



AMG ADVANCED METALLURGICAL GROUP N.V. REPORTS THIRD QUARTER 2015 RESULTS

Key Highlights

- **EPS, on a fully diluted basis, was \$0.18 in the third quarter 2015, a 50% increase from the same period in 2014**
- **Annualized return on capital employed increased to 14.7% in the third quarter 2015, from 11.4% in the same period in 2014**
- **As of September 30, 2015, net debt was \$20.3 million, a reduction of \$21.6 million in the third quarter 2015**
- **EBITDA⁽²⁾ was \$20.4 million in the third quarter 2015, \$23.4 million when adjusted for foreign currency translation effects⁽³⁾**

Amsterdam, 5 November 2015 (Regulated Information) --- AMG Advanced Metallurgical Group N.V. ("AMG", Euronext Amsterdam: "AMG") reported net income attributable to shareholders for the third quarter 2015 of \$4.9 million, a 52% increase from \$3.2 million in the third quarter 2014. EBITDA decreased to \$20.4 million in the third quarter 2015 from \$23.4 million in the third quarter 2014.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, said, "AMG earnings and cash flow for the third quarter were strong despite collapsing metal prices and the unfavorable translation impact of foreign currency on reported earnings. The aggressive steps taken by AMG to strengthen our balance sheet, manage price risk and reduce cost has positioned the company well, resulting in significantly higher levels of profitability and cash flow than experienced in previous market downturns.

AMG Engineering achieved EBITDA of \$4.9 million during the quarter, the highest in nine quarters, making further progress towards our stated objective to reduce cost and return the Engineering business to historic levels of profitability in 2016. Order intake of \$67.4 million represented a 1.25x book to bill ratio. The Engineering division continues to experience strong demand in the areas of heat treatment furnaces for the automotive market, plasma remelting furnaces for the aerospace market and induction furnaces for powder metallurgy applications.

AMG Critical Materials remains profitable in all business units despite difficult trading conditions and double-digit market price declines in seven of AMG's nine critical materials.

AMG reduced net debt by \$67.5 million in the first nine months of 2015 to \$20.3 million, a net debt to last twelve months EBITDA ratio of 0.23.”

Key Figures

In 000's US Dollar

	Q3 '15	Q3 '14	Change
Revenue	\$241,867	\$279,718	(14%)
Gross profit	39,660	48,059	(17%)
Gross margin	16.4%	17.2%	
Operating profit	8,297	14,999	(45%)
Operating margin	3.4%	5.4%	
Net income attributable to shareholders	4,933	3,236	52%
EPS - Fully diluted	0.18	0.12	50%
EBIT ⁽¹⁾	12,751	15,285	(17%)
EBITDA ⁽²⁾	20,416	23,414	(13%)
EBITDA margin	8.4%	8.4%	
Cash flows from operating activities	27,697	47,662	(42%)

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.
- (3) EBITDA adjusted for foreign currency translation effects is explained under 'Currency Fluctuations'.

Operational Review

AMG Critical Materials

	Q3 '15	Q3 '14	Change
Revenue	\$187,741	\$218,586	(14%)
Gross profit	* 27,102	37,575	(28%)
Operating profit	6,143	16,383	(63%)
EBITDA	15,531	22,705	(32%)

* Includes \$2.1 million non-cash expense related to vanadium, nickel and molybdenum inventory adjustments in the third quarter 2015

AMG Critical Materials continues to be impacted by unfavorable Euro to US Dollar currency translation effects and lower metal prices, and as a result, revenue decreased by 14%, to \$187.7 million.

The reduction in market prices of antimony metal, vanadium, nickel and molybdenum of 27%, 30%, 43% and 54%, respectively, negatively affected revenue in the third quarter of 2015 compared to the third quarter of 2014.

Gross profit decreased \$10.5 million, or 28%, to \$27.1 million, driven by foreign currency translation effects, falling metals prices and lower sales of aluminum master alloys and tantalum during the quarter.

AMG Vanadium incurred a non-cash inventory adjustment expense of \$2.1 million in the third quarter 2015 due to rapidly falling vanadium, nickel and molybdenum prices. Excluding this adjustment, gross margin declined to 16% from 17% in the third quarter of 2014.

Third quarter 2015 EBITDA margin decreased to 8% from 10% in the third quarter of 2014. SG&A cost reductions of 12% partially offset the impact of a reduction in gross profit in the quarter.

AMG Engineering

	Q3 '15	Q3 '14	Change
Revenue	\$54,126	\$61,132	(11%)
Gross profit	12,558	10,484	20%
Operating profit (loss)	2,154	(1,384)	N/A
EBITDA	4,885	709	589%

AMG Engineering signed \$67.4 million in new orders during the third quarter of 2015, representing a 1.25x book to bill ratio. Order backlog was \$153.1 million as of September 30, 2015, an increase of 11% from June 30, 2015.

AMG Engineering's third quarter 2015 revenue decreased \$7.0 million, or 11%, to \$54.1 million, as an increase in local currency revenues was more than offset by foreign currency translation effects. Revenue generated from heat treatment furnaces and induction furnaces increased in the third quarter of 2015 compared to the third quarter of 2014.

Third quarter 2015 gross margin increased to 23% from 17% in the third quarter of 2014 due to higher revenue in local currency, product mix effects and improved project cost management.

EBITDA increased by \$4.2 million, to \$4.9 million, in the third quarter of 2015, the highest quarterly EBITDA in nine quarters, due to higher gross profit and lower SG&A costs.

Financial Review

Tax

AMG recorded an income tax expense of \$14.2 million through the first nine months of 2015 as compared to a tax expense of \$8.9 million in the first nine months of 2014. The largest driver of this variance relates to changes in the valuation of the Brazilian currency.

The effective tax rate of 54% was negatively impacted by the currency effect of the Brazilian Real on deferred taxes and refinancing costs of \$5.4 million in the second quarter of 2015, for which no tax benefit could be recognized.

AMG paid taxes of \$3.7 million in the first nine months of 2015 as compared to tax payments of \$4.5 million in the first nine months of 2014. For the first nine months of 2015, AMG's effective cash tax rate is 14%, as compared to 20% in the first nine months of 2014.

Liquidity

	September 30, 2015	December 31, 2014	Change
Total debt	\$134,406	\$195,878	(31%)
Cash and cash equivalents	114,070	108,029	6%
Net debt	20,336	87,849	(77%)

AMG had a net debt position of \$20.3 million as of September 30, 2015. Net debt and gross debt decreased \$67.5 million and \$61.5 million, respectively, from December 31, 2014.

Cash flows from operating activities were \$42.8 million in the first nine months of 2015 compared to \$72.5 million in the same period in 2014.

Capital expenditures declined to \$12.3 million in the first nine months of 2015 compared to \$17.2 million in the same period in 2014. Capital spending in the first nine months of 2015 included \$8.0 million of maintenance capital. The largest expansion capital project was for AMG's titanium aluminides business.

Including the \$114.1 million of cash, AMG had \$261.8 million of total liquidity as of September 30, 2015.

Currency Fluctuations

AMG's financial statements are prepared in US Dollars, so fluctuations in the exchange rate between the US Dollar and other currencies, primarily the Euro and Brazilian Real, have an effect on the results of operations and on the reported value of assets and liabilities as measured in US Dollars.

The appreciation of the US Dollar as of September 30, 2015 compared to December 31, 2014, resulted in a decrease of \$47 million and \$38 million in assets and liabilities on the balance sheet, respectively. The appreciation of the US Dollar compared to the Euro in the third quarter of 2015 in relation to the third quarter of 2014, resulted in a reduction in revenue and EBITDA of \$28 million and \$3 million, respectively.

EBITDA adjusted for Euro foreign currency translation effects is therefore \$23.4 million in the third quarter 2015.

Outlook

AMG expects to continue to generate strong operating cash flow and further reduce gross and net debt in the fourth quarter 2015.

Since the second quarter 2015, prices of ferrovanadium, nickel and molybdenum have declined by 9%, 19% and 22% respectively. Despite the negative impact of these price declines on earnings, AMG expects to generate 2015 full year EBITDA of approximately \$80 million.

In this challenging environment, AMG's management target is to maintain current levels of profitability in 2016 and continue to generate strong operating cash flow.

AMG Advanced Metallurgical Group N.V.
Condensed interim consolidated income statement

For the quarter ended September 30

In thousands of US Dollars

	2015 Unaudited	2014 Unaudited
Revenue	241,867	279,718
Cost of sales	202,207	231,659
Gross profit	39,660	48,059
Selling, general and administrative expenses	28,925	33,125
Restructuring expense	2,455	19
Other income, net	(17)	(84)
Operating profit	8,297	14,999
Finance income	(70)	(197)
Finance expense	52	3,671
Foreign exchange gain	(1,460)	(22)
Net finance costs	(1,478)	3,452
Share of profit (loss) of associates and joint ventures	53	(1,252)
Profit before income tax	9,828	10,295
Income tax expense	4,679	7,101
Profit for the period	5,149	3,194
Attributable to:		
Shareholders of the Company	4,933	3,236
Non-controlling interests	216	(42)
Profit for the period	5,149	3,194
Earnings per share		
Basic earnings per share	0.18	0.12
Diluted earnings per share	0.18	0.12

AMG Advanced Metallurgical Group N.V.
Condensed interim consolidated income statement

For the nine months ended September 30

In thousands of US Dollars

	2015	2014
	Unaudited	Unaudited
Revenue	756,301	833,511
Cost of sales	628,726	694,137
Gross profit	127,575	139,374
Selling, general and administrative expenses	91,931	102,259
Restructuring expense	6,114	1,811
Environmental	(2,286)	-
Other income, net	(156)	(1,630)
Operating profit	31,972	36,934
Finance income	(542)	(538)
Finance expense	9,048	14,098
Foreign exchange gain	(2,577)	(8)
Net finance costs	5,929	13,552
Share of profit (loss) of associates and joint ventures	250	(469)
Profit before income tax	26,293	22,913
Income tax expense	14,235	8,912
Profit for the period	12,058	14,001
Attributable to:		
Shareholders of the Company	11,417	14,600
Non-controlling interests	641	(599)
Profit for the period	12,058	14,001
Earnings per share		
Basic earnings per share	0.41	0.53
Diluted earnings per share	0.41	0.53

AMG Advanced Metallurgical Group N.V.
Condensed interim consolidated statement of financial position

<i>In thousands of US Dollars</i>	September 30, 2015 Unaudited	December 31, 2014
Assets		
Property, plant and equipment	216,128	237,418
Goodwill	19,193	20,618
Intangible assets	10,136	11,116
Investments in associates and joint ventures	1,873	1,450
Derivative financial instruments	13	-
Deferred tax assets	34,624	37,903
Restricted cash	2,554	7,582
Other assets	31,477	21,987
Total non-current assets	315,998	338,074
Inventories	134,667	145,418
Trade and other receivables	137,572	135,293
Derivative financial instruments	1,159	1,997
Other assets	32,433	47,055
Assets held for sale	-	2,553
Cash and cash equivalents	114,070	108,029
Total current assets	419,901	440,345
Total assets	735,899	778,419

AMG Advanced Metallurgical Group N.V.
Condensed interim consolidated statement of financial position
(continued)

<i>In thousands of US Dollars</i>	September 30 2015 Unaudited	December 31, 2014
Equity		
Issued capital	745	745
Share premium	382,978	382,978
Other reserves	(53,408)	(59,728)
Retained earnings (deficit)	(203,196)	(225,843)
Equity attributable to shareholders of the Company	127,119	98,152
Non-controlling interests	25,553	2,825
Total equity	152,672	100,977
Liabilities		
Loans and borrowings	112,390	167,990
Employee benefits	144,059	159,672
Provisions	29,025	37,056
Deferred revenue	18,999	8,950
Government grants	536	666
Other liabilities	7,230	8,885
Derivative financial instruments	6,158	5,056
Deferred tax liabilities	10,319	8,261
Total non-current liabilities	328,716	396,536
Loans and borrowings	3,301	6,562
Short term bank debt	18,715	21,326
Government grants	101	88
Liabilities associated with assets held for sale	-	248
Other liabilities	46,697	53,257
Trade and other payables	105,628	134,373
Derivative financial instruments	10,682	9,104
Advance payments	38,430	31,689
Deferred revenue	14,909	8,414
Current taxes payable	2,897	671
Provisions	13,151	15,174
Total current liabilities	254,511	280,906
Total liabilities	583,227	677,442
Total equity and liabilities	735,899	778,419

AMG Advanced Metallurgical Group N.V.
Condensed interim consolidated statement of cash flows

For the nine months ended September 30

In thousands of US Dollars

	2015	2014
	Unaudited	Unaudited
Cash flows from operating activities		
Profit for the period	12,058	14,001
Adjustments to reconcile net profit to net cash flows:		
Non-cash:		
Income tax expense	14,235	8,912
Depreciation and amortization	21,957	24,447
Net finance costs	5,929	13,552
Share of (profit) loss of associates and joint ventures	(250)	469
(Gain) loss on sale or disposal of property, plant and equipment	(179)	325
Equity-settled share-based payment transactions	3,326	673
Movement in provisions, pensions and government grants	1,340	(4,174)
Working capital and deferred revenue adjustments	(2,049)	27,639
Cash flows from operating activities	56,367	85,844
Finance costs paid, net	(9,935)	(8,922)
Income tax paid, net	(3,674)	(4,472)
Net cash flows from operating activities	42,758	72,450
Cash flows used in investing activities		
Proceeds from sale of property, plant and equipment	951	260
Proceeds from sale of subsidiaries (net of cash divested of \$1,384)	(1,567)	-
Acquisition of property, plant and equipment and intangibles	(12,260)	(17,232)
Change in restricted cash	4,861	(169)
Other	(10)	157
Net cash flows used in investing activities	(8,025)	(16,984)

AMG Advanced Metallurgical Group N.V.
 Condensed interim consolidated statement of cash flows
 (continued)

For the nine months ended September 30

In thousands of US Dollars

	2015	2014
	Unaudited	Unaudited
Cash flows used in financing activities		
Proceeds from issuance of debt	177,205	-
Payment of transaction costs related to debt issuance	(5,199)	-
Repayment of borrowings	(230,780)	(30,822)
Change in non-controlling interests	37,530	28
Dividends paid	(2,669)	-
Other	(167)	3
Net cash flows used in financing activities	(24,080)	(30,791)
Net increase in cash and cash equivalents	10,653	24,675
Cash and cash equivalents at January 1	108,029	103,067
Effect of exchange rate fluctuations on cash held	(4,612)	(5,512)
Cash and cash equivalents at September 30	114,070	122,230

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, ferrovanadium, natural graphite, chromium metal, antimony, 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 3,000 employees, AMG operates globally with production facilities in Germany, the United Kingdom, France, Czech Republic, the United States, China, Mexico, Brazil and Sri Lanka, and has sales and customer service offices in Russia and Japan (www.amg-nv.com).

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