-weighting and fuel efficiency in the aerospace and automotive industries)

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# STRONG CAPITAL STRUCTURE, FREE OF NET DEBT, POSITIONED FOR GROWTH

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## Optimized capital structure

- Refinanced credit facility in 2016, providing a stable capital base and liquidity for strategic growth
- Deleveraged balance sheet

## Return excess cash to shareholders

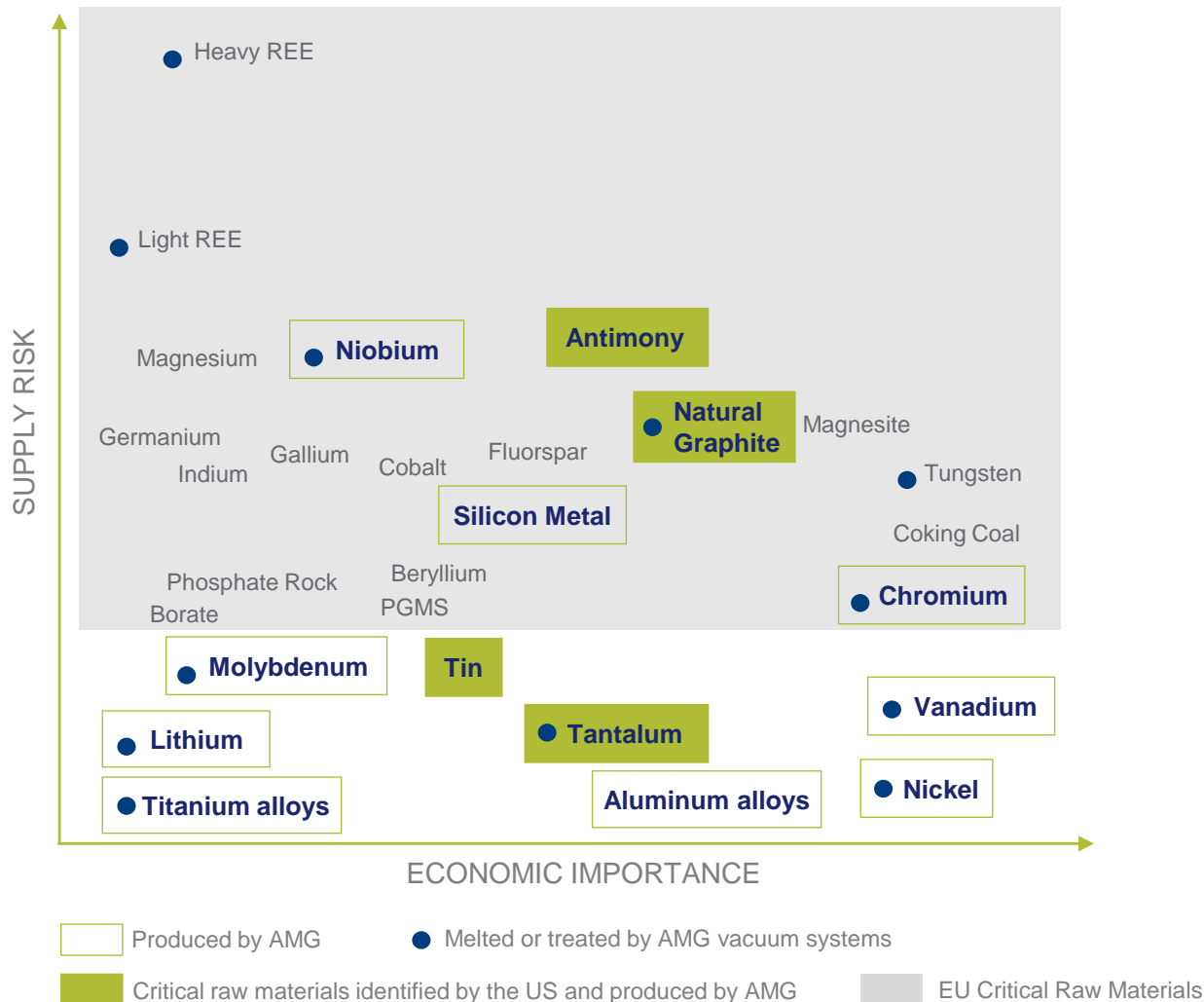
- Initiated first dividend to shareholders in 2015
  - Reflecting AMG commitment to return value to shareholders

## Disciplined organic growth and acquisitions

- Rigorous process to review strategic growth opportunities that is both selective and opportunistic
- Organic growth strategy is focused on areas of our portfolio that are marked by strong demand growth or supply limitations
- Financially and operationally capable of quickly assessing opportunities

Driving long term sustainable growth and shareholder value

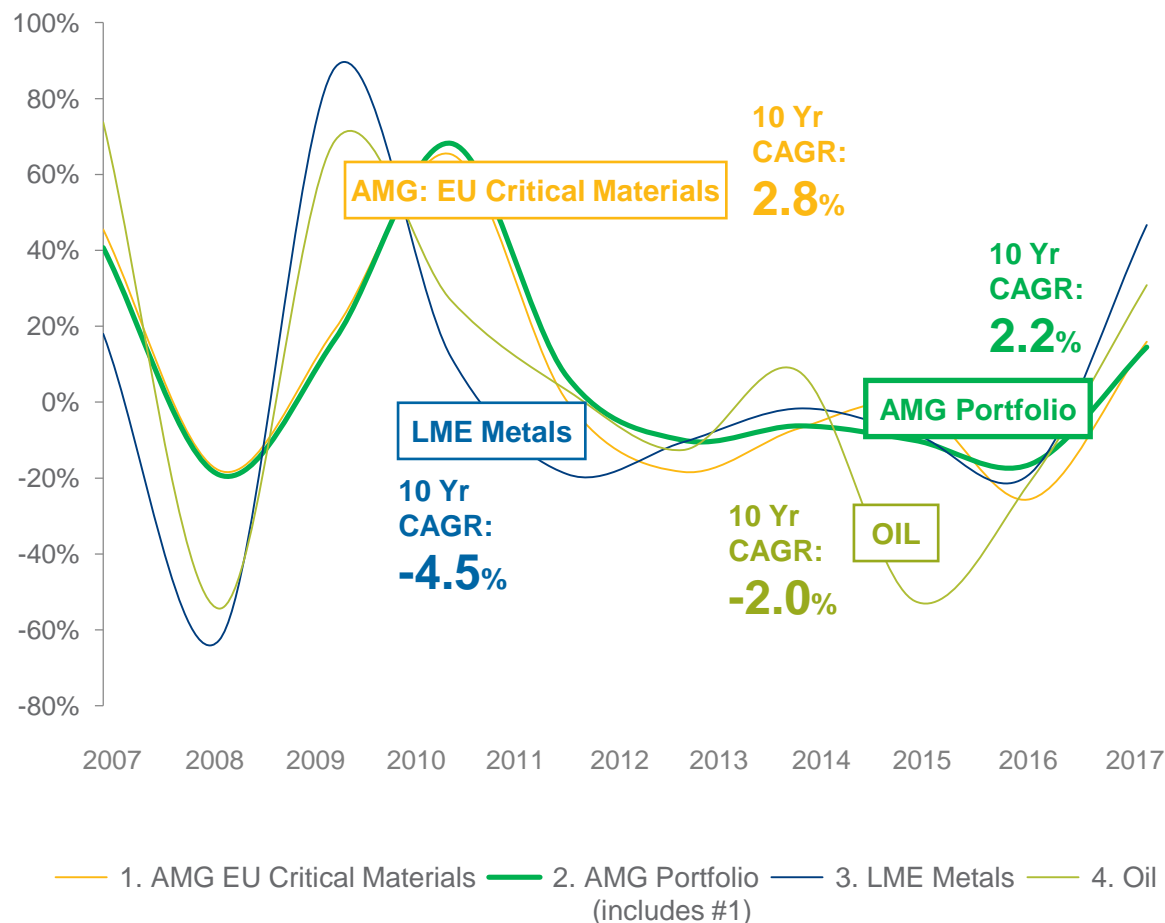
# CRITICAL RAW MATERIALS



- The EU identified 20 critical raw materials\* to the European economy in 2014, focusing on two determinants: economic importance and supply risk
- The US identified 30 critical materials\* which are vital to national defense, primarily through assessing supply risk
- AMG has a unique critical materials portfolio comprising:
  - 5 EU critical raw materials
  - 4 US 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

\*Report on Critical Raw Materials for the EU, May 2014; Strategic and Critical Materials 2015 Report on Stockpile Requirements by Department of Defense in January 2015.

# CRITICAL MATERIALS PRICE TRENDS



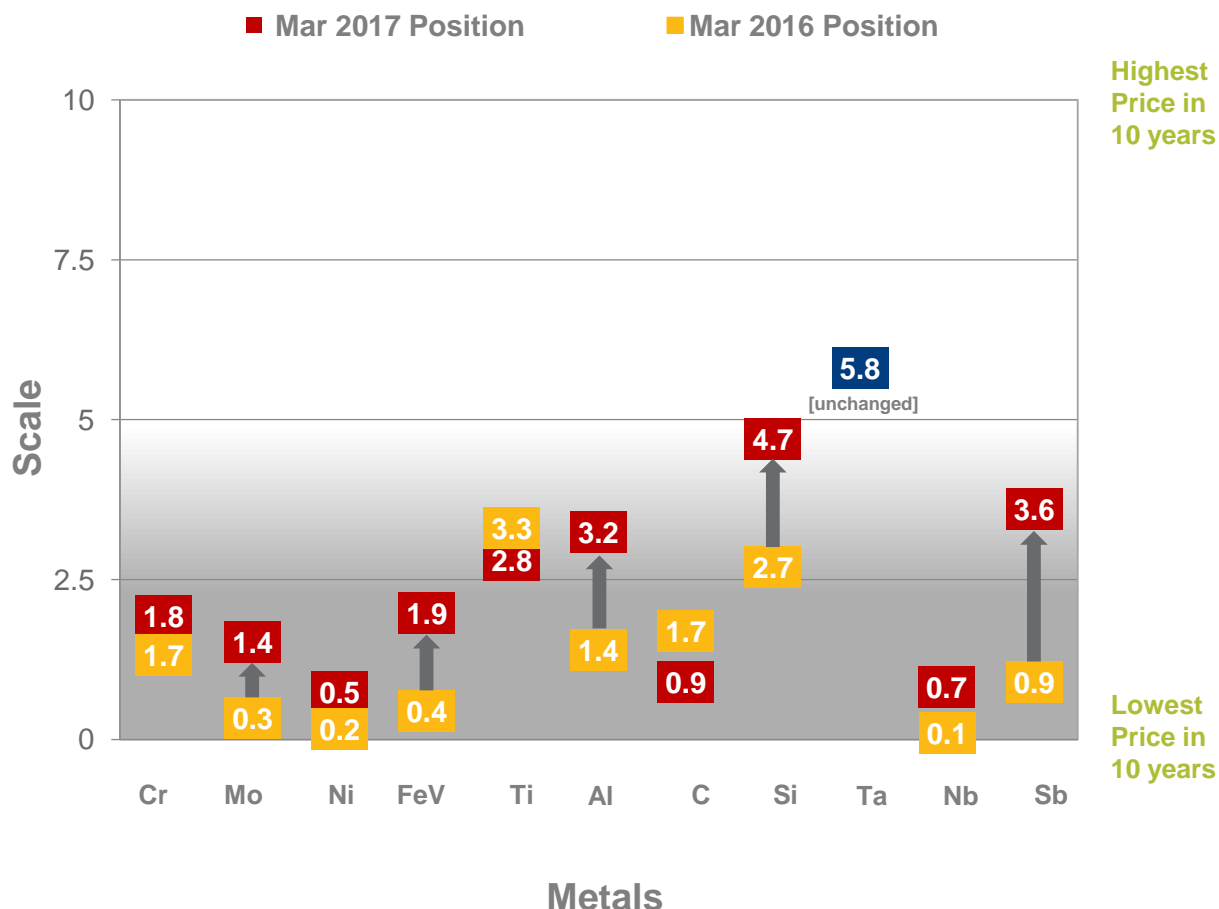
Note: Compound annual growth rates are calculated over the period Mar '07 through Mar '17 using the equation  $((\text{Ending Value} / \text{Beginning Value})^{1 / \# \text{ of years}} - 1)$  where ending value is avg monthly price in Mar '17 and beginning value is avg monthly price in Mar '07; and where AMG EU Critical Materials include Sb, Cr, Graphite & Si; AMG Portfolio includes Sb, Cr, FeV, Li, Nb, Si, Sr, Graphite, 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 Mar of the given year and beginning value is avg monthly price in Mar '07.

The cumulative average 10 year price appreciation of the AMG EU Critical Materials was 7.3 percentage points higher than London Metal Exchange metals and 4.8 points higher than oil, while the AMG Portfolio outperformed LME Metals and oil by 6.7 and 4.2 percentage points, respectively

Critical material prices outperform the LME



# CRITICAL MATERIALS PRICES: 10 YEAR PERSPECTIVE



- 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

Note: Metal Positions are measured on a scale of 0 to 10, with 0 being the minimum price and 10 being the maximum price. They are calculated using the formula  $[(\text{Mar '07 month avg} - \text{min. monthly avg}) / (\text{max. monthly avg} - \text{min. monthly avg}) * 10]$  where maximum and minimum monthly averages are measured over the period 1 Mar '07 through 31 Mar '17.

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# AMG BUSINESS SEGMENTS

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## AMG CRITICAL MATERIALS

AMG's conversion, mining, and recycling businesses

- Lithium (H1 2018)
- Vanadium
- Superalloys
- Titanium Alloys & Coatings
- Aluminum Alloys
- Tantalum & Niobium
- Antimony
- Graphite
- Silicon

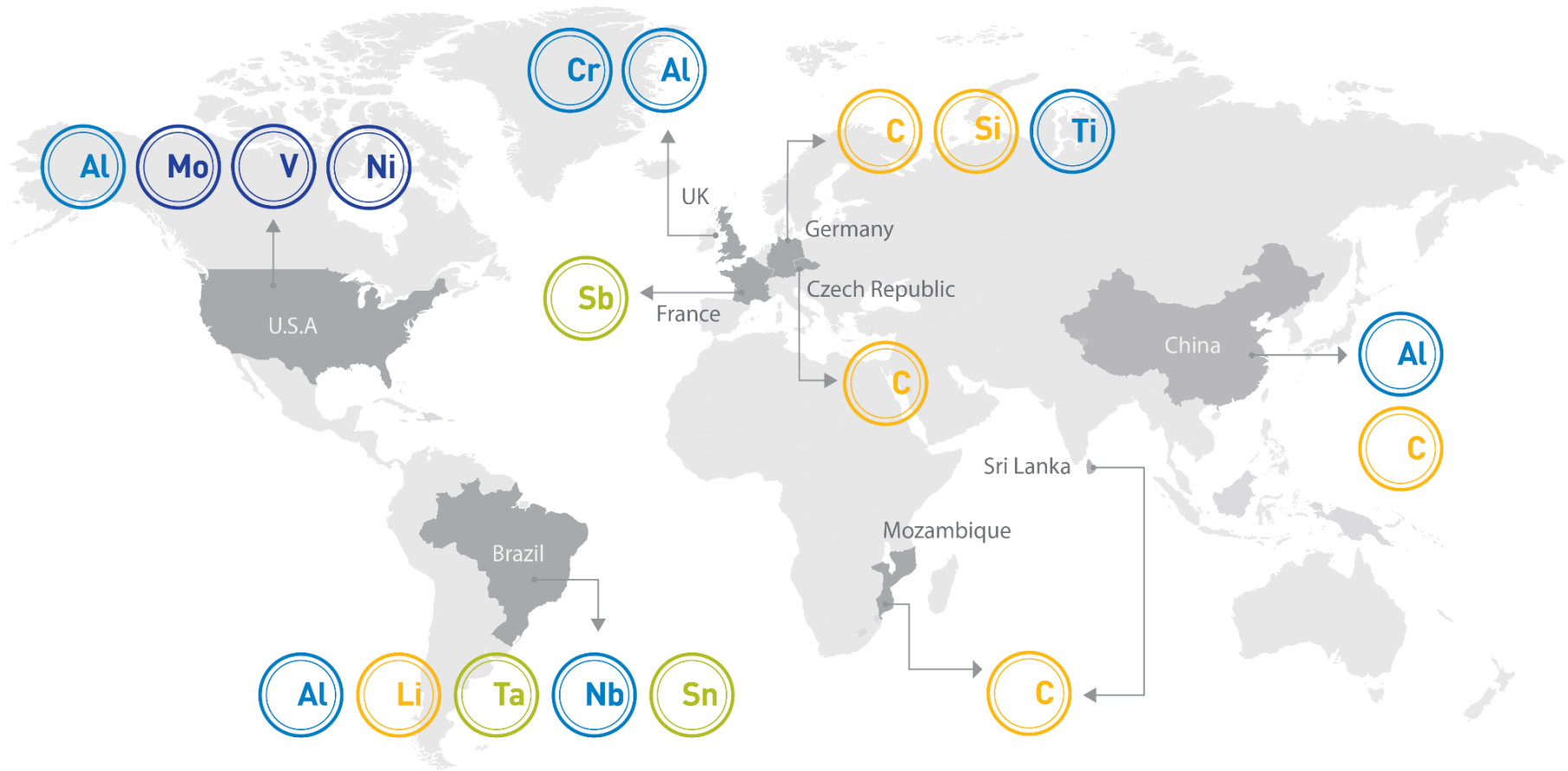


## AMG ENGINEERING

AMG's vacuum systems and services business

- Furnaces
- Heat treatment services

# AMG GLOBAL FOOTPRINT – CRITICAL MATERIALS



**AL** Aluminum Master Alloys, Aluminum Powders   
**Sb** Antimony   
**C** Natural Graphite   
**Si** Silicon Metal   
**Ti** Titanium Alloys & Coatings   
**Cr** Chromium Metal   
**Sn** Specialty Metals & Chemicals   
**Mo** Molybdenum   
**Ni** Nickel   
**Ta** Tantalum  
**Li** Lithium   
**Nb** Niobium   
**V** FeV

# AMG GLOBAL FOOTPRINT – AMG ENGINEERING



 Headquarters

● Production Facility

● Heat Treatment Services

# HEALTH AND SAFETY FOCUS

## LEADING SAFETY INDICATORS


- The number of safety improvement items reported in Q1 2017 was 35% lower compared to the Q1 2016. These are essential in order to avoid potential injuries.
- Safety training hours increased 18% in Q1 2017.
- At the end of Q1 2017, lost time incident rate was 20% lower and total incident rate and incident severity rate were down 39% and 15%, respectively, from Q1 2016.

YEAR	LOST TIME INCIDENTS IN THE LAST 12 MONTHS	12 MONTH AVERAGE LOST TIME INCIDENT RATE	12 MONTH AVERAGE INCIDENT SEVERITY RATE	12 MONTH AVERAGE TOTAL INCIDENT RATE
2016	28	1.04	0.13	2.08
2017	23 ↓	0.83 ↓	0.11 ↓	1.27 ↓



Rigorous commitment to safety reflected in continually improving safety records





## Financial Highlights



AMG Advanced Metallurgical Group N.V.

# Q1 2017 AT A GLANCE

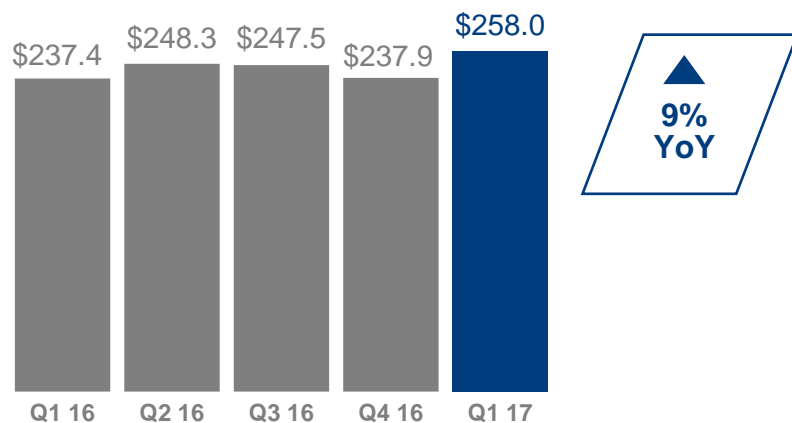
AMOUNTS IN \$M (EXCEPT EARNINGS PER SHARE)	Q1 2017	Q1 2016	% CHANGE
Revenue	\$258.0	\$237.4	9%
Gross Profit *	\$52.5	\$44.2	19%
Gross Margin %	20.4%	18.6%	10%
Profit Before Income Taxes	\$19.0	\$12.6	51%
EBITDA	\$33.0	\$21.2	56%
EBITDA Margin %	12.8%	8.9%	44%
Net (Cash) Debt	(\$0.5)	\$17.2	N/A
Return On Capital Employed (ROCE)	25.5%	14.7%	73%
Net Income Attributable To Shareholders	\$15.6	\$12.0	30%
Earnings Per Share	0.50	0.42	19%

- Q1 '17 EBITDA up 56% versus Q1 '16 due to improved profitability within AMG Critical Materials
- Annualized ROCE increased to 25.5% in Q1 2017 versus 14.7% for Q1 2016
- Earnings per share, on a fully diluted basis, increased by 19% to \$0.50 in Q1 2017 from \$0.42 in Q1 2016
- Net cash position of \$0.5 million at end of Q1 2017

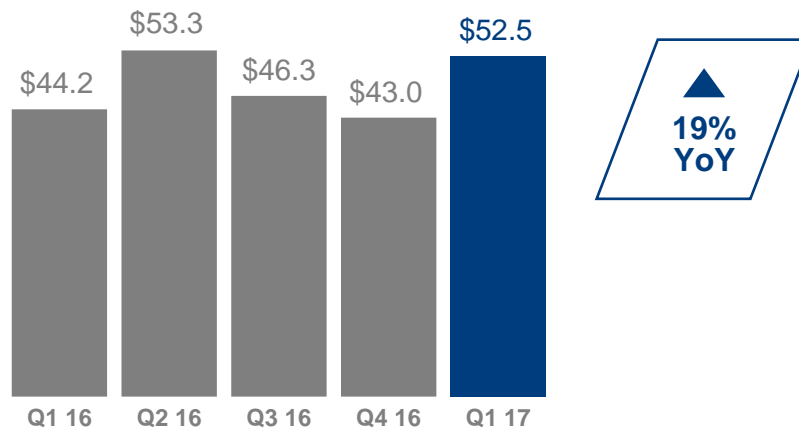
**Net Debt Reduction  
of \$88.4 million since  
December 2014**

# FINANCIAL HIGHLIGHTS

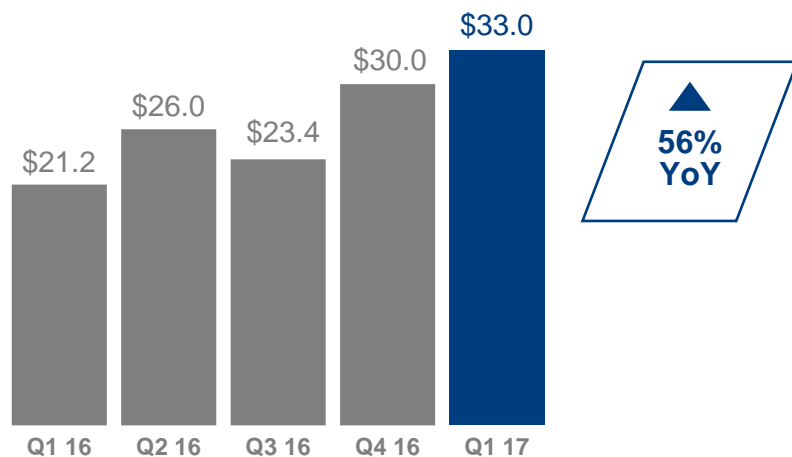
## REVENUE (IN MILLIONS OF US DOLLARS)



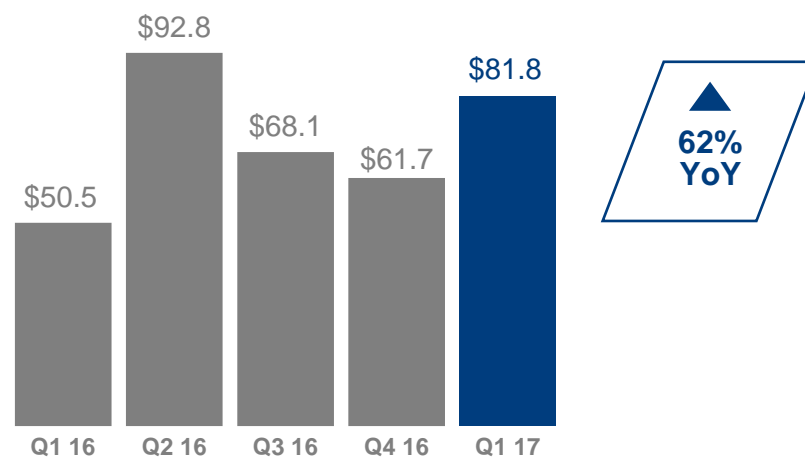
## GROSS PROFIT \* (IN MILLIONS OF US DOLLARS)



## EBITDA (IN MILLIONS OF US DOLLARS)



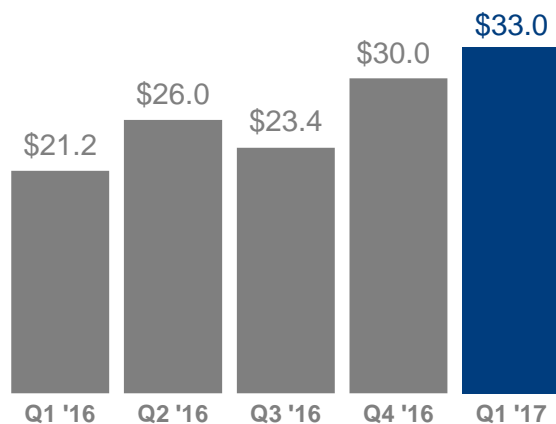
## ORDER INTAKE (IN MILLIONS OF US DOLLARS)



\* Gross Profit has been restated to include restructuring expenses and asset impairment expenses, in order to take into consideration ESMA's latest recommendations.

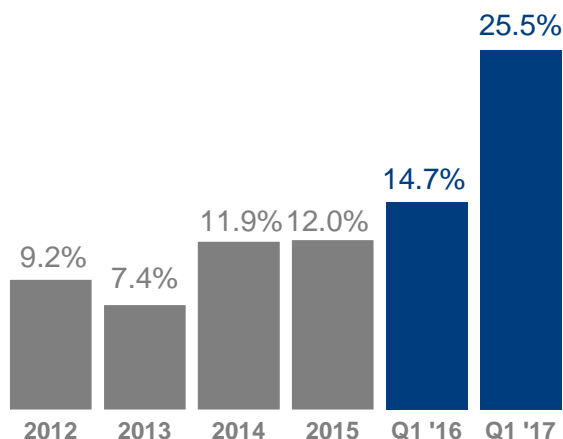
# FINANCIAL DATA: ROCE & EBITDA

## EBITDA (IN MILLIONS OF US DOLLARS)



**Q1 '17 EBITDA  
UP 56%  
VERSUS Q1 '16**

## Annualized ROCE



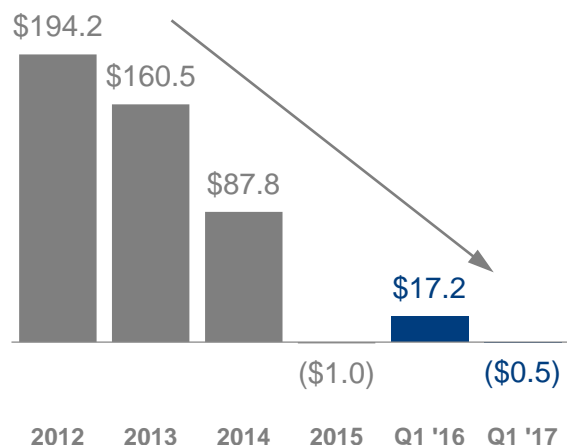
**Q1 '17 ROCE  
IMPROVED TO  
25.5% FROM  
14.7% IN Q1 '16**

- Q1 '17 EBITDA up 56% versus Q1 '16 due to improved profitability within AMG Critical Materials

- Q1 2017 annualized ROCE improved to 25.5% from 14.7% in Q1 2016
- ROCE improvements are the result of efficient use of capital and improved profitability

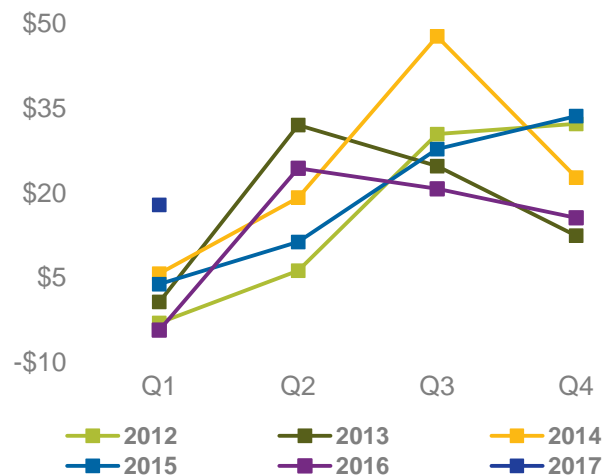
# FINANCIAL DATA: NET DEBT & NET CASH FROM OPERATIONS

## NET DEBT (CASH) (IN MILLIONS OF US DOLLARS)



**\$194M  
REDUCTION  
IN NET DEBT  
SINCE 2012**

## OPERATING CASH FLOW (IN MILLIONS OF US DOLLARS)



**Q1 2017  
OPERATING  
CASH FLOW  
OF \$17.8M**

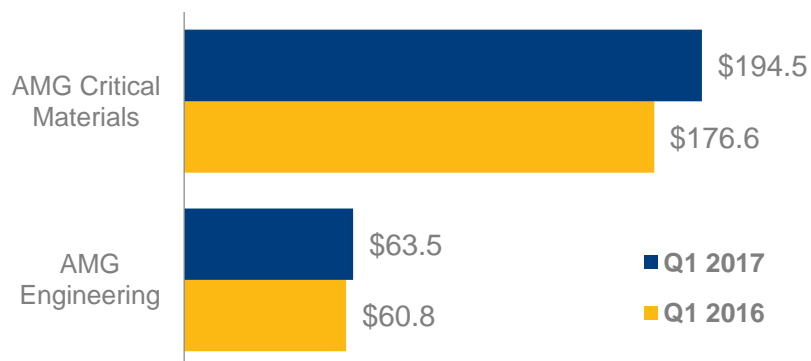
- Net cash: \$0.5 million
  - \$194.2 million reduction of net debt since December 31, 2012
- AMG's primary debt facility is a \$400 million multicurrency term loan and revolving credit facility
  - 5 year term (until 2021) with an accordion feature that allows the Company, subject to certain conditions, to increase the commitment amount by up to \$100 million
  - In compliance with all debt covenants
- AMG generated cash from operating activities of \$17.8 million during the first quarter 2017, an increase of \$22.2 million compared to the same period in 2016



# DIVISIONAL FINANCIAL HIGHLIGHTS – Q1 2017 VS. Q1 2016

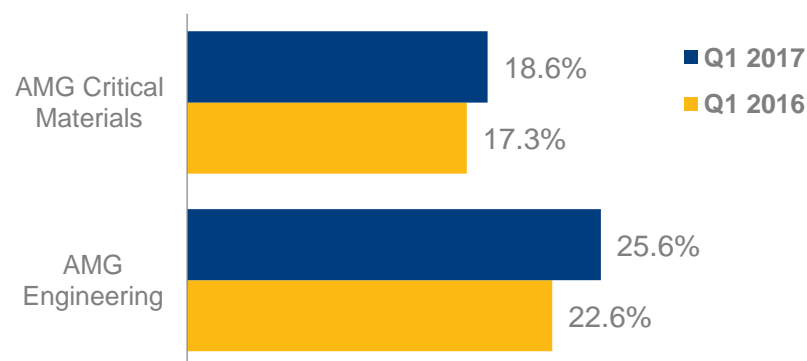
## REVENUE

**Q1 2017 REVENUE: \$258.0** (IN MILLIONS OF US DOLLARS)



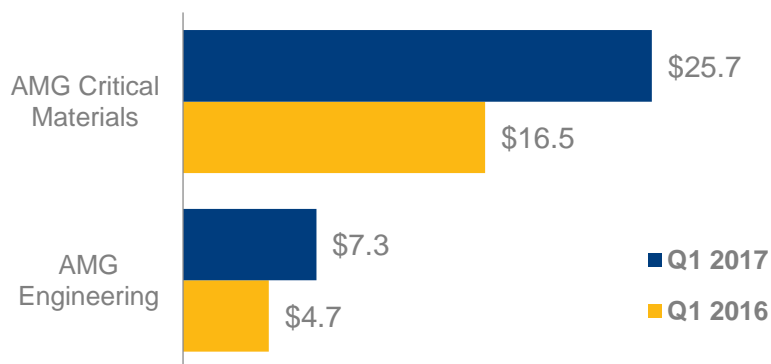
## GROSS MARGIN \*

**Q1 2017 GROSS MARGIN: 20.4%**



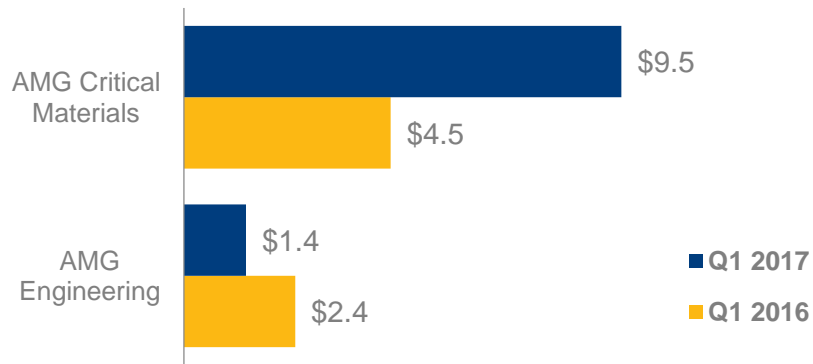
## EBITDA

**Q1 2017 EBITDA: \$33.0** (IN MILLIONS OF US DOLLARS)



## CAPITAL EXPENDITURE

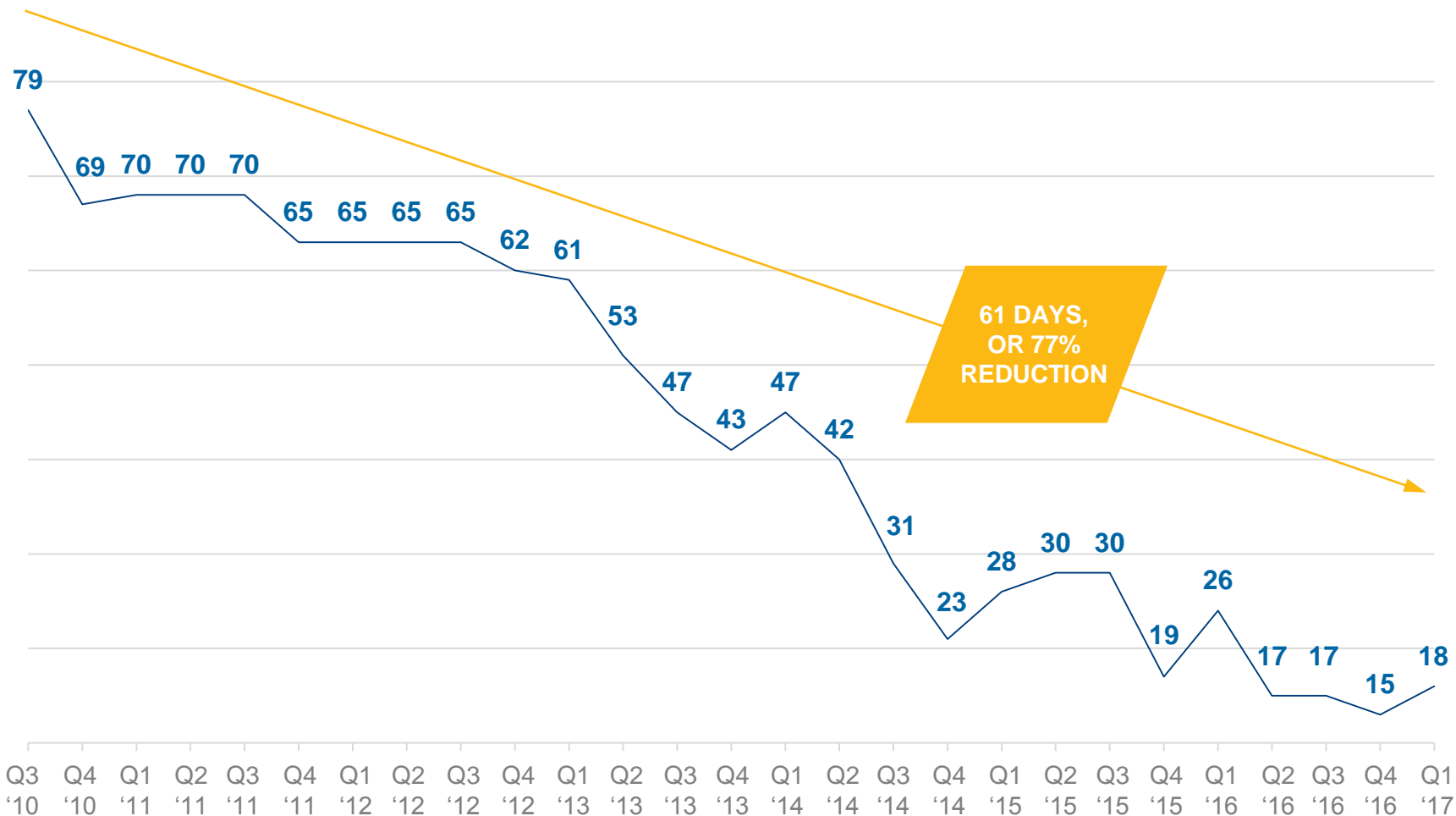
**Q1 2017 CAPEX: \$10.9** (IN MILLIONS OF US DOLLARS)



\* Gross Profit has been restated to include restructuring expenses and asset impairment expenses, in order to take into consideration ESMA's latest recommendations.

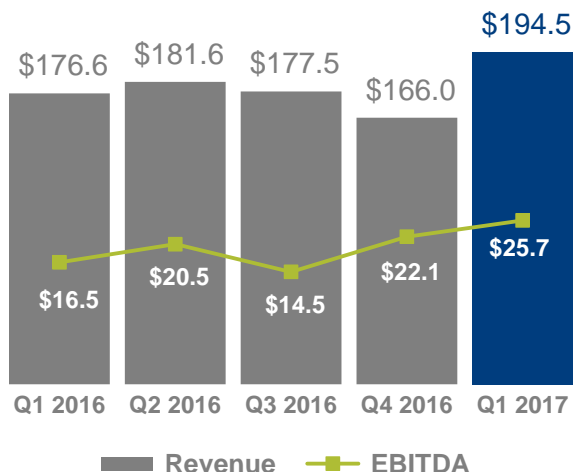
# WORKING CAPITAL REDUCTION

WORKING CAPITAL DAYS REDUCED BY 77% SINCE Q3'10



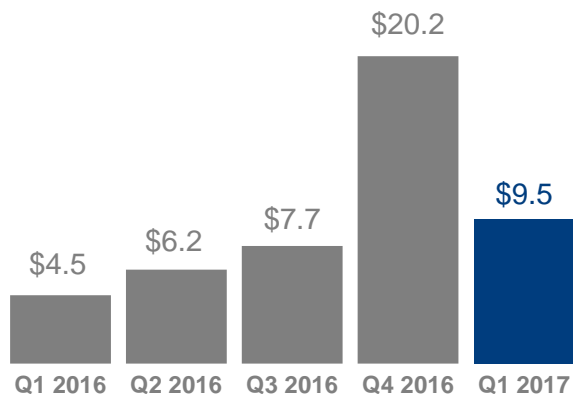
# AMG CRITICAL MATERIALS

## REVENUE & EBITDA (IN MILLIONS OF US DOLLARS)



**Q1 2017 REVENUE  
INCREASED BY  
\$17.9M OVER Q1  
2016**

## CAPITAL EXPENDITURES (IN MILLIONS OF US DOLLARS)



**INCREASE OF \$5.0M  
Q1 '17 VS. Q1 '16  
DUE TO EXPANSION  
PROJECTS**

- Q1 2017 revenue of \$194.5 million was 10% higher than Q1 2016
- EBITDA increased by \$9.1 million over Q1 2016 to \$25.7 million in the first quarter of 2017, driven primarily by strong financial performance in vanadium, antimony and chrome
- Capital expenditures increased to \$9.5 million in Q1 2017 vs. \$4.5 million in Q1 2016
- The largest expansion capital projects were AMG's lithium project in Brazil, and titanium aluminide expansion in Germany

# AMG CRITICAL MATERIALS – QUARTERLY REVENUE DRIVERS

KEY PRODUCT	Q1 '17 REV (\$M)	Q1 '16 REV (\$M)	VOLUME	PRICE	CURRENCY
FeV & FeNiMo	\$27.0	\$19.0	↓	↑	↔
Al Master Alloys & Powders	\$43.4	\$41.9	↓	↑	↔
Chromium Metal	\$21.3	\$20.2	↑	↔	↔
Tantalum & Niobium	\$19.6	\$17.4	↓	N/C	↔
Titanium Alloys & Coatings	\$22.5	\$20.7	↑	↔	↔
Antimony	\$25.4	\$20.3	↑	↑	↔
Graphite	\$14.9	\$14.9	↔	↔	↔
Silicon Metal	\$20.5	\$22.0	↑	↓	↔

**Note:** N/C – not comparable

- AMG Critical Materials Q1 2017 revenue of \$194.5 million was 10% higher than Q1 2016
- Improving vanadium, molybdenum, nickel, aluminum and antimony prices, and higher sales volumes of chrome, antimony and titanium products resulted in higher revenue in Q1 2017 versus the same period in the prior year
- Silicon revenue and gross profit declined in the first quarter 2017, versus the same period in the prior year, due to lower sales prices
- Tantalum sales volume declined due to the temporary shut-down in one of AMG's two tantalum production lines
- Improving vanadium, nickel and molybdenum prices substantially impacted gross profit in the quarter

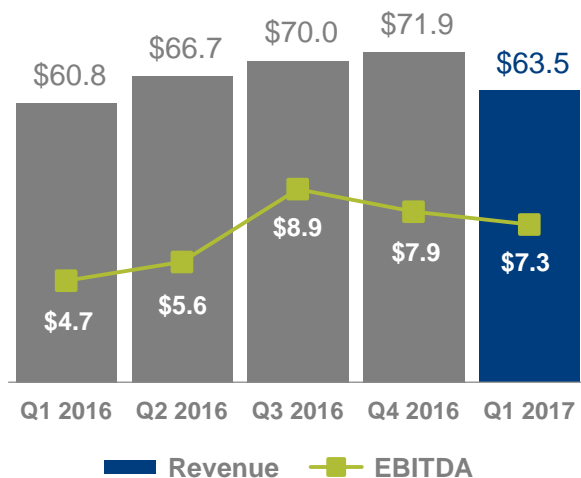
## CRITICAL MATERIALS – AVERAGE QUARTERLY PRICES

MATERIALS	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q1 '17 VS. Q1 '16 % CHANGE	Q1 '17 VS. Q4 '16 % CHANGE
Ferrovanadium (\$/lb)	\$6.79	\$6.59	\$10.03	\$9.99	\$10.65	\$12.35	88%	16%
Molybdenum (\$/lb)	\$4.85	\$5.33	\$7.42	\$7.01	\$6.63	\$7.90	48%	19%
Nickel (\$/MT)	\$9,434	\$8,496	\$8,819	\$10,262	\$10,685	\$10,267	21%	(4%)
Aluminum (\$/MT)	\$1,495	\$1,515	\$1,571	\$1,620	\$1,710	\$1,851	22%	8%
Chrome (\$/lb)	\$4.09	\$3.92	\$3.76	\$3.67	\$3.65	\$3.83	(2%)	5%
Tantalum (\$/lb)	\$59	\$60	\$62	\$60	\$56	\$57	(4%)	2%
Niobium Oxide (\$/kg)	\$25	\$25	\$27	\$28	\$26	\$27	7%	1%
Ti Sponge (\$/kg)	\$9.05	\$8.69	\$8.25	\$8.15	\$8.15	\$8.24	(5%)	1%
Antimony (\$/MT)	\$5,588	\$5,359	\$6,252	\$7,271	\$7,482	\$8,098	51%	8%
Graphite (\$/MT)	\$750	\$725	\$585	\$585	\$585	\$585	(19%)	–
Silicon Metal (€/MT)	€2,054	€1,869	€1,684	€1,648	€1,733	€1,993	7%	15%



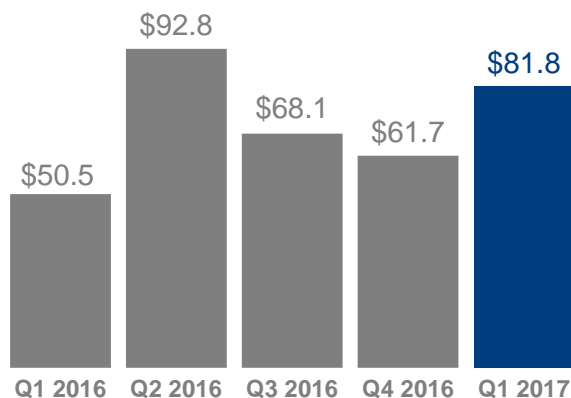
# AMG ENGINEERING

## REVENUE & EBITDA (IN MILLIONS OF US DOLLARS)




**EBITDA  
IMPROVEMENT  
OF 57% VS. Q1 2016**

## ORDER INTAKE (IN MILLIONS OF US DOLLARS)



**BOOK TO BILL  
RATIO OF 1.29X  
IN Q1 2017**

- Q1 2017 revenue increased by \$2.7 million, or 4%, vs. Q1 2016 due to strong sales of turbine blade coating and induction furnaces for the aerospace market and heat treatment furnaces for the automotive market
- EBITDA increased by \$2.7 million in Q1 2017 versus Q1 2016
- AMG Engineering order backlog of \$154.3 million as of March 31, 2017, a 14% increase versus \$135.5 million as of December 31, 2016
- AMG Engineering signed \$81.8 million in new orders during Q1 2017, a 1.29x book to bill ratio



## Strategy & Outlook



AMG Advanced Metallurgical Group N.V.

# AMG: READY FOR GROWTH

## COST REDUCTION

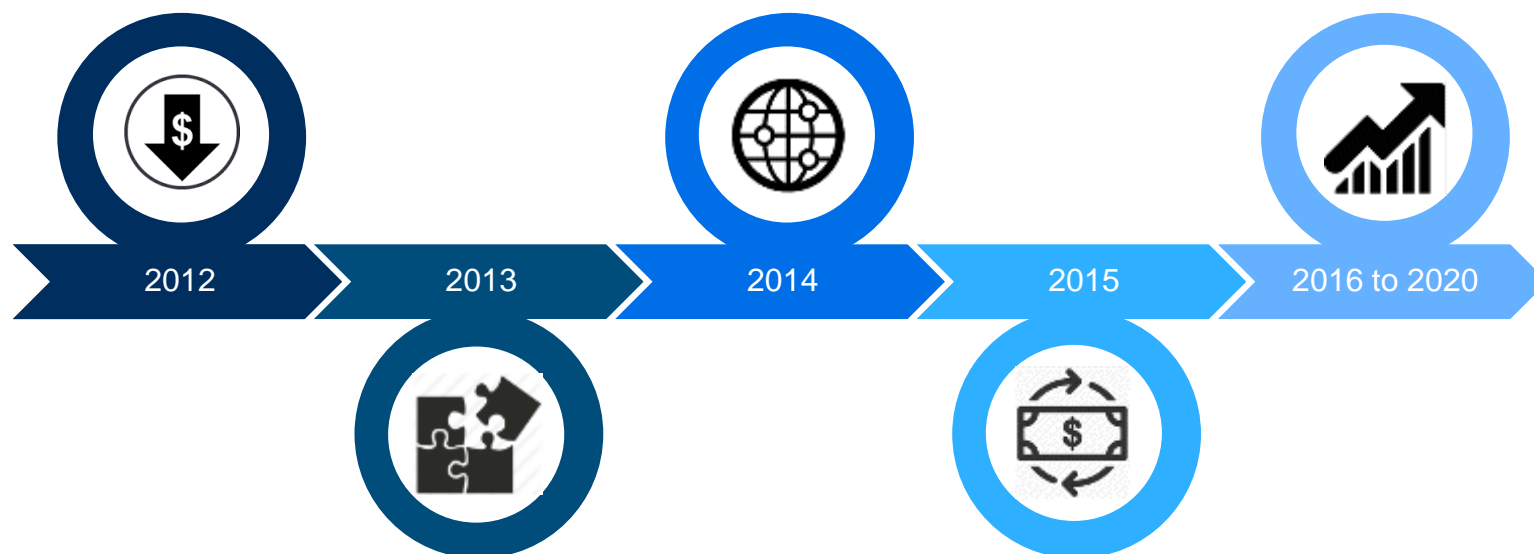
Cost-reduction and capex discipline in response to global economic slowdown

## SUPPLY CHAIN EXCELLENCE

Competitive advantage through manufacturing and supply chain excellence, accelerating cost-reduction efforts

## SCALING PROFITABLE GROWTH

Properly positioned, financially and operationally, to pursue growth targets across portfolio



## PRODUCT MIX OPTIMIZATION

Streamlined operations and improved operating performance by eliminating low-margin product lines

## TARGETED W/C & DEBT LEVELS

Further reduction in both working capital and net debt, strengthening the balance sheet

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# STRATEGY

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AMG's strategy is to build its critical materials business through industry consolidation, process innovation and product development

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## **PROCESS INNOVATION & PRODUCT DEVELOPMENT**

Continue to focus on process innovation and product development to improve the market position of AMG's businesses

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## **INDUSTRY CONSOLIDATION**

Pursue opportunities for horizontal and vertical industry consolidation across AMG's critical materials portfolio

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## **EXPANSION OF EXISTING HIGH GROWTH BUSINESSES**

Pursue opportunities in high-growth areas within the existing product portfolio

AMG's overriding strategic objective is to achieve industry leadership while being the low cost producer

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# 2017 OUTLOOK & LITHIUM PROJECT UPDATE

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## OUTLOOK

AMG expects full year 2017 profitability to be in-line with 2016 levels, assuming that the business interruption insurance claim related to the fire in Brazil is received in the current financial year.

AMG's management team is focused on delivering our highly accretive lithium project and executing our long-term lithium strategy. In addition, we will continue to pursue other acquisition opportunities and organic growth projects in order to generate long term value for our shareholders.

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## LITHIUM PROJECT UPDATE

**Overview:** Project is progressing in-line with expectations – production expected to commence mid-2018.


**Mibra Resource:** In April 2017, AMG published an updated resource statement for the Mibra mine showing an increase of approximately 38% compared to the previous mineral resource statement completed in 2013.

**Spodumene Expansion:** Target to increase annual lithium concentrate production capacity up to 180,000 tons by the end of 2019.

**Marketing efforts:** On March 3, 2017, AMG announced that it had signed a multi-year contract to supply 90,000 tons per year of lithium concentrate with deliveries commencing in the second half of 2018. Sales prices are partially indexed to the published market price of lithium carbonate, subject to a contractual minimum threshold. The sales price (CIF China), determined with reference to the current published lithium carbonate market price, would exceed \$800 per ton lithium concentrate.

Management's priority in 2017 is to execute our highly accretive lithium project





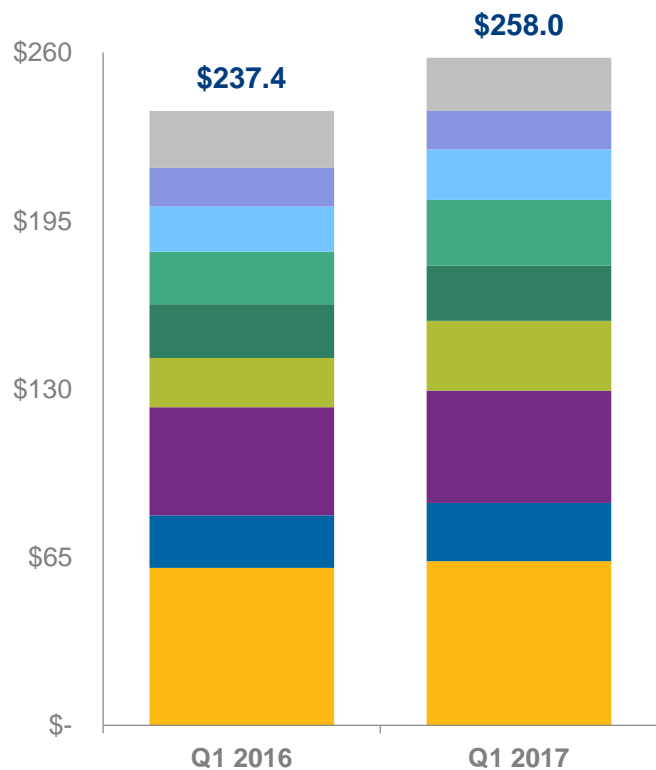
## Key Products & End Markets



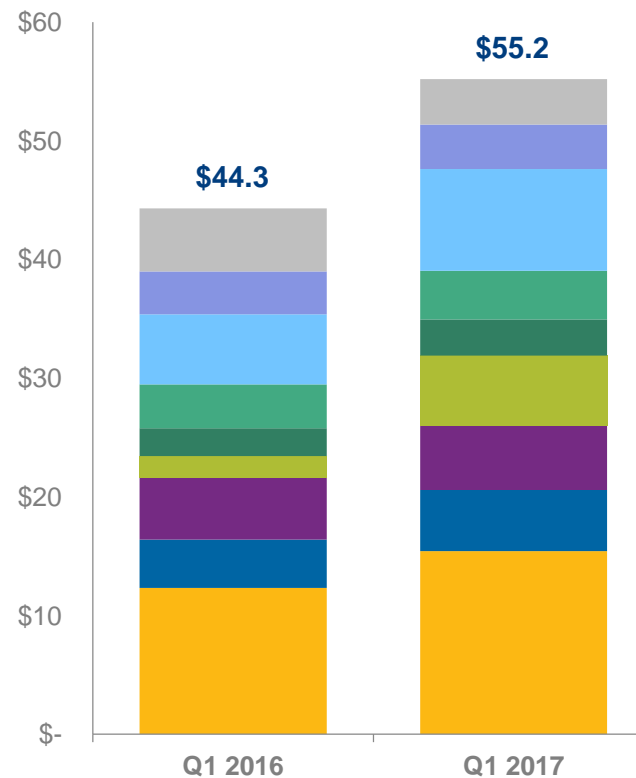
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# KEY PRODUCTS

**REVENUE** (IN MILLIONS OF US DOLLARS)



**GROSS PROFIT \*** (IN MILLIONS OF US DOLLARS)



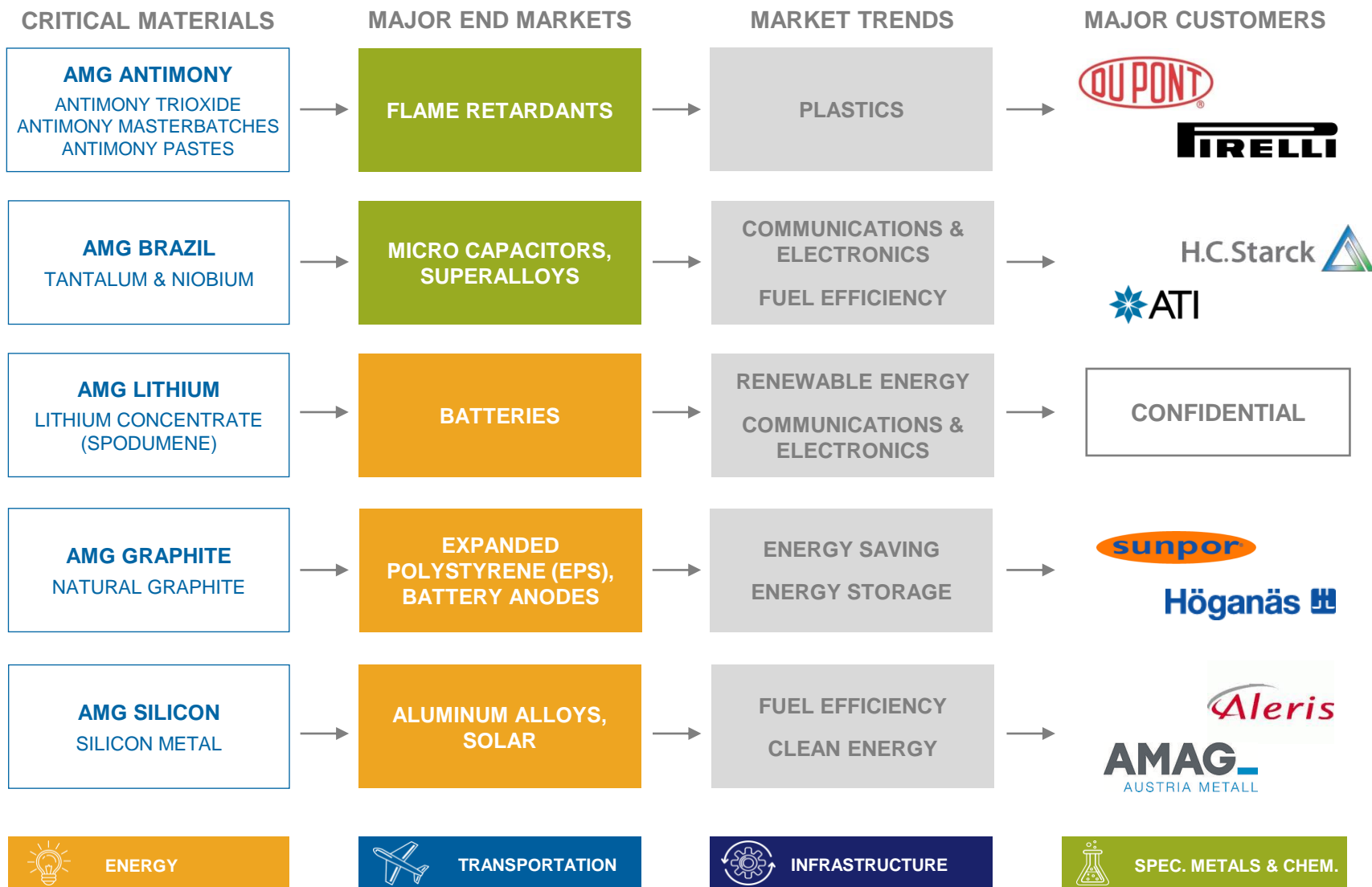
■ Vacuum Furnaces  
■ Vanadium & FeNiMo  
■ Tantalum & Niobium

■ Ti Master Alloys & Coatings  
■ Chromium Metal  
■ Graphite

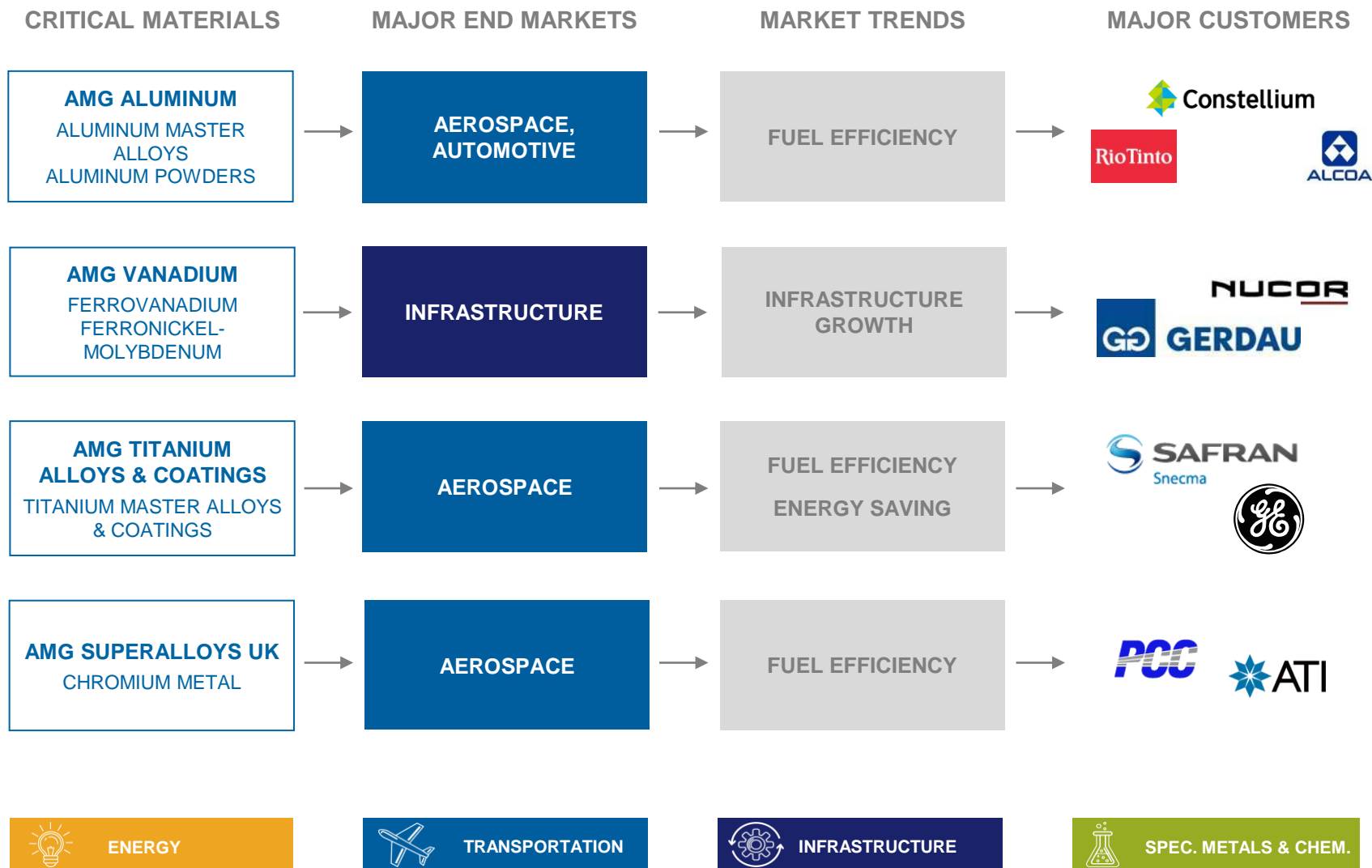
■ Al Master Alloys & Powders  
■ Antimony  
■ Si Metal

\* Before non-recurring items

# CRITICAL MATERIALS – MARKET TRENDS



# CRITICAL MATERIALS – MARKET TRENDS



# ENGINEERING – MARKET TRENDS

## PRODUCTS & SERVICES

## MAJOR END MARKETS

## MARKET TRENDS

## MAJOR CUSTOMERS

**AMG ENGINEERING**  
CAPITAL GOODS  
(VACUUM FURNACES)

**AEROSPACE,  
AUTOMOTIVE**

**FUEL EFFICIENCY  
ELECTRONICS**



**AMG ENGINEERING**  
VACUUM HEAT TREATMENT  
SERVICES

**AEROSPACE,  
AUTOMOTIVE**

**FUEL EFFICIENCY**



**ENERGY**



**TRANSPORTATION**



**INFRASTRUCTURE**

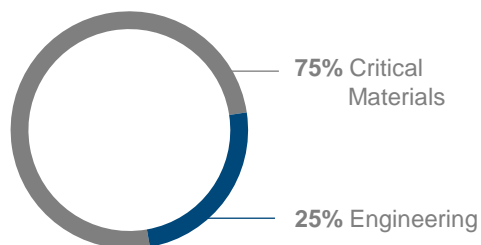


**SPEC. METALS & CHEM.**

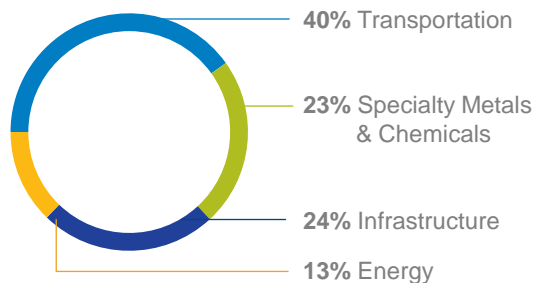
# AMG AT A GLANCE

## Q1 2017 REVENUE

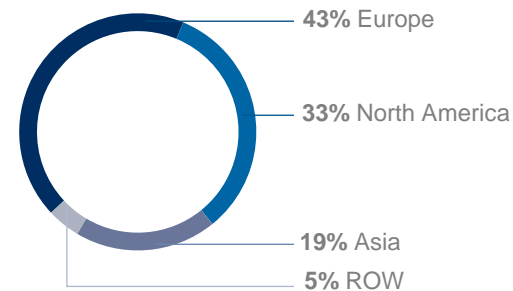
### BY SEGMENT:



### BY END MARKET:



### BY REGION:



AMG IS A GLOBAL  
SUPPLIER OF  
CRITICAL  
MATERIALS TO:



ENERGY



TRANSPORTATION



INFRASTRUCTURE



SPECIALTY METALS  
AND CHEMICALS

Market leading producer of highly engineered specialty metals and vacuum furnace systems

~3,000  
Employees

~\$1 billion  
Annual Revenues

At the forefront of  
**CO<sub>2</sub> Reduction**



The background of the slide is a photograph of several 100 ml Erlenmeyer flasks arranged in a rack. The flasks are made of clear glass and have blue printed text that reads "100 ml" and "in 200°C". They are sealed with red rubber stoppers. The flasks are slightly out of focus, creating a sense of depth.

## Appendix



AMG Advanced Metallurgical Group N.V.

# CONSOLIDATED BALANCE SHEET

AS OF IN MILLIONS OF US DOLLARS	MARCH 31, 2017 UNAUDITED	DECEMBER 31, 2016
Fixed assets	228.4	226.1
Goodwill and intangibles	34.2	33.2
Other non-current assets	89.3	91.7
Inventories	144.1	143.6
Receivables	128.6	129.2
Other current assets	34.1	35.8
Cash	166.5	160.7
<b>TOTAL ASSETS</b>	<b>825.2</b>	<b>820.3</b>
<b>TOTAL EQUITY</b>	221.0	197.8
Long term debt	148.5	151.0
Employee benefits	143.5	141.6
Other long term liabilities	47.3	49.9
Current debt	17.5	17.1
Accounts payable	133.2	133.3
Advance payments	25.8	29.4
Accruals	55.3	57.4
Other current liabilities	33.1	42.9
<b>TOTAL LIABILITIES</b>	604.2	622.5
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>825.2</b>	<b>820.3</b>



# CONSOLIDATED INCOME STATEMENT

FOR THE QUARTER ENDED IN MILLIONS OF US DOLLARS	MARCH 31, 2016 UNAUDITED	MARCH 31, 2016 UNAUDITED
Revenue	258.0	237.4
Cost of sales	205.5	193.2
<b>Gross profit *</b>	<b>52.5</b>	<b>44.2</b>
Selling, general & administrative	31.6	31.3
Other income, net	0.1	—
<b>Operating profit</b>	<b>21.0</b>	<b>12.9</b>
Net finance costs	2.0	1.8
Share of profit of associates	—	1.5
<b>Profit before income taxes</b>	<b>19.0</b>	<b>12.6</b>
Income tax expense	3.5	0.3
<b>Profit for the period</b>	<b>15.6</b>	<b>12.3</b>
Shareholders of the Company	15.6	12.0
Non-controlling interest	—	0.3
<b>ADJUSTED EBITDA</b>	<b>33.0</b>	<b>21.2</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED IN MILLIONS OF US DOLLARS	MARCH 31, 2017 UNAUDITED	MARCH 31, 2016 UNAUDITED
EBITDA	33.0	21.2
Change in working capital and deferred revenue	(11.1)	(22.2)
Other operating cash flow	(0.1)	(0.1)
<b>Cash generated from (used in) operating activities</b>	<b>21.8</b>	<b>(1.1)</b>
Finance costs paid, net	(2.5)	(1.3)
Income tax paid	(1.5)	(1.9)
<b>Net cash from (used in) operating activities</b>	<b>17.8</b>	<b>(4.3)</b>
Capital expenditures	(10.9)	(6.9)
Other investing activities	0.3	(4.6)
<b>Net cash used in investing activities</b>	<b>(10.6)</b>	<b>(11.5)</b>
<b>Net cash used in financing activities</b>	<b>(2.9)</b>	<b>(1.4)</b>
Net increase (decrease) in cash and equivalents	4.3	(17.2)
<b>Cash and equivalents at January 1</b>	<b>160.7</b>	<b>127.8</b>
Effect of exchange rate fluctuations on cash held	1.5	1.0
<b>CASH AND EQUIVALENTS AT MARCH 31</b>	<b>166.5</b>	<b>111.6</b>