

# ENABLING THE CIRCULAR ECONOMY

INVESTOR PRESENTATION | FIRST QUARTER 2021



AMG ADVANCED  
METALLURGICAL GROUP N.V.

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# FINANCIAL HIGHLIGHTS

## REVENUE (IN MILLIONS OF US DOLLARS)



Revenue decrease due to lower sales in AMG Critical Materials Technologies

## NET (LOSS) INCOME ATTRIBUTABLE TO SHAREHOLDERS

(IN MILLIONS OF US DOLLARS)



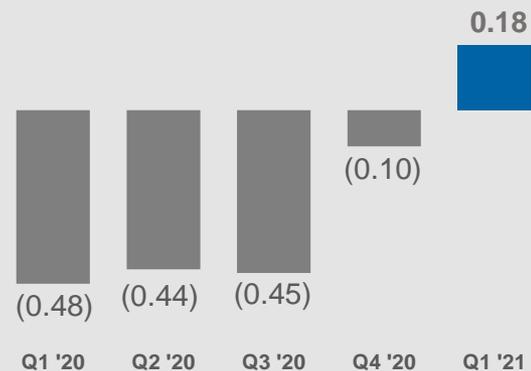
Net income during Q1 '21 due to increased profitability

## EBITDA (IN MILLIONS OF US DOLLARS)



▲  
27%  
YoY

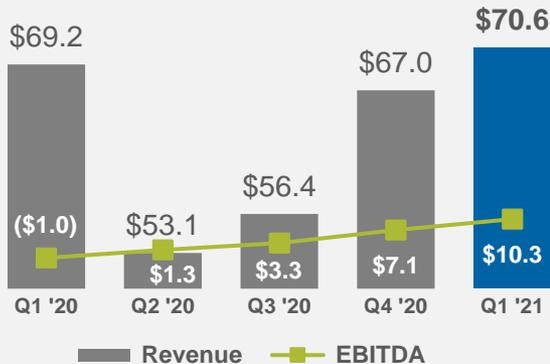
## (LOSS) EARNINGS PER SHARE (IN US DOLLARS)



▲  
0.66  
YoY

# AMG CLEAN ENERGY MATERIALS FINANCIAL HIGHLIGHTS

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



Revenue in line with Q1 '20 and EBITDA increased by \$11.3 million

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



243% YoY

## CAPITAL EXPENDITURES (IN MILLIONS OF US DOLLARS)



Spending is largely attributable to AMG Vanadium's expansion project

## KEY HIGHLIGHTS

- Gross profit before non-recurring items in Q1 2021 more than tripled vs. Q1 2020 due to the improving price environment compared to declining prices in the prior year
- SG&A expenses in Q1 2021 were \$9.6 million, 3% lower than in Q1 2020 due to non-recurring legal expenses in the first quarter of 2020
- EBITDA increased by \$11.3 million, to \$10.3 million from negative \$1 million in Q1 due to improved gross profit and SG&A

# AMG CRITICAL MINERALS FINANCIAL HIGHLIGHTS

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



Revenue and EBITDA increased 26% and 32%, respectively, vs. Q1 '20

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



27% YoY

## CAPITAL EXPENDITURES (IN MILLIONS OF US DOLLARS)



Q1 '21 spending in line with prior year

## KEY HIGHLIGHTS

- Revenue increased by \$15.2 million, or 26%, to \$72.9 million, driven by higher sales volumes and higher sales prices in all three business units
- Gross profit before non-recurring items increased by 27% in Q1 2021 due to increased revenue noted above
- SG&A expenses in Q1 2021 slightly increased by \$0.5 million, to \$6.6 million, primarily due to higher personnel costs and insurance expenses in the current period
- EBITDA increased by 32% in the first quarter due to increased revenue explained above

# AMG CRITICAL MATERIALS TECHNOLOGIES FINANCIAL HIGHLIGHTS

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



Revenue decreased due to reduced aerospace activity & volume reductions

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



Lower profitability was largely due to a slowdown in the aerospace sector

## ORDER INTAKE (IN MILLIONS OF US DOLLARS)



Book to bill ratio of 1.03x in Q1 '21

## KEY HIGHLIGHTS

- Q1 2021 revenue decreased by 20% due to reduced aerospace activity and volume reductions, partially offset by higher revenue from remelting and nuclear waste recycling furnaces
- SG&A expenses decreased by 11% vs. Q1 2021 due to lower personnel costs and lower professional fees as well as ongoing cost cutting
- Order backlog was \$190.7 million as of March 31, 2021, a 4% decrease from \$198.1 million as of December 31, 2020
- The Company signed \$57.5 million in new orders during Q1 2021, representing a 1.03x book to bill ratio, with strong orders of remelting, induction, and heat treatment furnaces

# KEY CORPORATE INCOME STATEMENT ITEMS

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



- Clean Energy Materials
- Critical Minerals
- Critical Materials Technologies

▼  
**5%  
YoY**

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



Increase mainly driven by higher foreign exchange losses, partially offset by lower borrowing rates

## TAXES (IN MILLIONS OF US DOLLARS)



AMG recorded a \$0.9 million income tax benefit in Q1 '21

- Taxes Paid (Refunded)
- Income Tax Expense (Benefit)

## KEY HIGHLIGHTS

- AMG capitalized \$3.8 million of interest costs in Q1 2021 compared to \$2.8 million in Q1 2020, driven by interest associated with the Company's tax-exempt municipal bond supporting the vanadium expansion in Ohio
- AMG recorded an income tax benefit of \$0.9 million in Q1 2021, compared to an expense of \$16.5 million in Q1 2020; this variance was mainly driven by movements in the Brazilian real, offset partially by higher pre-tax income compared to the prior period
- The effects of the Brazilian real caused a \$14.2 million lower non-cash tax expense in Q1 2021 versus Q1 2020

# CASH FLOW AND WORKING CAPITAL

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



Cash from operating activities increased in Q1 '21 mainly because of \$20 million advanced payment due to lithium contract

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



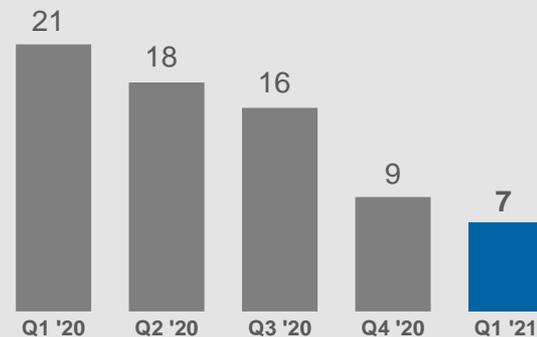
Significant investment in growth initiatives, especially the vanadium expansion, increased net debt

**ANNUALIZED ROCE**



ROCE increased due to higher profitability during the quarter

**WORKING CAPITAL DAYS**



14 Days YoY

# APPENDIX



# KEY REVENUE DRIVERS

## CLEAN ENERGY MATERIALS

SEGMENT RESULTS			KEY DRIVERS		
	<u>Q1 2021</u>	<u>Q1 2020</u>		Price	Volume
Revenue	\$70.6	\$69.2	Vanadium	▲	▼
Gross Profit *	\$13.4	\$3.9	Spodumene	▲	▲
			Tantalum	▲	▲

## CRITICAL MINERALS

SEGMENT RESULTS			KEY DRIVERS		
	<u>Q1 2021</u>	<u>Q1 2020</u>		Price	Volume
Revenue	\$72.9	\$57.8	Graphite	▲	▲
Gross Profit *	\$13.1	\$10.3	Silicon	▲	▲
			Antimony	▲	▲

## CRITICAL MATERIALS TECHNOLOGIES

SEGMENT RESULTS			KEY DRIVERS		
	<u>Q1 2021</u>	<u>Q1 2020</u>		Price	Volume
Revenue	\$120.4	\$151.3	Chrome	▲	▼
Gross Profit *	\$20.6	\$28.9	Titanium Alloys	▲	▼
			Engineering Book to Bill		▼**

\* 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	Q1 2020	Q1 2021	APR 28, 2021 SPOT	Q1 '21 VS. Q1 '20 % CHANGE	SPOT VS. Q1 '21 % CHANGE
Ferrovandium (\$/lb) <sup>1</sup>	\$12.33	\$14.60	\$16.15	18%	11%
Molybdenum (\$/lb)	\$9.65	\$11.36	\$11.10	18%	(2%)
Nickel (\$/MT)	\$12,719	\$17,570	\$17,223	38%	(2%)
Aluminum (\$/MT)	\$1,689	\$2,096	\$2,393	24%	14%
Chrome Metal (\$/lb)	\$3.30	\$3.41	\$3.50	3%	3%
Tantalum (\$/lb)	\$61.10	\$62.74	\$71.50	3%	14%
Spodumene (\$/MT)	\$400	\$449	\$630	12%	40%
Antimony (\$/MT)	\$6,150	\$9,503	\$10,175	55%	7%
Graphite (\$/MT) <sup>2</sup>	\$843	\$988	\$975	17%	(1%)
Silicon Metal (€/MT)	€1,820	€2,140	€2,275	18%	6%

<sup>1</sup> Ferrovandium prices shown per CRU.

<sup>2</sup> Graphite prices shown above have been changed to Benchmark Minerals' index (Graphite, flake, 94-95% C, +80 mesh, FOB China) to better reflect AMG Graphite's high purity grade.

## CRITICAL MATERIALS — FULL YEAR AND CURRENT SPOT PRICES

MATERIALS	AVG 2019	AVG 2020	APR 28, 2021 SPOT	AVG '20 VS. AVG '19 % CHANGE	SPOT VS. AVG '20 % CHANGE
Ferrovandium (\$/lb) <sup>1</sup>	\$21.95	\$10.81	\$16.15	(51%)	49%
Molybdenum (\$/lb)	\$11.43	\$8.67	\$11.10	(24%)	28%
Nickel (\$/MT)	\$13,933	\$13,788	\$17,223	(1%)	25%
Aluminum (\$/MT)	\$1,791	\$1,704	\$2,393	(5%)	40%
Chrome Metal (\$/lb)	\$4.13	\$3.22	\$3.50	(22%)	9%
Tantalum (\$/lb)	\$62.77	\$60.15	\$71.50	(4%)	19%
Spodumene (\$/MT)	\$614	\$428	\$630	(30%)	47%
Antimony (\$/MT)	\$6,722	\$5,912	\$10,175	(12%)	72%
Graphite (\$/MT) <sup>2</sup>	\$982	\$853	\$975	(13%)	14%
Silicon Metal (€/MT)	€1,696	€1,714	€2,275	1%	33%

<sup>1</sup> Ferrovandium prices shown per CRU.

<sup>2</sup> Graphite prices shown above have been changed to Benchmark Minerals' index (Graphite, flake, 94-95% C, +80 mesh, FOB China) to better reflect AMG Graphite's high purity grade.

## NET INCOME (LOSS) TO EBITDA RECONCILIATION

<i>(000's USD)</i>	Q1 2021	Q1 2020
Net income (loss)	\$5,678	(\$13,597)
Income tax (benefit) expense	(910)	16,515
Net finance cost *	8,654	6,335
Equity-settled share-based payment transactions **	1,114	1,490
Restructuring expense	67	428
Inventory cost adjustment (reversal)	(333)	(1,901)
Strategic project expense ***	2,552	1,395
Non-recurring legal expense	–	1,049
Share of loss of associates	387	–
Others	167	137
<b>EBIT</b>	<b>17,376</b>	<b>11,851</b>
Depreciation and amortization	10,963	10,478
<b>EBITDA</b>	<b>28,339</b>	<b>22,329</b>

\* Beginning January 1, 2021, AMG has altered its calculation of adjusted EBITDA to no longer include the impact of foreign exchange. This alteration was made in consideration of a change in the Company's hedging policy and to better align the reported adjusted EBITDA with the calculation for our bank covenant calculations. Starting January 2021, the Company is no longer hedging certain intergroup balance sheet exposures which will result in higher volatility in our financial results from foreign exchange which we believe is not representative of our ongoing operating performance. Foreign exchange loss in the first quarter of 2021 was \$3.0 million. Because of this hedging policy change, we did not retroactively apply this change to the prior year figures, otherwise it would have resulted in a reduction of the prior year adjusted EBIT of \$0.9 million.

\*\* Amount includes variable compensation expense which was share-settled in 2021.

\*\*\* The Company is in the ramp-up phase for three significant strategic expansion projects, including AMG Vanadium's expansion project, the joint venture with Shell, 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.