

# ACCELERATING THE ENERGY TRANSITION

Investor Presentation | Third Quarter 2022



AMG ADVANCED METALLURGICAL GROUP N.V.

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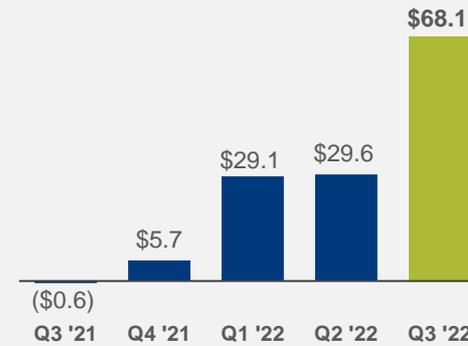
# FINANCIAL HIGHLIGHTS

## REVENUE (IN MILLIONS OF US DOLLARS)



## NET INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS

(IN MILLIONS OF US DOLLARS)



## EBITDA (IN MILLIONS OF US DOLLARS)



## EARNINGS (LOSS) PER SHARE (IN US DOLLARS)



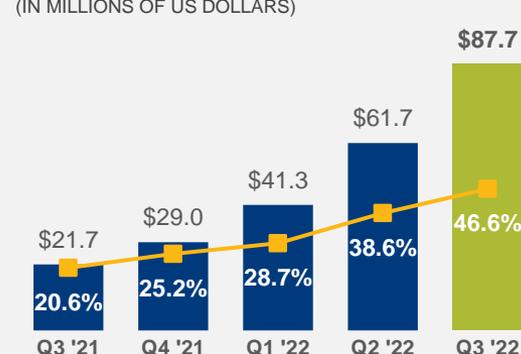
# AMG CLEAN ENERGY MATERIALS FINANCIAL HIGHLIGHTS

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



**EBITDA increased \$66 million vs. Q3 '21**

## GROSS PROFIT EXCLUDING EXCEPTIONAL ITEMS (IN MILLIONS OF US DOLLARS)



**Gross profit increased 304% YoY**

## CAPITAL EXPENDITURES (IN MILLIONS OF US DOLLARS)



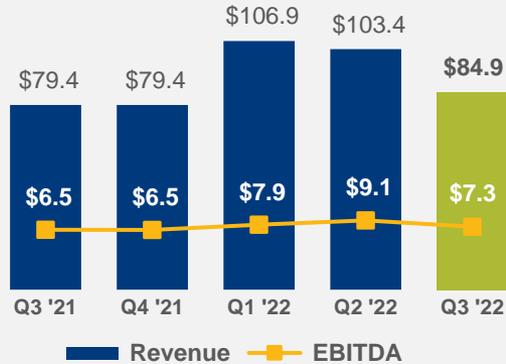
**Q3 '22 spending in line with Q3 '21**

## KEY HIGHLIGHTS

- Gross profit before non-recurring items in Q3 2022 increased 304% compared to Q3 2021 primarily due to higher vanadium, tantalum and lithium concentrate pricing
- SG&A expenses in Q3 2022 were \$12 million, 15% higher than Q3 2021, largely due to strategic project costs and higher variable compensation expense in the current quarter
- EBITDA increased by \$66 million, to \$84 million, from \$18 million due to the improved gross profit

# AMG CRITICAL MINERALS FINANCIAL HIGHLIGHTS

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



**EBITDA increased \$1 million vs. Q3 '21**

## GROSS PROFIT EXCLUDING EXCEPTIONAL ITEMS (IN MILLIONS OF US DOLLARS)



**Gross profit up 13% vs. Q3 '21**

## CAPITAL EXPENDITURES (IN MILLIONS OF US DOLLARS)



**Q3 '22 spending in line with prior quarters**

## KEY HIGHLIGHTS

- Revenue increased by \$6 million, to \$85 million, driven by higher sales prices in all three businesses
- Gross profit before non-recurring items of \$12 million was \$1 million higher than in Q3 2021
- The higher revenue was partially offset by increased raw material prices as well as the ongoing rise in energy and shipping costs
- SG&A expenses in Q3 2022 slightly increased by 3% compared to Q3 2021
- EBITDA in Q3 2022 increased \$1 million over the same period in 2021 despite ongoing inflationary pressures

# AMG CRITICAL MATERIALS TECHNOLOGIES FINANCIAL HIGHLIGHTS

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



**EBITDA increased 36% vs. Q3 '21**

## GROSS PROFIT EXCLUDING EXCEPTIONAL ITEMS (IN MILLIONS OF US DOLLARS)



**Gross profit up 23% vs. Q3 '21**

## ORDER INTAKE (IN MILLIONS OF US DOLLARS)



**Book to bill ratio of 1.73x in Q3 '22**

## KEY HIGHLIGHTS

- Q3 2022 revenue increased by 19% due to increased titanium alloys sales as well as higher titanium alloy and chrome metal pricing
- Q3 2022 gross profit before non-recurring items increased by \$5 million due to the higher volumes and prices
- The Company signed \$93 million in new orders during Q3 2022, representing a 1.73x book to bill ratio, driven by strong orders of remelting, induction, and heat treatment furnaces
- Order backlog was \$211 million as of September 30, 2022, 17% higher than \$181 million as of June 30, 2022

# KEY CORPORATE INCOME STATEMENT ITEMS

## SG&A EXPENSES (IN MILLIONS OF US DOLLARS)



- Clean Energy Materials
- Critical Minerals
- Critical Materials Technologies

SG&A increased 9% vs. Q3 '21

## NET FINANCE COSTS (IN MILLIONS OF US DOLLARS)



Increase driven by FX losses of \$6 million primarily due to non-cash intergroup balances

## TAXES (IN MILLIONS OF US DOLLARS)



- Taxes Paid
- Income Tax Expense (Benefit)

Income tax expense variance vs. Q3 '21 driven by higher pre-tax income & movements in the Brazilian real

## KEY HIGHLIGHTS

- SG&A expenses were \$37 million in Q3 2022 vs. \$34 million in Q3 2021, with the variance largely driven by higher compensation expense due to higher profitability forecasted for the year and increased professional fees associated with strategic projects
- AMG recorded an income tax expense of \$39 million in Q3 2022, compared to \$10 million in Q3 2021; this variance was mainly driven by enhanced operating results coupled with movements in the Brazilian real
- The effects of the Brazilian real caused a \$2 million deferred tax benefit in Q3 2022

# CASH FLOW AND WORKING CAPITAL

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



Cash from operating activities was \$75 million in Q3 '22 due to higher pre-tax income

**NET DEBT** (IN MILLIONS OF US DOLLARS)



Increase vs. YE 2021 mainly due to the significant investment in growth initiatives

**ANNUALIZED ROCE**



ROCE was more than double vs. Q3 '21

**WORKING CAPITAL DAYS**



Variance vs. Q3 '21 driven by higher prices and increased volumes

# APPENDIX



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

## CO<sub>2</sub> REDUCTION

### A GLOBAL IMPERATIVE FOR THE 21<sup>ST</sup> CENTURY

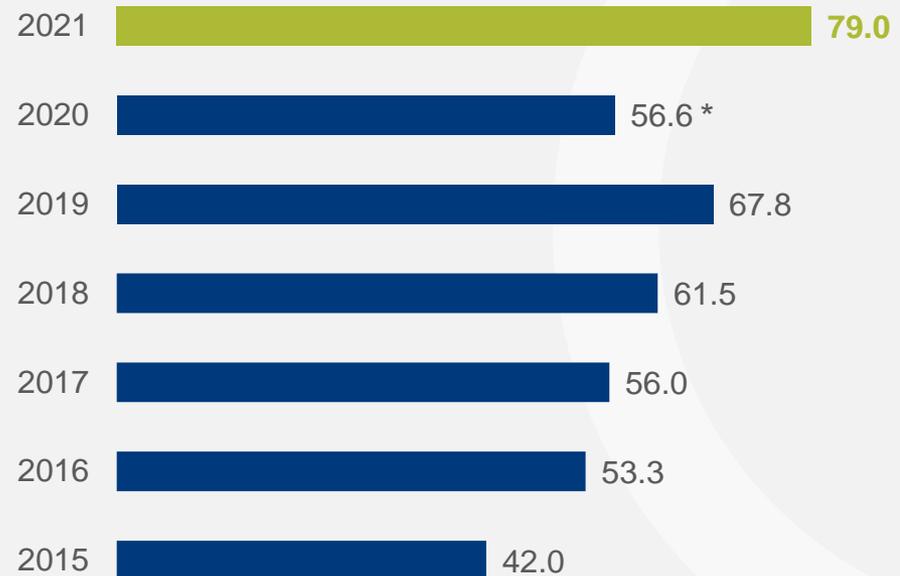
#### AMG: ENABLING TECHNOLOGIES

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

#### AMG: MITIGATING TECHNOLOGIES

Products and processes saving raw minerals, energy and CO<sub>2</sub> emissions during manufacturing (e.g., recycling of ferrovanadium)

### AMG'S ENABLED CO<sub>2</sub> EMISSION REDUCTIONS (Million MT)



\* 2020 decrease due to the global pandemic significantly impacting volumes in our aerospace exposed businesses

# QUARTERLY REVENUE DRIVERS

## CLEAN ENERGY MATERIALS

	SEGMENT RESULTS		KEY DRIVERS	
	<u>Q3 2022</u>	<u>Q3 2021</u>	Price	Volume
Revenue	\$188.3	\$105.3	↑	↔
Gross Profit *	\$87.7	\$21.7	↑	↓
			↑	↓
			↑	↔

## CRITICAL MINERALS

	SEGMENT RESULTS		KEY DRIVERS	
	<u>Q3 2022</u>	<u>Q3 2021</u>	Price	Volume
Revenue	\$84.9	\$79.4	↑	↓
Gross Profit *	\$12.2	\$10.8	↑	↓
			↑	↓
			↑	↔

## CRITICAL MATERIALS TECHNOLOGIES

	SEGMENT RESULTS		KEY DRIVERS	
	<u>Q3 2022</u>	<u>Q3 2021</u>	Price	Volume
Revenue	\$151.6	\$127.2	↑	↔
Gross Profit *	\$25.0	\$20.3	↑	↑
			↑	↑
			↑	↑**

\* Gross Profit excluding exceptional items

\*\* AMG Engineering variance arrow represents total change in book to bill, not volume or price

## CRITICAL MATERIALS — AVERAGE QUARTERLY MARKET PRICES

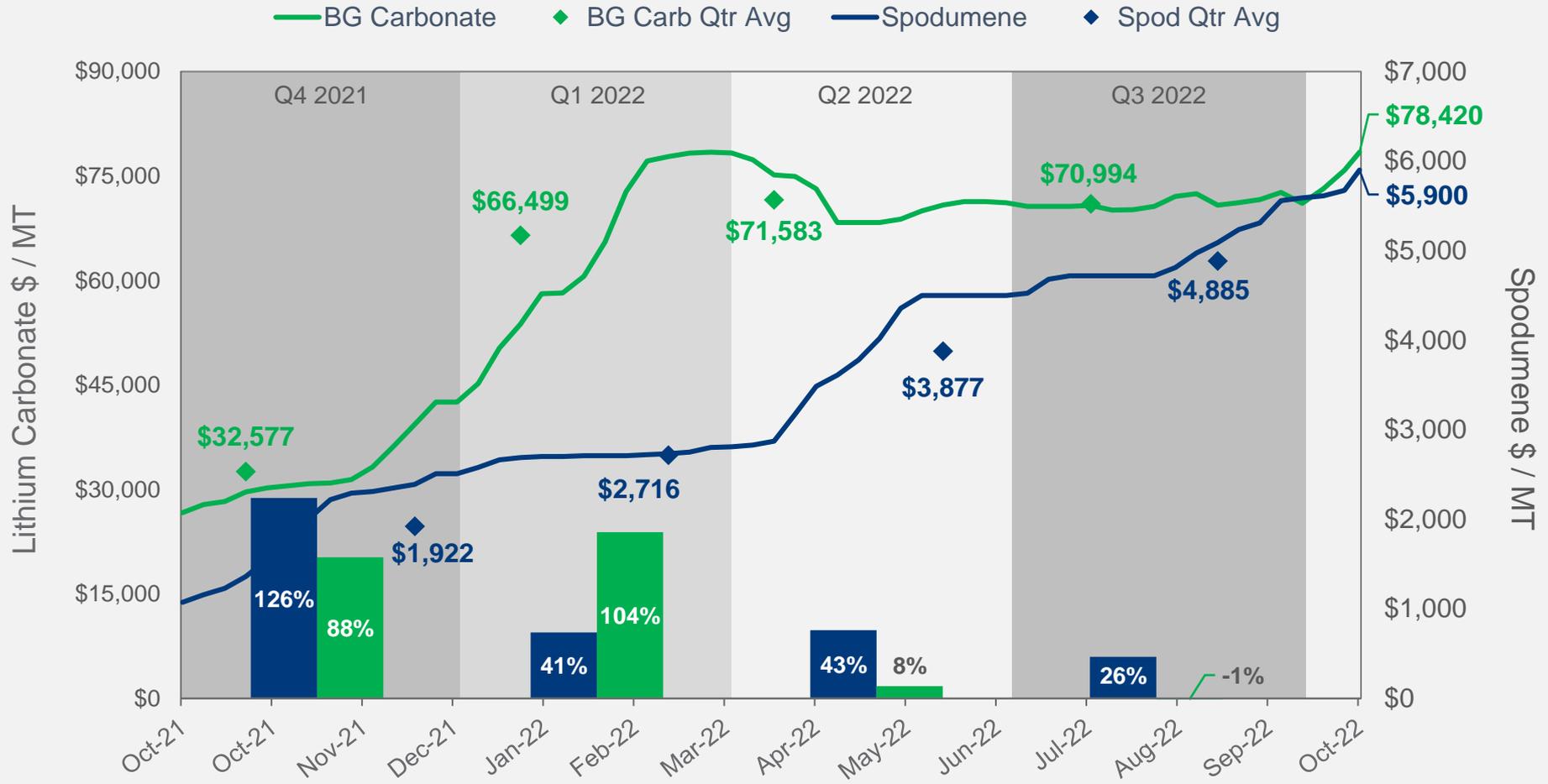
MATERIALS	Q3 2021	Q3 2022	OCT 26, 2022 SPOT	Q3 '22 VS. Q3 '21 % CHANGE	SPOT VS. Q3 '22 % CHANGE
Ferrovandium (\$/lb) <i>CRU</i>	\$17.08	\$23.07	\$19.75	35%	(14%)
Molybdenum (\$/lb) <i>S&amp;P Global Platts</i>	\$19.04	\$16.23	\$18.93	(15%)	17%
Nickel (\$/MT) <i>Metal Bulletin</i>	\$19,122	\$22,053	\$22,253	15%	1%
Chrome Metal (\$/lb) <i>CRU</i>	\$4.79	\$7.68	\$5.88	60%	(23%)
Tantalum (\$/lb) <i>Argus Metals</i>	\$88.50	\$112.84	\$82.50	28%	(27%)
Spodumene (\$/MT) <i>Asian Metal</i>	\$852	\$4,885	\$5,900	473%	21%
Lithium Carbonate (\$/MT) <i>Asian Metal</i>	\$17,294	\$70,994	\$78,420	311%	10%
Antimony (\$/MT) <i>Metal Bulletin</i>	\$11,753	\$13,259	\$12,050	13%	(9%)
Graphite (\$/MT) <i>Benchmark Minerals</i>	\$1,000	\$1,173	\$1,148	17%	(2%)
Silicon Metal (€/MT) <i>CRU</i>	€3,039	€4,309	€3,780	42%	(12%)

# CRITICAL MATERIALS — FULL YEAR AND CURRENT SPOT PRICES

MATERIALS	AVG 2020	AVG 2021	OCT 26, 2022 SPOT	AVG '21 VS. AVG '20 % CHANGE	SPOT VS. AVG '21 % CHANGE
Ferrovandium (\$/lb) <i>CRU</i>	\$10.81	\$15.81	\$19.75	46%	25%
Molybdenum (\$/lb) <i>S&amp;P Global Platts</i>	\$8.67	\$15.98	\$18.93	84%	18%
Nickel (\$/MT) <i>Metal Bulletin</i>	\$13,788	\$18,500	\$22,253	34%	20%
Chrome Metal (\$/lb) <i>CRU</i>	\$3.22	\$4.37	\$5.88	36%	35%
Tantalum (\$/lb) <i>Argus Metals</i>	\$60.15	\$76.01	\$82.50	26%	9%
Spodumene (\$/MT) <i>Asian Metal</i>	\$428	\$971	\$5,900	127%	508%
Lithium Carbonate (\$/MT) <i>Asian Metal</i>	\$6,375	\$18,882	\$78,420	196%	315%
Antimony (\$/MT) <i>Metal Bulletin</i>	\$5,912	\$11,752	\$12,050	99%	3%
Graphite (\$/MT) <i>Benchmark Minerals</i>	\$853	\$1,030	\$1,148	21%	11%
Silicon Metal (€/MT) <i>CRU</i>	€1,808	€3,825	€3,780	112%	(1%)

# LITHIUM CARBONATE VS SPODUMENE PRICES

(ASIAN METAL MARKET SPOT)



**Notes**

- Prices are shown as weekly averages taken over the period October 1, 2021, through October 26, 2022. The last prices shown are spot prices on October 26, 2022.
- Pricing Indexes: Asian Metal's Spodumene Li<sub>2</sub>O 6%min CIF China USD/mt; and Asian Metal's Lithium Carbonate 99.5%min China RMB/mt, converted to \$/mt.



## PROFIT (LOSS) FOR THE PERIOD TO EBITDA RECONCILIATION

<i>(000's USD)</i>	Q3 2022	Q3 2021
Profit (loss) for the period	\$68,339	(\$310)
Income tax expense	38,603	9,904
Net finance cost	13,988	7,543
Equity-settled share-based payment transactions	1,386	1,015
Restructuring expense	11	261
Net contract settlements	(46,407)	–
Asset impairment expense (reversal)	11,587	(88)
Strategic project expense <sup>(1)</sup>	3,282	3,311
Share of loss of associates	750	209
Others	(3)	630
<b>EBIT</b>	<b>91,536</b>	<b>22,475</b>
Depreciation and amortization	11,067	10,576
<b>EBITDA</b>	<b>102,603</b>	<b>33,051</b>

(1) The Company is in the initial development and ramp-up phases for several strategic expansion projects, including AMG Vanadium's expansion project, the joint venture with Shell, Hybrid Lithium Vanadium Redox Flow Battery System, and the lithium expansion in Germany, which incurred project expenses during the quarter but are not yet operational. AMG is adjusting EBITDA for these exceptional charges.