



AMG ADVANCED METALLURGICAL GROUP N.V. REPORTS FIRST QUARTER 2018 RESULTS

Key Highlights

- Revenue increased by 20% to \$308.4 million in the first quarter 2018 from \$258.0 million in the first quarter 2017
- EBITDA⁽²⁾ was \$44.5 million in the first quarter 2018, a 35% increase over the same period in 2017
- Net income attributable to shareholders increased by 18% to \$18.4 million in the first quarter 2018 from \$15.6 million in the first quarter 2017
- Cash from operating activities was \$24.8 million in the first quarter 2018, an increase of \$7.0 million over the same period in 2017
- Strong cashflows from operating activities caused net debt to decrease by \$0.9 million in the first quarter of 2018, to \$9.4 million, despite capital expenditures of \$22.6 million during the period
- Annualized return on capital employed increased to 28.4% in the first quarter 2018, as compared to 25.5% in the first quarter 2017

Amsterdam, 2 May 2018 (Regulated Information) --- AMG Advanced Metallurgical Group N.V. ("AMG", Euronext Amsterdam: "AMG") reported first quarter 2018 revenue of \$308.4 million, a 20% increase from \$258.0 million in the first quarter 2017. EBITDA for the first quarter 2018 was \$44.5 million, a 35% increase from \$33.0 million in the first quarter 2017. Net income attributable to shareholders increased 18% to \$18.4 million in the first quarter 2018 from \$15.6 million in the first quarter 2017.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, said, "AMG achieved a considerable improvement in profitability during the quarter, driven by improved pricing and higher sales volumes in AMG Critical Materials. In addition, continuing strong demand for our industry leading vacuum furnace solutions resulted in the highest quarterly order intake in 10 years and the highest order backlog in over 9 years.

AMG Critical Materials generated EBITDA of \$37.1 million during the first quarter 2018, an increase of 44% from \$25.7 million in the first quarter of 2017, thanks to strong financial performance in vanadium, silicon, titanium alloys, graphite, chrome and aluminum, driven by higher vanadium and silicon metal prices, and strong sales volumes.

AMG Engineering achieved EBITDA of \$7.4 million during the first quarter 2018, a slight increase from \$7.3 million in the first quarter 2017. AMG Engineering signed \$104.8

million in new orders during the first quarter 2018, representing a 1.74x book to bill ratio, driven by strong orders of turbine blade coating and powder metallurgy furnaces for the aerospace market, heat treatment furnaces for the automotive market and induction heated quartz tube (IWQ) furnaces for fiber optic applications. Order backlog was \$255.8 million as of March 31, 2018, an increase of 24% compared to December 31, 2017.

In the first quarter of 2018, AMG generated cash from operating activities of \$24.8 million, an increase of \$7.0 million compared to the same period in 2017. As a result of the strong cashflow generation, AMG's net debt decreased by \$0.9 million in the first quarter of 2018, despite capital expenditures of \$22.6 million during the period. In summary, the Company is operating at record levels."

Key Figures

In 000's US Dollar

	Q1 '18	Q1 '17	Change
Revenue	\$308,448	\$257,969	20%
Gross profit	70,118	52,503	34%
Gross margin	22.7%	20.4%	
Operating profit	34,579	21,028	64%
Operating margin	11.2%	8.2%	
Net income attributable to shareholders	18,389	15,566	18%
EPS - Fully diluted	0.58	0.50	16%
EBIT ⁽¹⁾	36,256	25,721	41%
EBITDA ⁽²⁾	44,480	32,966	35%
EBITDA margin	14.4%	12.8%	
Cash from operating activities	24,808	17,830	39%

Note:

- (1) EBIT is defined as earnings before interest and income taxes. EBIT excludes restructuring and equity-settled share-based payments and includes foreign currency gains or losses.
- (2) EBITDA is defined as EBIT adjusted for depreciation and amortization.

Operational Review

AMG Critical Materials

	Q1 '18	Q1 '17	Change
Revenue	\$248,351	\$194,506	28%
Gross profit	51,922	36,268	43%
Operating profit	28,979	15,610	86%
EBITDA	37,076	25,668	44%

AMG Critical Materials revenue in the first quarter increased by \$53.8 million, or 28%, to \$248.4 million, driven by improved vanadium, silicon metal, aluminum, antimony, graphite and titanium prices, and higher sales volumes of vanadium, aluminum, chrome, graphite, tantalum and titanium products.

Gross profit in the first quarter increased by \$15.7 million, or 43%, to \$51.9 million. Strong financial performance in vanadium, silicon, titanium alloys, graphite, chrome and aluminum was partially offset by lower gross profit in tantalum. The strong financial performance was driven by higher vanadium and silicon metal prices, and strong sales volumes. The reduction in tantalum gross profit was driven by lower sales prices in the first quarter of 2018, compared to the first quarter of 2017, which benefited from the recognition of an additional \$6.8 million in deferred revenue, following the early cancellation of AMG Mineração's tantalum supply contract.

SG&A expenses in the first quarter 2018 increased by \$2.3 million, or 11%, compared to the same period in the prior year, primarily due to foreign exchange effects related to the strengthening of the euro relative to the dollar and higher personnel costs.

First quarter 2018 EBITDA margin increased to 15%, compared to 13% in the first quarter 2017, due primarily to the improvement in vanadium and silicon metal pricing.

AMG Engineering

	Q1 '18	Q1 '17	Change
Revenue	\$60,097	\$63,463	(5%)
Gross profit	18,196	16,235	12%
Operating profit	5,600	5,418	3%
EBITDA	7,404	7,298	1%

AMG Engineering signed \$104.8 million in new orders during the first quarter 2018, representing a 1.74x book to bill ratio. Order backlog was \$255.8 million as of March 31, 2018, an increase of 24% from December 31, 2017. This was driven by strong sales of turbine blade coating, powder metallurgy, heat treatment and induction heated quartz tube (IWQ) furnaces for fiber optic applications.

AMG Engineering's first quarter 2018 revenue decreased \$3.4 million, or 5%, to \$60.1 million, primarily due to timing effects. Early stage engineering work underway on a number of large orders received in recent months resulted in lower levels of revenue in the quarter. Higher levels of revenue will be recognized on these projects as they progress into the build stage.

First quarter 2018 gross profit increased by \$2.0 million, or 12%, to \$18.2 million and gross margin increased to 30% from 26% in the first quarter 2017, due to favorable product mix effects.

SG&A expenses increased by \$1.8 million, or 16%, compared to the prior year primarily due to foreign exchange effects related to the strengthening of the euro relative to the dollar and higher personnel costs. AMG Engineering is in the process of expanding its workforce in response to the increased level of order backlog, driven primarily by strong demand from the aerospace market.

EBITDA increased slightly by \$0.1 million to \$7.4 million in the first quarter 2018.

Financial Review

Tax

AMG recorded an income tax expense of \$9.7 million in the first quarter 2018 as compared to a tax expense of \$3.5 million in the same period in 2017. The increase in tax expense is driven by higher profitability and the full recognition of AMG's US operating loss carry forwards in 2017.

Due to the volatile nature of the company's deferred tax balances, AMG believes that the cash tax rate is a more meaningful metric. AMG paid taxes of \$2.2 million in the first quarter 2018 as compared to tax payments of \$1.5 million in the same period in 2017. For the first quarter 2018, AMG's effective cash tax rate remained unchanged compared to the prior year at 8%.

Non-Recurring Items

AMG's first quarter 2018 gross profit of \$70.1 million includes non-recurring items, which are not included in the calculation of EBITDA.

A summary of non-recurring items included in gross profit in the first quarters of 2018 and 2017 are below:

Non-recurring items included in gross profit

	Q1 '18	Q1 '17	Change
Gross profit	\$70,118	\$52,503	34%
Restructuring expense	189	467	(60%)
Asset impairment expense	—	2,217	N/A
Gross profit before non-recurring items	70,307	55,187	27%

Gross profit before non-recurring items by reporting segment

	Q1 '18	Q1 '17	Change
AMG Critical Materials	\$52,079	\$38,885	34%
AMG Engineering	18,228	16,302	12%
Gross profit before non-recurring items	70,307	55,187	27%

Liquidity

	March 31, 2018	December 31, 2017	Change
Total debt	\$376,751	\$189,108	99%
Cash and cash equivalents **	367,359	178,800	105%
Net debt **	9,392	10,308	(9%)

** As a result of the refinancing of AMG's credit facility, cash of \$17.1 million has been temporarily restricted and will be released during the course of 2018. Due to the nature of this balance, we have included the amount within the debt calculation disclosed above.

AMG had a net debt position of \$9.4 million as of March 31, 2018. Net debt decreased by \$0.9 million and total debt increased by \$187.6 million from December 31, 2017.

Cash from operating activities increased by \$7.0 million to \$24.8 million in the first quarter 2018.

Capital expenditures increased to \$22.6 million in the first quarter 2018 compared to \$10.9 million in the same period in 2017. Capital spending in the first quarter 2018 included \$6.9 million of maintenance capital. The largest expansion capital project was AMG's lithium project in Brazil.

AMG had \$519.8 million of total liquidity as of March 31, 2018, following the successful refinancing of AMG's credit facilities during the quarter.

Net Finance Costs

AMG's first quarter 2018 net finance costs increased to \$6.5 million compared to \$2.0 million in the first quarter 2017. The increase was partially due to the write-off of \$2.9 million of costs associated with the previous credit facility, following the refinancing exercise completed in January 2018. In addition, interest expenses associated with AMG's new, long term credit facility increased by \$1.7 million, due to higher levels of gross debt and higher interest rates associated with the long term nature of the facility.

SG&A

AMG's first quarter 2018 SG&A expenses were \$35.6 million compared to \$31.6 million in the first quarter 2017, primarily due to foreign exchange effects related to the strengthening of the euro relative to the dollar and, to a lesser extent, higher personnel costs.

Outlook

As demonstrated in the first quarter of 2018, AMG expects full year 2018 EBITDA to improve considerably compared to the prior year.

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Income Statement

For the quarter ended March 31

In thousands of US Dollars

	2018 Unaudited	2017 Unaudited
Continuing operations		
Revenue	308,448	257,969
Cost of sales	238,330	205,466
Gross profit	70,118	52,503
 Selling, general and administrative expenses	 35,626	 31,580
 Net other operating income	 (87)	 (105)
 Operating profit	 34,579	 21,028
 Finance income	 (518)	 (176)
Finance cost	7,059	2,161
Net finance cost	6,541	1,985
 Profit before income tax	 28,038	 19,043
 Income tax expense	 9,705	 3,477
 Profit for the period	 18,333	 15,566
Attributable to:		
Shareholders of the Company	18,389	15,566
Non-controlling interests	(56)	-
Profit for the period	18,333	15,566
 Earnings per share		
Basic earnings per share	0.62	0.55
Diluted earnings per share	0.58	0.50

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Statement of Financial
Position

<i>In thousands of US Dollars</i>	March 31, 2018 Unaudited	December 31, 2017
Assets		
Property, plant and equipment	310,102	298,540
Goodwill and other intangible assets	38,720	38,110
Derivative financial instruments	722	636
Other investments	30,650	30,562
Deferred tax assets	41,339	40,108
Restricted cash	18,293	829
Non-current tax asset	2,488	2,488
Other assets	18,731	17,729
Total non-current assets	461,045	429,002
Inventories	199,076	162,505
Derivative financial instruments	5,385	6,372
Trade and other receivables	159,539	137,174
Other assets	33,336	37,547
Current tax assets	6,509	3,147
Cash and cash equivalents	350,238	178,800
Assets held for sale	936	2,056
Total current assets	755,019	527,601
Total assets	1,216,064	956,603

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Statement of Financial
Position
(continued)

In thousands of US Dollars

	March 31, 2018 Unaudited	December 31, 2017
Equity		
Issued capital	796	796
Share premium	432,844	432,844
Treasury shares	(3,275)	(3,461)
Other reserves	(69,959)	(72,880)
Retained earnings (deficit)	(81,024)	(99,343)
Equity attributable to shareholders of the Company	279,382	257,956
Non-controlling interests	25,233	24,633
Total equity	304,615	282,589
Liabilities		
Loans and borrowings	358,597	164,788
Employee benefits	160,702	156,193
Provisions	35,961	35,887
Other liabilities	4,367	4,011
Derivative financial instruments	637	-
Deferred tax liabilities	7,386	7,888
Total non-current liabilities	567,650	368,767
Loans and borrowings	2,654	8,820
Short term bank debt	15,500	15,500
Other liabilities	59,783	60,212
Trade and other payables	159,979	155,115
Derivative financial instruments	2,620	1,415
Advance payments	58,487	33,025
Deferred revenue	2,055	1,624
Current taxes payable	18,043	9,155
Provisions	24,678	20,381
Total current liabilities	343,799	305,247
Total liabilities	911,449	674,014
Total equity and liabilities	1,216,064	956,603

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Statement of Cash Flows

For the quarter ended March 31

In thousands of US Dollars

	2018 Unaudited	2017 Unaudited
Cash from operating activities		
Profit for the year	18,333	15,566
Adjustments to reconcile net profit to net cash flows:		
Non-cash:		
Income tax expense	9,705	3,477
Depreciation and amortization	8,224	7,245
Asset impairment expense	-	2,217
Net finance costs	6,541	1,985
Gain on sale or disposal of property, plant and equipment	(37)	(61)
Equity-settled share-based payment transactions	1,634	2,176
Movement in provisions, pensions and government grants	3,537	293
Working capital and deferred revenue adjustments	(17,654)	(11,124)
Cash generated from operating activities	30,283	21,774
Finance costs paid, net	(3,240)	(2,400)
Income tax paid, net	(2,235)	(1,544)
Net cash from operating activities	24,808	17,830
Cash used in investing activities		
Proceeds from sale of property, plant and equipment	39	66
Acquisition of property, plant and equipment and intangibles	(22,575)	(10,859)
Change in restricted cash	(17,405)	217
Other	(23)	16
Net cash used in investing activities	(39,964)	(10,560)

AMG Advanced Metallurgical Group N.V.
Condensed Interim Consolidated Statement of Cash Flows
(continued)

For the quarter ended March 31

In thousands of US Dollars

	2018 Unaudited	2017 Unaudited
Cash from (used in) financing activities		
Proceeds from issuance of debt	346,335	-
Transaction costs related to the issuance of debt	(9,339)	-
Repayment of borrowings	(155,094)	(3,050)
Net repurchase of common stock	(230)	-
Issuance of treasury shares	-	151
Net cash from (used in) financing activities	181,672	(2,899)
 Net increase in cash and cash equivalents	 166,516	 4,371
 Cash and cash equivalents at January 1	 178,800	 160,744
Effect of exchange rate fluctuations on cash held	4,922	1,341
Cash and cash equivalents at March 31	350,238	166,456

This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

This press release contains regulated information as defined in the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

About AMG

AMG is a global critical materials company at the forefront of CO₂ reduction trends. AMG produces highly engineered specialty metals and mineral products and provides related vacuum furnace systems and services to the transportation, infrastructure, energy, and specialty metals & chemicals end markets.

AMG Critical Materials produces aluminum master alloys and powders, titanium alloys and coatings, ferrovandium, natural graphite, chromium metal, antimony, lithium, tantalum, niobium and silicon metal. AMG Engineering designs, engineers, and produces advanced vacuum furnace systems and operates vacuum heat treatment facilities, primarily for the transportation and energy industries.

With approximately 3,300 employees, AMG operates globally with production facilities in Germany, the United Kingdom, France, the Czech Republic, the United States, China, Mexico, Brazil, India, Sri Lanka and Mozambique, and has sales and customer service offices in Russia and Japan (www.amg-nv.com).

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Disclaimer

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