



AMG ADVANCED METALLURGICAL GROUP N.V. REPORTS FIRST QUARTER 2020 RESULTS

Coronavirus Update

- As of today, we are grateful to report that we have no active confirmed coronavirus cases globally. AMG had one of its employees test positive for COVID-19. The employee fully recovered and has since returned to work. This event did not result in a facility closure or operational interruption. To protect the health and safety of its employees, AMG continues to implement preventive measures such as practicing social distancing, remote working when possible, and restrictions on travel.
- The majority of our production facilities are operating and our major expansion projects in vanadium and lithium are continuing on schedule.

Strategic Highlights

- AMG and Shell Catalysts & Technologies received all regulatory consents necessary for the formation of the Shell and AMG Recycling B.V. joint venture, and has commenced operations.
- AMG continued basic engineering for its lithium project in Zeitz, Germany, and in Zanesville, Ohio, AMG has committed \$140 million as of March 31, 2020 in construction and engineering contracts for investment in a second ferrovanadium plant.
- AMG Engineering successfully completed the installation of the first ceramic matrix composite (“CMC”) vacuum furnace and passed the Final Acceptance Test at its customer’s location; this customer acceptance represents a significant milestone in AMG Engineering’s ongoing new product development program.
- In light of ongoing demand uncertainty in the global aerospace market due to the effect of COVID-19, AMG has put the IPO of AMG Technologies on hold.

Financial Highlights

- EBITDA⁽²⁾ was \$22.3 million in the first quarter of 2020 as the Company’s segments provided balanced earnings

- SG&A declined 7% in the first quarter of 2020 to \$34.9 million compared to \$37.4 million in the first quarter of 2019 due to lower personnel costs and initial steps on cost reduction
- AMG Technologies' order backlog increased 9% to \$242.2 million as of March 31, 2020, compared to \$222.6 million as of December 31, 2019
- AMG's liquidity as of March 31, 2020 was \$372.2 million and the Company has maintained its final 2019 declared dividend of €0.20 to be paid in the second quarter 2020

Amsterdam, 5 May 2020 (Regulated Information) --- AMG Advanced Metallurgical Group N.V. ("AMG", Euronext Amsterdam: "AMG") reported first quarter 2020 revenue of \$278.3 million, a 20% decrease from \$346.5 million in the first quarter of 2019. EBITDA for the first quarter of 2020 was \$22.3 million, a 56% decrease from \$50.4 million in the first quarter of 2019, largely due to lower ferrovanadium prices and lower titanium alloy sales versus the first quarter of last year. EBIT decreased 71% to \$11.9 million in the first quarter of 2020 from \$40.4 million in the first quarter of 2019.

Revenue dropped 20% in the first quarter of 2020, driven by a significant metal price decline across AMG's entire portfolio. The 56% decrease in EBITDA to \$22.3 million was largely due to the Critical Materials segment, which achieved an EBITDA of \$9.7 million in the first quarter of 2020. The decline was primarily driven by lower prices for ferrovanadium and chrome metal. AMG Technologies achieved an EBITDA of \$12.7 million, a 34% decrease from the first quarter of 2019, due to lower titanium alloy sales and lower profitability associated with metal price declines for the Titanium Alloys and Coatings business.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, said, "I am pleased to report that out of our 3,200 total AMG employees in 33 sites in 15 countries, AMG has only had one employee test positive for COVID-19. The employee has since fully recovered and has returned to work.

However, as a result of the Coronavirus crisis, some of our production facilities are operating below capacity, reflecting reduced demand levels. Our financial results reflect the "lowest price" environment we are experiencing, and we continue to operate in an austerity mode and focus on things we can control, such as operational efficiency, capital expenditures and overhead costs. This focus on expenditures will help to preserve our solid liquidity position.

Despite our intense focus on cash flow, we continue to progress our key strategic programs: the construction of the plant in Zanesville, Ohio, which will essentially double our recycling capacity for refinery residues, is proceeding as planned, utilizing the funds raised from our municipal bond. Basic engineering of the new lithium hydroxide production facility in Germany is expected to be completed by year end. Shell & AMG Recycling B.V. has started to operate and will pursue refinery residue recycling opportunities globally.

Despite our excellent order intake in 2019 of \$249 million and of \$104 million in the first quarter of 2020, representing a strong 1.3x book to bill ratio, foreseeable depressed conditions in the aerospace industry has forced us to postpone the pursuit of a public offering of AMG Technologies.”

Key Figures

In 000's US dollars

	Q1 '20	Q1 '19	Change
Revenue	\$278,290	\$346,523	(20%)
Gross profit	43,160	67,120	(36%)
Gross margin	15.5%	19.4%	
Operating profit	8,326	29,796	(72%)
Operating margin	3.0%	8.6%	
Net (loss) income attributable to shareholders	(13,568)	14,827	N/A
EPS - Fully diluted	(0.48)	0.47	N/A
EBIT ⁽¹⁾	11,851	40,388	(71%)
EBITDA ⁽²⁾	22,329	50,423	(56%)
EBITDA margin	8.0%	14.6%	
Cash (used in) from operating activities	(3,679)	6,935	N/A

Note:

- (1) EBIT is defined as earnings before interest and income taxes. EBIT excludes restructuring, asset impairment, inventory cost adjustments, environmental provisions, exceptional legal expenses, equity-settled share-based payments, strategic expenses and includes foreign currency gains or losses.
- (2) EBITDA is defined as EBIT adjusted for depreciation and amortization.

Operational Review

AMG Critical Materials

	Q1 '20	Q1 '19	Change
Revenue	\$159,191	\$228,591	(30%)
Gross profit	20,646	37,638	(45%)
<i>Gross profit excluding exceptional items</i>	20,043	45,672	(56%)
Operating profit	1,909	16,192	(88%)
EBITDA	9,656	31,152	(69%)

AMG Critical Materials' revenue in the first quarter decreased by \$69.4 million, or 30%, to \$159.2 million, driven largely by lower average prices across all seven business units during the quarter, partially offset by higher sales volumes of ferrovanadium, graphite and silicon metal.

Gross profit in the first quarter decreased by \$17.0 million to \$20.6 million. The reduction in gross profit was primarily driven by decreased profitability in our vanadium business offset by increased profitability in graphite and silicon.

SG&A expenses in the first quarter of 2020 were \$18.8 million, \$2.7 million lower than the first quarter 2019, primarily due to lower personnel costs, lower professional fees, and initial cost reduction efforts across the business.

The first quarter 2020 EBITDA margin was 6% due to lower profitability in the quarter noted above.

AMG Technologies

	Q1 '20	Q1 '19	Change
Revenue	\$119,099	\$117,932	1%
Gross profit	22,514	29,482	(24%)
<i>Gross profit excluding exceptional items</i>	23,056	31,278	(26%)
Operating profit	6,417	13,604	(53%)
EBITDA	12,673	19,271	(34%)

Order backlog increased 9% versus December 31, 2019, resulting in a robust level of \$242.2 million as of March 31, 2020 as the Company signed \$104.4 million in new orders during the first quarter of 2020. This represents a 1.3x book to bill ratio. This higher book to bill ratio was largely driven by strong orders of turbine blade coating and remelting furnaces for the aerospace market.

AMG Technologies' first quarter 2020 revenue increased due to the completion of Engineering's first CMC vacuum furnace, which was offset by lower prices and volumes

in the Titanium Alloys and Coatings business driven by lower metals prices as well as a decline in volume due to a slowdown in the aerospace sector. As a result, first quarter 2020 gross profit decreased by \$7.0 million, or 24%, to \$22.5 million, primarily driven by lower results from the Titanium Alloys and Coatings business.

SG&A expenses were essentially flat at \$16.1 million in the first quarter, compared to \$15.9 million in the same period in 2019 as initial cost reductions were offset by higher insurance costs and professional fees.

AMG Technologies' first quarter EBITDA decreased by 34%, or \$6.6 million, to \$12.7 million from \$19.3 million in the first quarter of 2019 due to lower profitability of the Titanium Alloys and Coatings business noted above.

Financial Review

Tax

AMG recorded an income tax expense of \$16.5 million in the first quarter 2020, compared to \$5.9 million in the same period in 2019. The increase was primarily due to significant devaluation of the Brazilian currency. Movements in the Brazilian real exchange rate impact the valuation of the Company's net deferred tax assets. The devaluation of the real during the first quarter of 2020 resulted in an additional non-cash tax expense of \$11.7 million. The appreciation of the real in the first quarter of 2019 resulted in a \$1.9 million tax benefit.

AMG paid taxes of \$0.9 million in the first quarter 2020, compared to tax payments of \$3.9 million in the same period in 2019. The current quarter benefited from tax refunds from 2019 as well as the extensive relief due to international COVID-19 tax measures which enabled AMG to delay most of its of tax payments during the quarter.

Exceptional Items

AMG's first quarter 2020 gross profit of \$43.2 million includes exceptional items, which are not included in the calculation of EBITDA.

A summary of exceptional items included in gross profit in the first quarters of 2020 and 2019 are below:

Exceptional items included in gross profit

	Q1 '20	Q1 '19	Change
Gross profit	\$43,160	\$67,120	(36%)
Inventory cost (reversal) adjustment	(1,901)	9,883	N/A
Restructuring expense (reversal)	428	(53)	N/A
Asset impairment expense	17	–	N/A
Strategic project expense	1,395	–	N/A
Gross profit excluding exceptional items	43,099	76,950	(44%)

As a result of an improvement in vanadium prices versus the fourth quarter of 2019, AMG had a \$1.9 million reversal of an exceptional non-cash charge for vanadium inventory cost adjustments during the first quarter which has been adjusted in EBITDA. The Company is in the ramp-up phase for three significant strategic expansion projects, including the Zanesville vanadium expansion, the vanadium joint venture with Shell, and the lithium expansion in Germany, which incurred \$1.4 million of project expenses during the quarter but are not yet operational. AMG is adjusting EBITDA for these exceptional charges.

Liquidity

	March 31, 2020	December 31, 2019	Change
Senior secured debt	\$366,168	\$366,682	–
Cash & equivalents	208,944	226,218	(8%)
Senior secured net debt	157,224	140,464	12%
Other debt	10,784	12,144	(11%)
Net debt excluding municipal bond	168,008	152,608	10%
Municipal bond debt	319,860	319,911	–
Restricted cash	295,495	309,581	(5%)
Net debt	192,373	162,938	18%

AMG had a net debt position of \$192.4 million as of March 31, 2020. This increase was mainly due to the significant investment in growth initiatives during the quarter, especially the vanadium expansion.

Cash used in operating activities of (\$3.7) million in the first quarter of 2020 decreased by \$10.6 million compared to the same period in 2019, primarily due to lower profitability.

Capital expenditures, including capitalized borrowing costs, increased to \$21.9 million in the first quarter of 2020 compared to \$12.8 million in the same period in 2019. Capital spending in the first quarter of 2020 included \$5.5 million of maintenance capital. The

remaining \$16.4 million of capital spending is attributable to expansion projects at AMG's vanadium, titanium aluminide, lithium and heat treatment service facilities.

As of March 31, 2020, AMG had \$208.9 million of unrestricted cash and equivalents and total liquidity of \$372.2 million.

Net Finance Costs

AMG's first quarter 2020 net finance costs decreased to \$5.4 million from \$9.2 million in the first quarter of 2019. This decline is mainly driven by lower borrowing rates versus the prior period and favorable foreign exchange movements. Additionally, AMG capitalized \$2.8 million of borrowing costs in the first quarter of 2020 driven by interest associated with the Company's tax-exempt municipal bond supporting the vanadium expansion in Ohio.

SG&A

AMG's first quarter 2020 SG&A expenses were \$34.9 million compared to \$37.4 million in the first quarter of 2019, primarily due to lower personnel costs, lower professional fees and initial cost reduction efforts across the business.

Outlook

AMG operates with practiced business resilience and we are acutely focused on safeguarding against the potential for future pandemic-related disruptions. Management continues to drive operational efficiency and manage for cash preservation in 2020 to ensure ongoing financial health and stability.

However, due to the speed with which the COVID-19 situation is developing, there is uncertainty around its ultimate impact; therefore, as previously announced, AMG has decided to withdraw its earnings guidance for 2020. A new target will be announced once the global industrial economy begins to stabilize.

Net (loss) income to EBITDA reconciliation

	Q1 '20	Q1 '19
Net (loss) income	(\$13,597)	\$14,703
Income tax expense	16,515	5,876
Net finance cost*	6,335	8,852
Equity-settled share-based payment transactions	1,490	1,118
Restructuring expense	428	(53)
Inventory cost adjustment	(1,901)	9,883
Strategic project expense	1,395	–
Exceptional legal expense	1,049	–
Others	137	9
EBIT	11,851	40,388
Depreciation and amortization	10,478	10,035
EBITDA	22,329	50,423

*Excludes foreign exchange expense (income).

AMG incurred \$1.1 million of non-recurring legal expense related to a dispute with a former customer. This dispute was settled in the first quarter 2020 and will not impact the Company's financial results going forward.

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

For the quarter ended March 31

In thousands of US dollars

	2020	2019
	Unaudited	Unaudited
Continuing operations		
Revenue	278,290	346,523
Cost of sales	235,130	279,403
Gross profit	43,160	67,120
Selling, general and administrative expenses	34,887	37,357
Net other operating income	53	33
Operating profit	8,326	29,796
Finance income	(1,399)	(971)
Finance cost	6,807	10,188
Net finance cost	5,408	9,217
Profit before income tax	2,918	20,579
Income tax expense	16,515	5,876
(Loss) profit for the period	(13,597)	14,703
Attributable to:		
Shareholders of the Company	(13,568)	14,827
Non-controlling interests	(29)	(124)
(Loss) profit for the period	(13,597)	14,703
(Loss) earnings per share		
Basic (loss) earnings per share	(0.48)	0.48
Diluted (loss) earnings per share	(0.48)	0.47

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

<i>In thousands of US dollars</i>	March 31, 2020 Unaudited	December 31, 2019
Assets		
Property, plant and equipment	443,861	429,993
Goodwill and other intangible assets	41,305	41,923
Derivative financial instruments	-	922
Other investments	21,932	23,565
Deferred tax assets	51,320	60,945
Restricted cash	295,495	309,581
Other assets	9,389	11,072
Total non-current assets	863,302	878,001
Inventories	174,686	204,152
Derivative financial instruments	313	2,693
Trade and other receivables	144,503	119,052
Other assets	34,128	33,860
Current tax assets	6,756	7,980
Cash and cash equivalents	208,944	226,218
Total current assets	569,330	593,955
Total assets	1,432,632	1,471,956

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

<i>In thousands of US dollars</i>	March 31, 2020 Unaudited	December 31, 2019
Equity		
Issued capital	831	831
Share premium	489,546	489,546
Treasury shares	(80,584)	(83,880)
Other reserves	(138,997)	(116,358)
Retained earnings (deficit)	(146,001)	(129,626)
Equity attributable to shareholders of the Company	124,795	160,513
Non-controlling interests	23,275	23,893
Total equity	148,070	184,406
Liabilities		
Loans and borrowings	667,850	669,497
Lease liabilities	44,929	46,490
Employee benefits	172,657	175,870
Provisions	24,525	28,984
Other liabilities	7,692	3,629
Derivative financial instruments	7,959	4,289
Deferred tax liabilities	5,293	4,300
Total non-current liabilities	930,905	933,059
Loans and borrowings	21,462	21,740
Lease liabilities	4,227	4,227
Short-term bank debt	7,500	7,500
Other liabilities	59,356	61,479
Trade and other payables	166,344	157,108
Derivative financial instruments	17,589	4,037
Advance payments	36,023	57,650
Current tax liability	19,194	18,299
Provisions	21,962	22,451
Total current liabilities	353,657	354,491
Total liabilities	1,284,562	1,287,550
Total equity and liabilities	1,432,632	1,471,956

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

For the quarter ended March 31

In thousands of US dollars

	2020 Unaudited	2019 Unaudited
Cash (used) from operating activities		
(Loss) profit for the period	(13,597)	14,703
Adjustments to reconcile net (loss) profit to net cash flows:		
Non-cash:		
Income tax expense	16,515	5,876
Depreciation and amortization	10,478	10,035
Asset impairments	17	-
Net finance cost	5,408	9,217
Loss (gain) on sale or disposal of property, plant and equipment	112	(168)
Equity-settled share-based payment transactions	1,490	1,118
Movement in provisions, pensions, and government grants	(2,761)	1,708
Working capital and deferred revenue adjustments	(15,468)	(26,017)
Cash generated from operating activities	2,194	16,472
Finance costs paid, net	(4,951)	(5,680)
Income tax paid, net	(922)	(3,857)
Net cash (used) from operating activities	(3,679)	6,935
Cash used in investing activities		
Proceeds from sale of property, plant and equipment	-	237
Acquisition of property, plant and equipment and intangibles	(15,500)	(12,759)
Change in restricted cash	14,086	334
Capitalized borrowing cost	(6,395)	-
Other	8	-
Net cash used in investing activities	(7,801)	(12,188)

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

	2020	2019
	Unaudited	Unaudited
Cash from used in financing activities		
Repayment of borrowings	(1,257)	(875)
Net repurchase of common shares	(592)	(7,351)
Payment of lease liabilities	(1,057)	(936)
Net cash used in financing activities	(2,906)	(9,162)
Net decrease in cash and cash equivalents	(14,386)	(14,415)
Cash and cash equivalents at January 1	226,218	381,900
Effect of exchange rate fluctuations on cash held	(2,888)	(1,189)
Cash and cash equivalents at March 31	208,944	366,296

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, ferrovandium, natural graphite, chromium metal, antimony, lithium, tantalum, niobium and silicon metal. AMG Technologies produces titanium aluminides and titanium alloys for the aerospace market; designs, engineers, and produces advanced vacuum furnace systems; and operates vacuum heat treatment facilities, primarily for the transportation and energy industries.

With approximately 3,200 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).

For further information, please contact:

AMG Advanced Metallurgical Group N.V. +1 610 975 4979

Michele Fischer

mfischer@amg-nv.com

Disclaimer

Certain statements in this press release are not historical facts and are “forward looking.” Forward looking statements include statements concerning AMG’s plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans and intentions relating to acquisitions, AMG’s competitive strengths and weaknesses, plans or goals relating to forecasted production, reserves, financial position and future operations and development, AMG’s business strategy and the trends AMG anticipates in the industries and the political and legal environment in which it operates and other information that is not historical information. When used in this press release, the words “expects,” “believes,” “anticipates,” “plans,” “may,” “will,” “should,” and similar expressions, and the negatives thereof, are intended to identify forward looking statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These forward-looking statements speak only as of the date of this press release. AMG expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in AMG’s expectations with regard thereto or any change in events, conditions, or circumstances on which any forward-looking statement is based.