Capital Markets Day
Operations Review
June 3, 2014
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Operations – Principles & Policies

- **Business Ethics**
  - AMG employees will act with honesty, integrity and respect for people
  - AMG companies will be good neighbors in our communities

- **Health, Safety & Environment**
  - Safe working practices are a core element of AMG’s values
  - AMG’s objective is to have zero injuries to our employees
  - Management in every operation has personal responsibility for developing and promoting a culture of Safety First

- **Key Financial Performance Metrics**
  - ROCE
  - Operating Cash Flow
  - Continuous improvement
    - Programs and measurable targets across all units
HSE Performance
AMG is focused on the health and safety of our employees and our environmental impact:

- Record low number of lost time incidents in 2013
- 17 locations achieved zero lost time accidents in 2013
- OHSAS 18001 formal safety management systems approaching completion
- Introducing ISO 14001 formal environmental management systems
Safety – 2013 Proactive Measures

- OHSAS 18001 Implementation
  - Now covers 10 major locations
- Improved safety communications
  - Monthly corporate reports
  - Immediate incident alerts
- Increased training
- Expanding near miss reporting process

AMG Near Misses Reports 2012 to 2014
Safety – 2013 Results

- No Fatalities
- Continued Lost Time Incident (LTI) Reduction
  - 1.76 per 200,000 hours in 2013
- Incident Severity Rate
  - 0.21 lost days per 1,000 hours worked

AMG LTI Rate 2011 to 2014
Operational Performance
Operations – Revenue & Price Risk

- Selective growth trends
  - Vanadium – recycling
  - Titanium aluminide
  - High-purity superalloys
  - Graphite
  - Engineering – Heat Treatment & Services

- De risking – reducing price exposure via long-term sales contracts and indexed sourcing:
  - AMG Silicon
  - AMG Graphite
  - AMG Mineração
  - AMG Titanium
  - AMG Vanadium
Operations – Costs & Productivity Improvement

- Full time staffing down approximately 8% from May 2013
- Right-sizing AMG Superalloys (UK and Brazil) and AMG Ti Alloys & Coatings
  - Reducing staffing approximately 10%
  - Adjusted production levels to current market conditions
- Curtailing aluminum alloys capacity by 5,000 metric tons, or approximately 10% of global demand
- Reducing raw material costs at AMG Antimony through a materials recycling program
- Utilizing new raw material optical sorting process to reduce impurities and energy consumption at AMG Silicon
- Accelerating a cost improvement program at AMG Engineering
## Operations – Progress

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| Reduce SG&A                      | ■ QoQ SG&A reduced by 3%, or $1.0M  
■ Target to reduce SG&A expenses by 3% in FY 2014                                                                                           |
| Improve Gross Margin             | ■ QoQ Gross Margin 16.9%, up 0.6%  
■ Continuous improvement - programs and measurable targets across all units                                                                 |
| Increase Op Cash Flow and ROCE  | ■ Q1’14 Cash flow from Operations $5.7M, up $5.0M QoQ  
■ Q1’14 CAPEX reduced 36% QoQ  
■ Only investing in the highest returning strategic projects and required maintenance expenditures                                    |
| Reduce Gross and Net Debt        | ■ Gross Debt reduced by $4.8M, compared to YE 2013  
■ Improving cash management activities to reduce gross debt and interest expenses in 2014                                                   |

**Focus on improving ROCE and Operating Cash Flow**
Operations – Progress

Reduced working capital days by over 40% since 2009

27 days; >$90 million