

# ENABLING THE CIRCULAR ECONOMY

INVESTOR PRESENTATION | THIRD QUARTER 2020



AMG ADVANCED  
METALLURGICAL GROUP N.V.

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# FINANCIAL HIGHLIGHTS

## REVENUE (IN MILLIONS OF US DOLLARS)



Revenue decrease due to pandemic-induced lower volumes & low prices

## NET LOSS ATTRIBUTABLE TO SHAREHOLDERS (IN MILLIONS OF US DOLLARS)

(IN MILLIONS OF US DOLLARS)



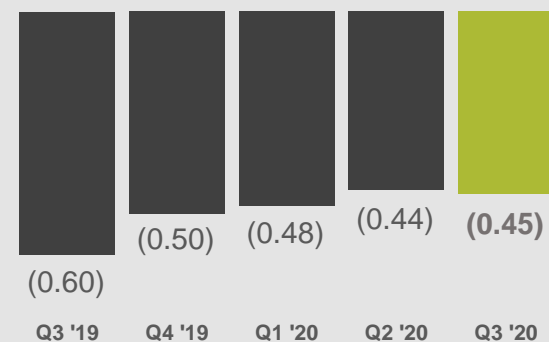
Q3 2019 impacted by inventory cost adjustments

## EBITDA (IN MILLIONS OF US DOLLARS)



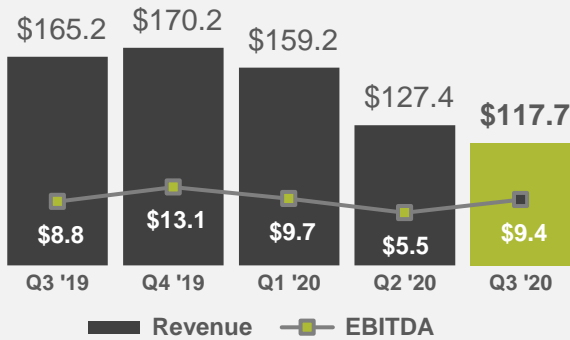
The decline was due to pandemic-related interruptions to the business

## EARNINGS PER SHARE (IN US DOLLARS)



# AMG CRITICAL MATERIALS FINANCIAL HIGHLIGHTS

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



Revenue decreased largely due to pandemic-related impacts across AMG's portfolio

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



Lower prices & volumes partially offset by volume increases in vanadium, lithium, tantalum, graphite, and silicon

## CAPITAL EXPENDITURES (IN MILLIONS OF US DOLLARS)



Spending is largely attributable to AMG Vanadium's expansion project

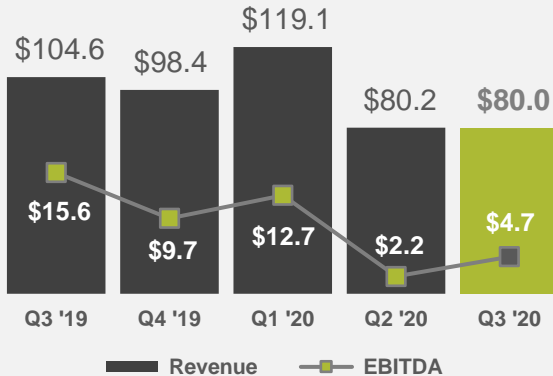
\* Includes capitalized borrowing costs

## KEY HIGHLIGHTS

- Revenue decreased by \$47.5 million compared to Q3 2019, to \$117.7 million in Q3 2020, driven by pandemic-related impacts, such as lower average prices across 6 business units as well as volume decreases
- SG&A expenses in Q3 2020 were \$15.6 million, a 20% decrease compared to Q3 2019, primarily due to lower personnel costs, lower professional fees, and cost reduction efforts across the business

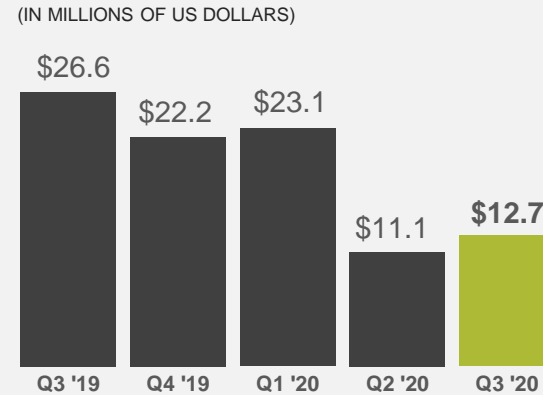
# AMG TECHNOLOGIES FINANCIAL HIGHLIGHTS

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



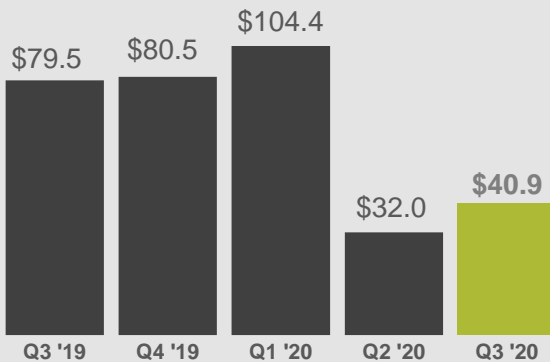
Revenue decreased due to pandemic-driven lower volumes

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



Lower profitability was largely due to slowdowns in the aerospace & automotive sectors

## ORDER INTAKE (IN MILLIONS OF US DOLLARS)



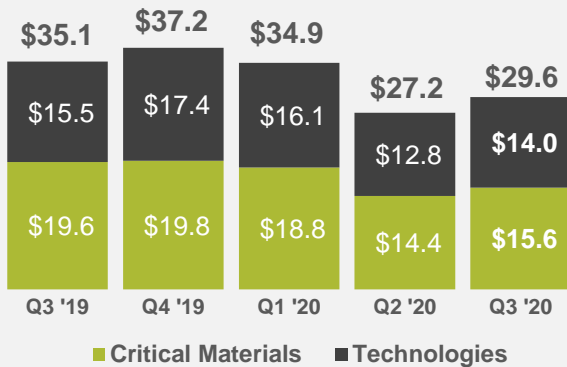
Book to bill ratio of 0.7x in Q3 '20

## KEY HIGHLIGHTS

- AMG Technologies' EBITDA decreased by \$10.8 million in Q3 2020 versus Q3 2019 due to lower prices and volumes driven by slowdowns in the aerospace and automotive sectors
- SG&A expenses decreased by 9.6% to \$14 million during the quarter, compared to \$15.5 million in Q3 2019
- AMG Engineering order backlog was \$217.7 million as of September 30, 2020, a 0.4% increase compared to June 30, 2020
- AMG Engineering signed \$40.9 million in new orders during Q3 2020, a 0.7x book to bill ratio

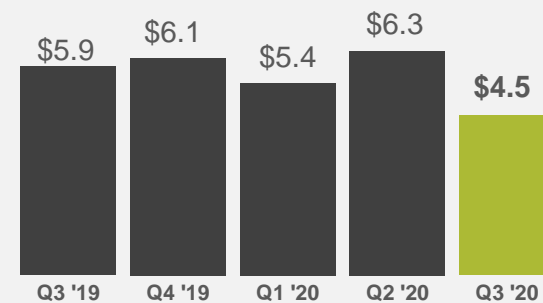
# KEY CORPORATE INCOME STATEMENT ITEMS

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



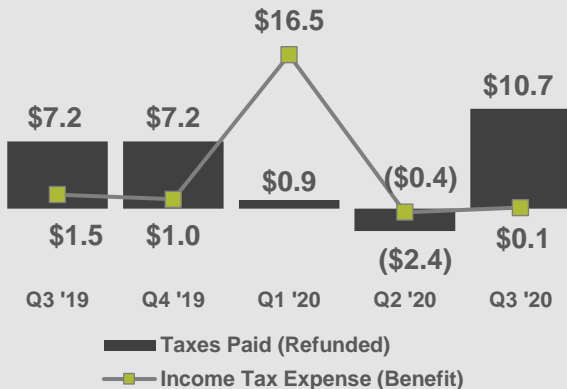
SG&A expenses decreased by 16% vs. Q3 '19

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



23% YoY

## TAXES (IN MILLIONS OF US DOLLARS)



AMG's Q3 '20 tax expense was \$0.1 million

## KEY HIGHLIGHTS

- AMG recorded an income tax expense of \$0.1 million in the third quarter of 2020, compared to an expense of \$1.5 million in the same period in 2019; this increased tax expense was driven by a quarter-over-quarter decrease of \$2.7 million in non-cash tax expense due to movements in the Brazilian real.
- The current quarter payments were a result of international COVID-19 tax measures which enabled AMG to delay most of its tax payments from the first half of 2020 to the third quarter

# CASH FLOW AND WORKING CAPITAL

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



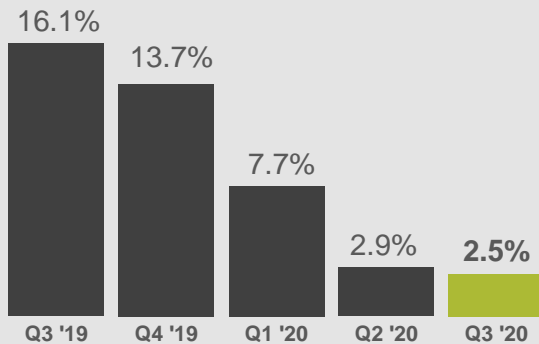
Operating cash flow decreased by \$3.5 million vs. Q3 '19 due to lower profitability and higher tax payments

## NET DEBT (IN MILLIONS OF US DOLLARS)



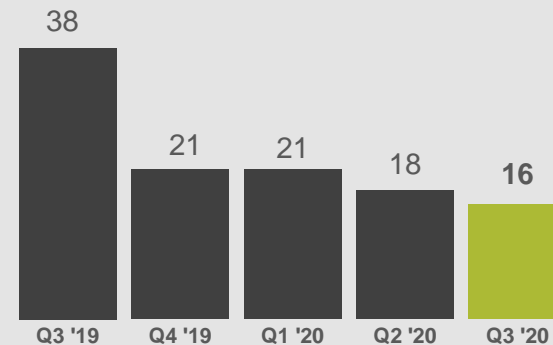
Significant investment in growth initiatives, especially the vanadium expansion, increased net debt

## ANNUALIZED ROCE



ROCE decreased due to lower profitability in Q3 '20

## WORKING CAPITAL DAYS



22 Days YoY

## CRITICAL MATERIALS — QUARTERLY REVENUE DRIVERS

SEGMENT	Q3 '20 REV (\$M)	Q3 '19 REV (\$M)	VOLUME	PRICE
Vanadium	\$20.7	\$23.7	▲	▼
Aluminum	\$24.2	\$46.6	▼	▼
Superalloys	\$18.2	\$24.6	▼	▼
Brazil	\$18.5	\$16.6	▲	▼
Antimony	\$18.7	\$20.4	◀▶	▼
Graphite	\$13.9	\$14.7	▲	▼
Silicon	\$19.6	\$18.6	▲	◀▶

- AMG Critical Materials total revenue decreased in the third quarter by \$47.5 million, or 29%, to \$117.7 million
- The decrease was largely driven by lower average prices across 6 of the business units
- Q3 revenue decrease was partially offset by higher sales volumes in Vanadium, Tantalum Concentrate, Lithium Concentrate, Graphite, and Silicon Metal



# APPENDIX



## CRITICAL MATERIALS — AVERAGE QUARTERLY MARKET PRICES

MATERIALS	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q3 '20 VS. Q3 '19 % CHANGE	Q3 '20 VS. Q2 '20 % CHANGE
Ferrovanadium (\$/lb) <sup>1</sup>	\$15.36	\$11.50	\$12.33	\$10.37	\$9.88	(36%)	(5%)
Molybdenum (\$/lb)	\$11.84	\$9.57	\$9.65	\$8.37	\$7.71	(35%)	(8%)
Nickel (\$/MT)	\$15,536	\$15,446	\$12,719	\$12,215	\$14,210	(9%)	16%
Aluminum (\$/MT)	\$1,762	\$1,752	\$1,689	\$1,497	\$1,704	(3%)	14%
Chrome Metal (\$/lb)	\$3.85	\$3.42	\$3.30	\$3.37	\$3.20	(17%)	(5%)
Tantalum (\$/lb)	\$54.62	\$57.61	\$61.10	\$65.02	\$61.22	12%	(6%)
Spodumene (\$/MT)	\$596	\$522	\$488	\$441	\$395	(34%)	(10%)
Antimony (\$/MT)	\$6,012	\$6,188	\$6,150	\$5,692	\$5,532	(8%)	(3%)
Graphite (\$/MT) <sup>2</sup>	\$998	\$867	\$843	\$840	\$848	(15%)	1%
Silicon Metal (€/MT)	€1,551	€1,539	€1,820	€1,699	€1,593	3%	(6%)

<sup>1</sup> Ferrovanadium prices shown above have been changed to American Metal Market's index (Ferro-vanadium 70-80% V, in-whs Pittsburgh, \$/lb) to better reflect AMG Vanadium's grade.

<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 2018	AVG 2019	OCT 23, 2020 SPOT	AVG '19 VS. AVG '18 % CHANGE	SPOT VS. AVG '19 % CHANGE
Ferrovandium (\$/lb) <sup>1</sup>	\$38.70	\$22.00	\$10.25	(43%)	(53%)
Molybdenum (\$/lb)	\$11.94	\$11.43	\$8.55	(4%)	(25%)
Nickel (\$/MT)	\$13,118	\$13,933	\$14,271	6%	2%
Aluminum (\$/MT)	\$2,110	\$1,791	\$1,716	(15%)	(4%)
Chrome Metal (\$/lb)	\$5.54	\$4.13	\$2.93	(25%)	(29%)
Tantalum (\$/lb)	\$94.37	\$62.77	\$53.50	(33%)	(15%)
Spodumene (\$/MT)	\$867	\$614	\$390	(29%)	(36%)
Antimony (\$/MT)	\$8,316	\$6,722	\$5,900	(19%)	(12%)
Graphite (\$/MT) <sup>2</sup>	\$1,065	\$982	\$853	(8%)	(13%)
Silicon Metal (€/MT)	€2,172	€1,696	€1,615	(22%)	(5%)

<sup>1</sup> Ferrovandium prices shown above have been changed to American Metal Market's index (Ferro-vandium 70-80% V, in-whs Pittsburgh, \$/lb) to better reflect AMG Vandium's grade.

<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 LOSS TO EBITDA RECONCILIATION

<i>(000's USD)</i>	Q3 2020	Q3 2019
Net loss	(13,644)	(18,021)
Income tax expense	32	1,541
Net finance cost *	5,431	6,276
Equity-settled share-based payment transactions	3,212	1,363
Restructuring expense	528	732
Inventory cost adjustment	4,867	21,112
Asset impairment expense	–	298
Strategic project expense	1,995	–
Others	676	616
<b>EBIT</b>	<b>3,097</b>	<b>13,917</b>
Depreciation and amortization	11,046	10,479
<b>EBITDA</b>	<b>14,143</b>	<b>24,396</b>

\* Excludes foreign exchange income.

# SEGMENTAL REALIGNMENT

