



# LEADING THE CRITICAL MATERIALS REVOLUTION



Capital Markets Day 2016  
COO Presentation  
June 16, 2016

A nighttime cityscape with light trails from traffic and illuminated buildings. A large blue semi-transparent overlay covers the left side of the image, and a green semi-transparent overlay covers the bottom right corner. The text 'TABLE OF CONTENTS' is positioned on the blue overlay.

## TABLE OF CONTENTS

About AMG	4
CO <sub>2</sub> Reduction	5
Strong Capital Structure	6
Critical Raw Materials	7
Operating Principles & Policies	8
2015-2016 Highlights	9
Working Capital Reduction	11
Health & Safety Focus	12

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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 the market demands



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

# CO<sub>2</sub> REDUCTION

A GLOBAL IMPERATIVE FOR THE 21ST CENTURY

## **AMG: MITIGATING TECHNOLOGIES**

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

## **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)

AMG HAS DEVELOPED INTO A LEADER  
IN ENABLING TECHNOLOGIES

# Strong capital structure, positioned for growth

## OPTIMIZED CAPITAL STRUCTURE

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- Refinanced credit facility in 2015, providing a stable capital base and liquidity for strategic growth
- Deleveraged balance sheet; zero net debt at end of FY15

## RETURN EXCESS CASH TO SHAREHOLDERS

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

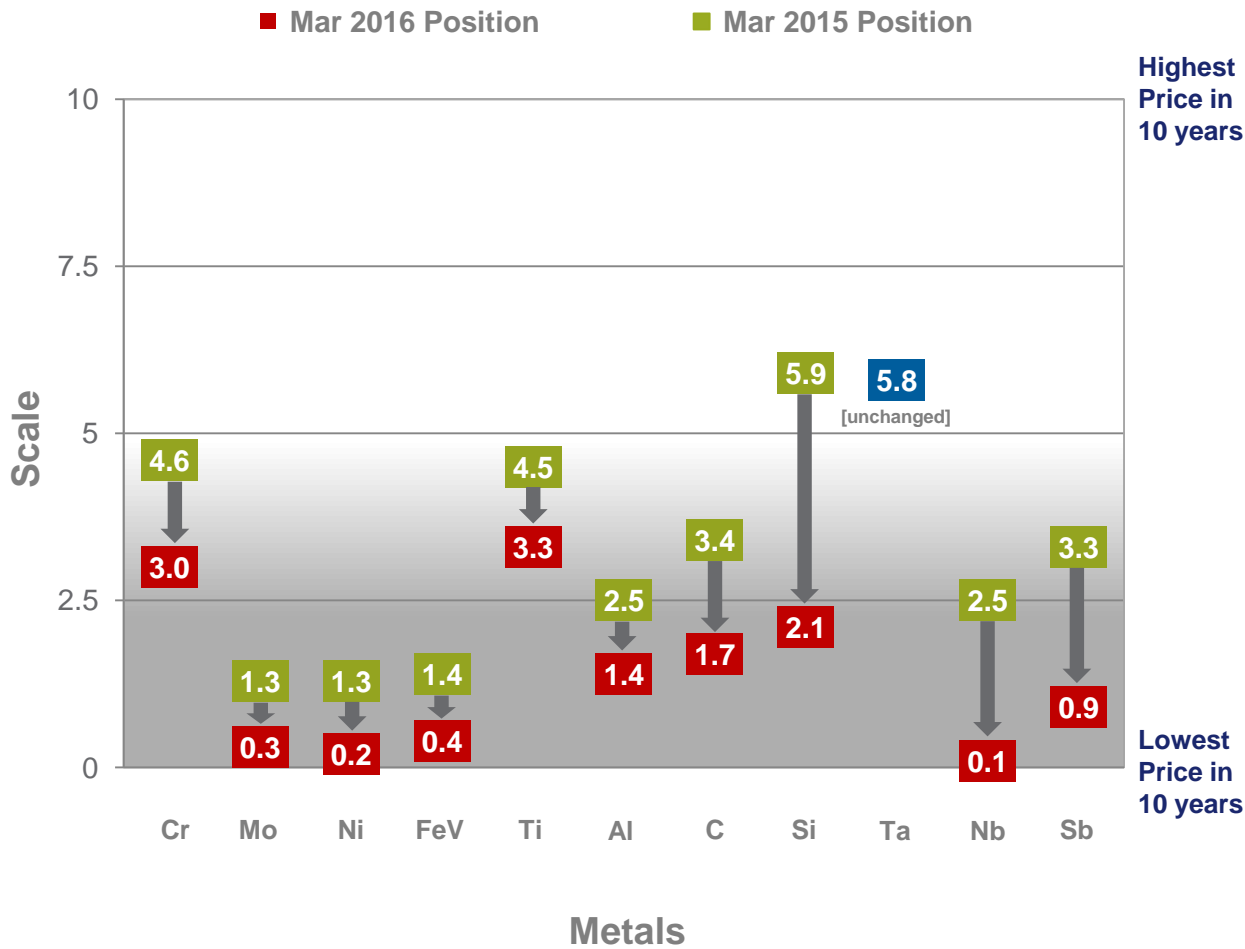
## DISCIPLINED ORGANIC GROWTH & ACQUISITIONS

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- 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 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  $[(\text{Mar '06 month avg} - \text{min. monthly avg}) / (\text{max. monthly avg} - \text{min. monthly avg}) * 10]$  where maximum and minimum monthly averages are measured over the period 1 Mar '06 through 31 Mar '16.

# Operating Principles and Policies

Principle/Policy	Description
<b>Health and Safety</b>	<ul style="list-style-type: none"><li>• Safe working practices are the core element of AMG's values.</li><li>• AMG's objective is to have zero injuries - safety is our #1 priority.</li></ul>
<b>Business Ethics</b>	<ul style="list-style-type: none"><li>• AMG has a written Code of Business Conduct that applies to all AMG employees.</li><li>• We aim to create value, we respect people and we act with integrity.</li></ul>
<b>Key Operating Objectives</b>	<ul style="list-style-type: none"><li>• Price exposure: Manage net position / price exposure as close to zero as possible.</li><li>• Costs and productivity: Continually and materially lower our cost structure, effectively manage project costs, improve yields and shorten cycle times.</li><li>• Credit risk: Pay special attention to customer credit limits and exposure.</li><li>• Capital spending: Prioritize capital spending to meet AMG capex limits.</li><li>• Working capital: Outperform the Financial Plan in days of working capital.</li></ul>
<b>Key Financial Performance Metrics</b>	<ul style="list-style-type: none"><li>• AMG's Key Financial Performance metrics are EBITDA, ROCE and Operating Cash Flow.<ul style="list-style-type: none"><li>– The Supervisory Board determines ambitious yet realistic targets for each performance metric.</li><li>– Individual Company Targets are set annually by the Management Board.</li></ul></li></ul>
<b>Risk Management</b>	<ul style="list-style-type: none"><li>• AMG and its business units prepare quarterly risk reports to highlight and quantify the significant risks that each business must manage or might encounter.</li><li>• Quarterly reporting is only our formal reporting process. Each business unit communicates important risks, exposures and events up their reporting lines in an open and timely manner.</li></ul>



# 2015 – 2016 Highlights

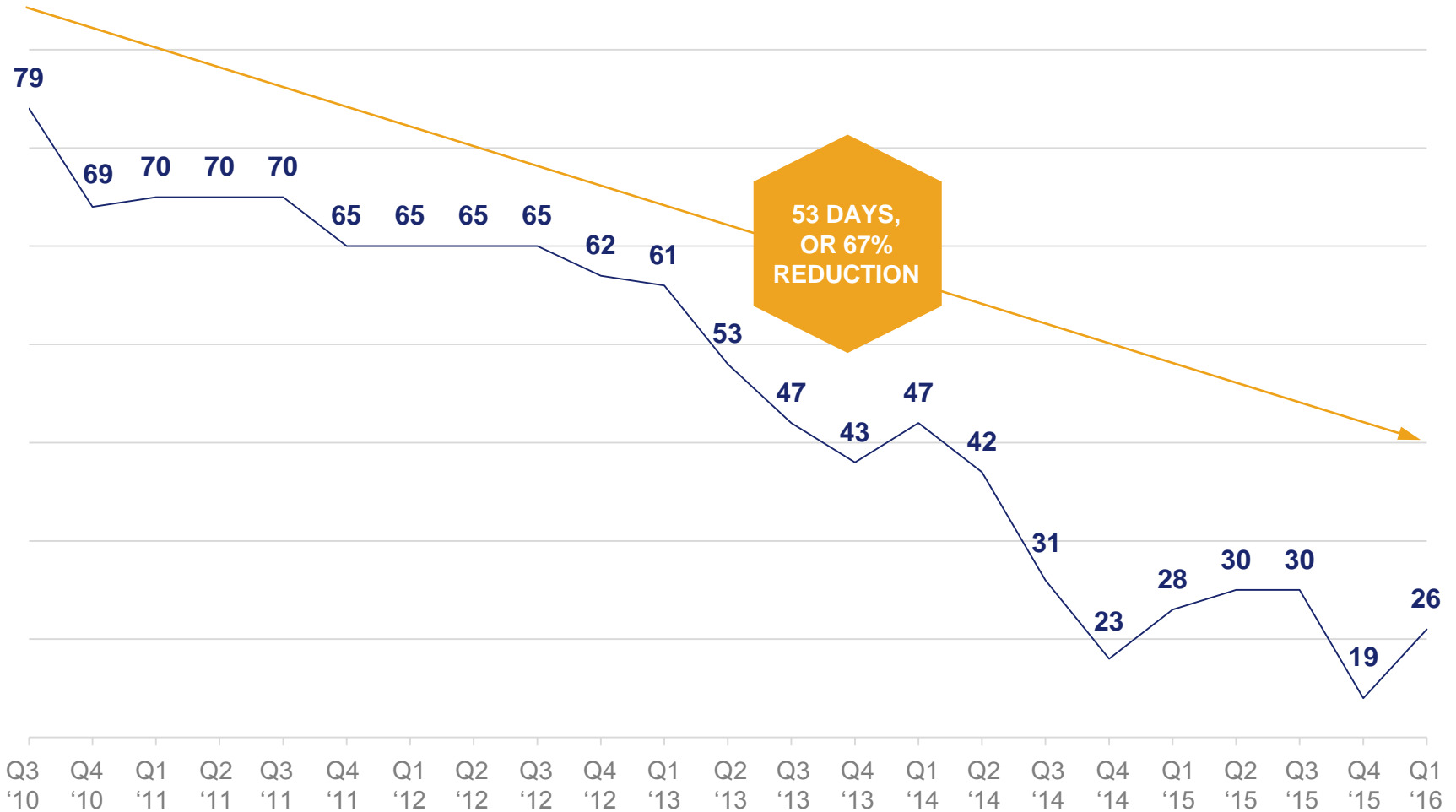
Business Unit	Accomplishment
AMG	<ul style="list-style-type: none"><li>• Entered into a new \$320 million multicurrency term loan and revolving credit facility.</li><li>• Initiated dividend payments to shareholders, reflecting the company's strong balance sheet liquidity, as well as the Board's confidence in our long-term ability to generate solid cash flow.</li></ul>
AMG Lithium	<ul style="list-style-type: none"><li>• Completed an affirmative prefeasibility study for the recovery of Spodumene, a lithium-bearing mineral, from its Volta Grande mine tailings resource in Brazil.</li><li>• Following completion of the prefeasibility study, AMG has commissioned Outotec to perform basic engineering for a Spodumene operation, with targeted annual production of up to 90,000 tons and chemical plant prefeasibility.</li></ul>
AMG Vanadium	<ul style="list-style-type: none"><li>• Signed multi-year agreements to extend its existing long-term relationship with major oil refinery operators to process and recycle spent catalysts.</li></ul>
AMG Ta & Nb	<ul style="list-style-type: none"><li>• Amended the pricing and payment structure of the long-term tantalum sales contract with its major customer, Global Advanced Metals USA Inc. (GAM). As part of the amendment, AMG received a cash payment from GAM and a 10% interest in Global Advanced Metals Pty Ltd.</li></ul>

# 2015 – 2016 Highlights (continued)

Business Unit	Accomplishment
AMG TAC	<ul style="list-style-type: none"> <li>• AMG TAC selected by MTU Aero Engines AG, under a long term supply contract, to provide titanium aluminides ("TiAl") for the production of the Pratt &amp; Whitney PurePower® PW1100G-JM engine.</li> </ul>
AMG Graphite	<ul style="list-style-type: none"> <li>• Completed the sale of a 40% equity stake in AMG Graphite Kropfmühl GmbH in combination with a 10.33% equity interest in Bogala Graphite Lanka PLC, for a combined cash price of \$38M.</li> <li>• AMG will restart mining operations in the third quarter of 2016.</li> <li>• Finalized an agreement between Haydale Graphene Industries plc ("Haydale") and Graphit Kropfmühl GmbH ("AMG Graphite") to collaborate in the research and development of new nano-material products using Haydale's patented HDPlas® process on an industrial scale.</li> </ul>
AMG Engineering	<ul style="list-style-type: none"> <li>• Implemented new procurement optimization program and reduced headcount by approx. 50 full time positions between Q4 2014 and Q4 2015.</li> </ul>

# Working Capital Reduction

WORKING CAPITAL DAYS REDUCED BY 67% SINCE Q3'10






# Health and Safety Focus

## LEADING SAFETY INDICATORS

- The number of safety improvement items reported increased by 13% compared to the 12 month period ending March 2015. These are essential in order to avoid potential injuries.
- Incident severity rate over the 12 months ending March 2016 is down 37% from the previous 12 month period.
- Days away from work resulting from these lost time incidents are down 35%.

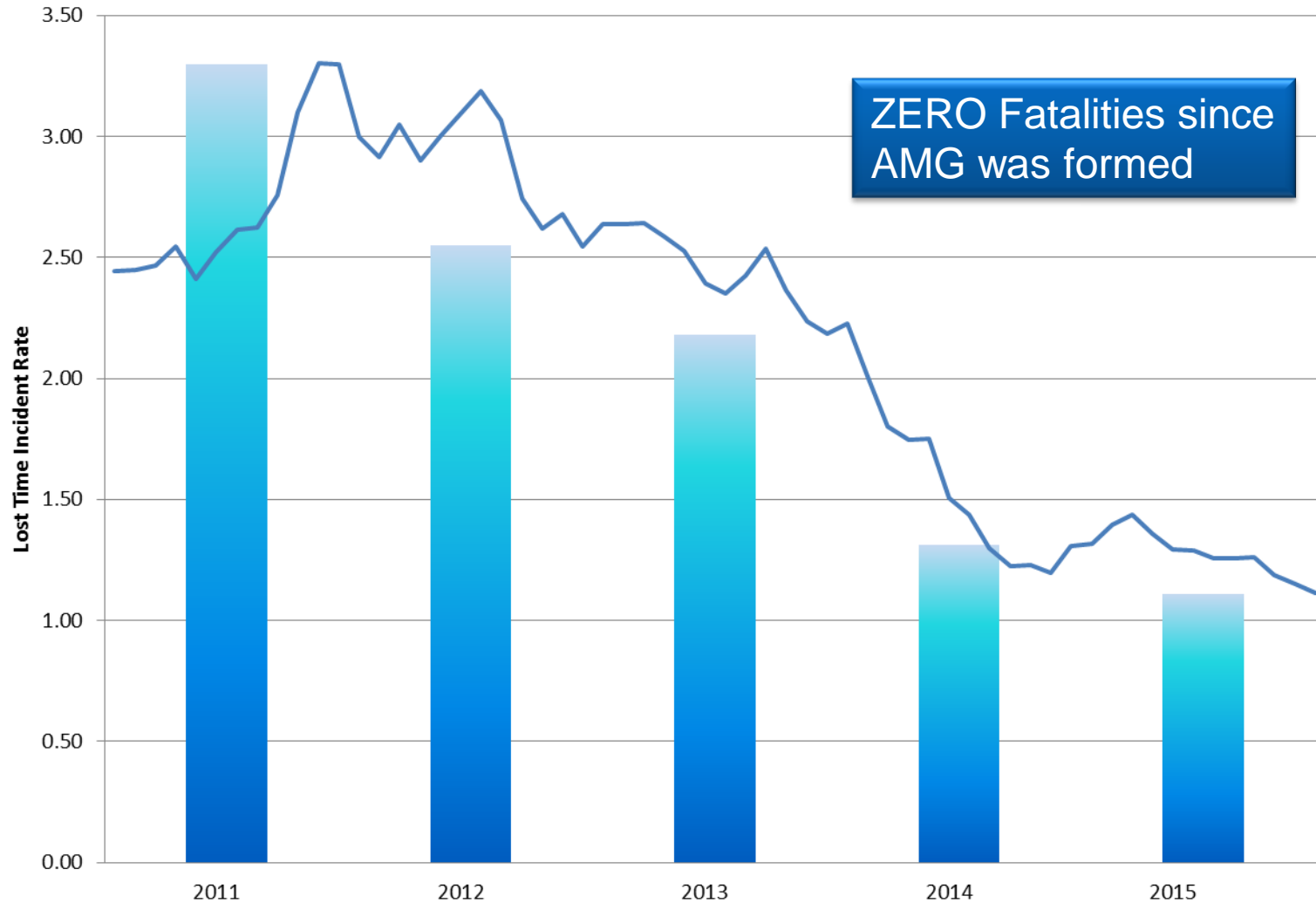


PERIOD ENDING MARCH	LOST TIME INCIDENTS IN THE LAST 12 MONTHS	12 MONTH AVERAGE LOST TIME INCIDENT RATE	12 MONTH AVERAGE INCIDENT SEVERITY RATE
2015	32	1.30	0.19
2016	29 	1.08 	0.12 

**RIGOROUS COMMITMENT TO SAFETY REFLECTED IN CONTINUALLY IMPROVING SAFETY RECORDS**

# AMG Safety Results: 5 Year LTI Rate

## AMG Lost Time Incident Rate January 2011 to December 2015



Sb

Mo

Cr

C

V

Ni

Ti

Ta

Al

Si

Nb

AMG