



AMG ADVANCED METALLURGICAL GROUP N.V. REPORTS FIRST QUARTER 2016 RESULTS

Key Highlights

- EBITDA⁽²⁾ was \$21.2 million in the first quarter 2016, a 4% increase over the same period in 2015
- Net income attributable to shareholders increased to \$12.0 million in the first quarter 2016 from \$2.7 million in the first quarter 2015
- EPS, on a fully diluted basis, increased to \$0.42 in the first quarter 2016, from \$0.10 in the same period in 2015
- Annualized return on capital employed increased to 14.7% in the first quarter 2016, as compared to 12.7% in the first quarter 2015

Amsterdam, 4 May 2016 (Regulated Information) --- AMG Advanced Metallurgical Group N.V. ("AMG", Euronext Amsterdam: "AMG") reported EBITDA for the first quarter 2016 of \$21.2 million, a 4% increase from \$20.4 million in the first quarter 2015. Net income attributable to shareholders increased to \$12.0 million in the first quarter 2016 from \$2.7 million in the first quarter 2015.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, said, "AMG earnings for the first quarter were strong despite continued year-over-year weakness in metal prices. AMG did experience a modest improvement in select metal prices compared to the fourth quarter 2015. AMG's focus on operational excellence and price risk management has resulted in solid financial results under difficult market conditions.

AMG Engineering achieved EBITDA of \$4.6 million during the first quarter 2016, a 49% increase from \$3.1 million in the first quarter of 2015. The Engineering division continues to experience strong demand in the areas of plasma remelting furnaces for the aerospace market and induction furnaces for powder metallurgy applications. First quarter 2016 order intake and advanced payments were adversely impacted by the postponement of several orders into the second quarter of 2016.

AMG Critical Materials generated EBITDA of \$16.5 million during the first quarter 2016, a 4% decrease compared to the first quarter of 2015. Year-over-year double-digit declines in average quarterly prices for all key products resulted in a 13% reduction in revenues in the first quarter 2016 compared to the first quarter 2015.

Cash flows used in operating activities of \$4.3 million in the first quarter 2016 were adversely impacted by an increase in working capital, following low levels at the end of the fourth quarter 2015, and a temporary decrease in advanced payments at AMG Engineering.”

Key Figures

In 000's US Dollar

	Q1 '16	Q1 '15	Change
Revenue	\$237,399	\$256,991	(8%)
Gross profit	44,291	43,302	2%
Gross margin	18.7%	16.8%	
Operating profit	12,933	11,553	12%
Operating margin	5.4%	4.5%	
Net income attributable to shareholders	11,974	2,676	347%
EPS - Fully diluted	0.42	0.10	320%
EBIT ⁽¹⁾	13,815	13,207	5%
EBITDA ⁽²⁾	21,189	20,388	4%
EBITDA margin	8.9%	7.9%	
Cash flows (used in) from operating activities	(4,320)	3,797	N/A

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.

Operational Review

AMG Critical Materials

	Q1 '16	Q1 '15	Change
Revenue	\$176,555	\$202,288	(13%)
Gross profit	* 30,476	31,206	(2%)
Operating profit	10,478	10,656	(2%)
EBITDA	16,545	17,273	(4%)

** Includes \$1.5 million non-cash benefit related to reversal of previously expensed vanadium, nickel and molybdenum inventory adjustments*

AMG Critical Materials continues to be impacted by weak metal prices, and as a result, revenue decreased by 13%, to \$176.6 million.

Double-digit declines in average quarterly prices for AMG Critical Materials' key products negatively affected revenue in the first quarter of 2016 compared to the first quarter of 2015.

Gross profit in the first quarter 2016 benefited from a \$1.5 million reversal of previously recorded inventory adjustment expenses, due to improving vanadium, nickel and molybdenum prices in March 2016.

Despite strong sales of vanadium, tantalum and silicon metal in the first quarter, gross profit decreased \$0.7 million, or 2%, to \$30.5 million, due primarily to lower average vanadium, nickel and molybdenum prices when compared to the first quarter of 2015.

First quarter 2016 EBITDA margin increased to 9.4% from 8.5% in the first quarter 2015.

AMG Engineering

	Q1 '16	Q1 '15	Change
Revenue	\$60,844	\$54,703	11%
Gross profit	13,815	12,096	14%
Operating profit	2,455	897	174%
EBITDA	4,644	3,115	49%

AMG Engineering signed \$50.5 million in new orders during the first quarter of 2016, representing a 0.83x book to bill ratio. Order backlog was \$135.6 million as of March 31, 2016, a decrease of 4% from December 31, 2015. Order intake was adversely impacted by orders postponed into the second quarter of 2016.

AMG Engineering's first quarter 2016 revenue increased \$6.1 million, or 11%, to \$60.8 million, due to strong sales of plasma remelting furnaces for the aerospace market and induction furnaces for powder metallurgy applications.

First quarter 2016 gross margin increased to 23% from 22% in the first quarter of 2015 due to higher revenue, product mix effects and improved project cost management.

EBITDA increased by \$1.5 million, to \$4.6 million, in the first quarter of 2016, the second highest quarterly EBITDA in eleven quarters, due to higher levels of gross profit.

Financial Review

Tax

AMG recorded an income tax expense of \$0.3 million in the first quarter of 2016 as compared to a tax expense of \$5.5 million in the same period in 2015. The tax expense in the quarter was positively impacted by the currency effect of the Brazilian Real on deferred taxes.

AMG paid taxes of \$1.9 million in the first quarter of 2016 as compared to tax payments of \$0.6 million in the same period in 2015. For the first quarter of 2016, AMG's effective cash tax rate was 15%.

Liquidity

	March 31, 2016	December 31, 2015	Change
Total debt	\$128,836	\$126,743	2%
Cash and cash equivalents	111,618	127,778	(13%)
Net debt (cash)	17,218	(1,035)	N/A

AMG had a net debt position of \$17.2 million as of March 31, 2016. Net debt and gross debt increased \$18.3 million and \$2.1 million, respectively, from December 31, 2015.

Cash flows used in operating activities were \$4.3 million in the first quarter of 2016 primarily due to an increase in working capital following low levels of working capital at the end of the fourth quarter 2015, and a temporary decline in advanced payments due to timing of AMG Engineering orders.

Cash flow used in investing activities increased to \$11.5 million in the first three months of 2016 compared to \$5.5 million in the same period in 2015, due to higher levels of capital expenditures and the acquisition of the remaining 50% share of ALD-Holcroft Co. Inc. from AFC-Holcroft LLC.

Capital expenditures increased to \$6.9 million in the first quarter of 2016 compared to \$3.8 million in the same period in 2015. Capital spending in the first quarter of 2016

included \$3.9 million of maintenance capital. The largest expansion capital project was for AMG's Ancuabe graphite mine project.

Including the \$111.6 million of cash, AMG had \$254.8 million of total liquidity as of March 31, 2016.

SG&A

AMG's first quarter 2016 SG&A expenses were \$31.3 million compared to \$30.1 million in the first quarter of 2015, an increase of 4%. This was primarily due to higher personnel costs.

Outlook

In this challenging market environment, AMG's management target is to continue to generate strong operating cash flow and maintain 2015 levels of profitability in 2016.

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

For the quarter ended March 31

In thousands of US Dollars

	2016 Unaudited	2015 Unaudited
Continuing operations		
Revenue	237,399	256,991
Cost of sales	193,108	213,689
Gross profit	44,291	43,302
Selling, general and administrative expenses	31,298	30,143
Restructuring expense	68	1,694
Other income, net	(8)	(88)
Operating profit	12,933	11,553
Finance income	(115)	(338)
Finance expense	2,090	3,672
Foreign exchange (gain) loss	(146)	172
Net finance costs	1,829	3,506
Share of profit of associates and joint ventures	1,450	75
Profit before income tax	12,554	8,122
Income tax expense	283	5,465
Profit for the period	12,271	2,657
Attributable to:		
Shareholders of the Company	11,974	2,676
Non-controlling interests	297	(19)
Profit for the period	12,271	2,657
Earnings per share		
Basic earnings per share	0.43	0.10
Diluted earnings per share	0.42	0.10

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

<i>In thousands of US Dollars</i>	March 31, 2016 Unaudited	December 31, 2015
Assets		
Property, plant and equipment	215,126	215,833
Goodwill	23,716	18,676
Intangible assets	10,765	10,246
Investments in associates and joint ventures	-	2,230
Other investments	14,000	14,000
Deferred tax assets	31,360	31,551
Restricted cash	2,512	2,527
Other assets	20,355	19,883
Total non-current assets	317,834	314,946
Inventories	125,846	126,389
Trade and other receivables	146,062	124,270
Derivative financial instruments	1,293	978
Other assets	30,785	27,648
Assets held for sale	3,495	673
Cash and cash equivalents	111,618	127,778
Total current assets	419,099	407,736
Total assets	736,933	722,682

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

<i>In thousands of US Dollars</i>	March 31, 2016 Unaudited	December 31, 2015
Equity		
Issued capital	745	745
Share premium	382,978	382,978
Other reserves	(43,406)	(49,500)
Retained earnings (deficit)	(194,046)	(205,662)
Equity attributable to shareholders of the Company	146,271	128,561
Non-controlling interests	25,825	25,006
Total equity	172,096	153,567
Liabilities		
Loans and borrowings	115,669	112,217
Employee benefits	142,353	137,853
Provisions	29,951	29,617
Deferred revenue	9,096	13,539
Government grants	527	536
Other liabilities	10,219	8,821
Derivative financial instruments	2,680	5,642
Deferred tax liabilities	12,901	11,691
Total non-current liabilities	323,396	319,916
Loans and borrowings	3,327	3,222
Short term bank debt	9,840	11,304
Government grants	102	99
Liabilities associated with assets held for sale	1,459	423
Other liabilities	44,911	42,872
Trade and other payables	118,826	108,019
Derivative financial instruments	4,728	8,379
Advance payments	27,913	44,184
Deferred revenue	15,889	16,124
Current taxes payable	3,220	3,093
Provisions	11,226	11,480
Total current liabilities	241,441	249,199
Total liabilities	564,837	569,115
Total equity and liabilities	736,933	722,682

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

For the quarter ended March 31

In thousands of US Dollars

	2016 Unaudited	2015 Unaudited
Cash flows (used in) from operating activities		
Profit for the year	12,271	2,657
Adjustments to reconcile net profit to net cash flows:		
Non-cash:		
Income tax expense	283	5,465
Depreciation and amortization	7,374	7,181
Net finance costs	1,829	3,506
Share of profit of associates and joint ventures	(1,450)	(75)
Loss (gain) on sale or disposal of property, plant and equipment	171	(45)
Equity-settled share-based payment transactions	668	132
Movement in provisions, pensions and government grants	(23)	312
Working capital and deferred revenue adjustments	(22,222)	(14,422)
Cash flows (used in) from operating activities	(1,099)	4,711
Finance costs paid, net	(1,301)	(353)
Income tax paid, net	(1,920)	(561)
Net cash flows (used in) from operating activities	(4,320)	3,797
 Cash flows used in investing activities		
Proceeds from sale of property, plant and equipment	254	151
Proceeds from sale of subsidiaries (net of cash divested of \$1,347 in 2015)	-	(550)
Acquisition of property, plant and equipment and intangibles	(6,917)	(3,788)
Acquisition of subsidiaries (net of cash acquired of \$35 in 2016)	(4,961)	-
Change in restricted cash	110	(1,304)
Other	12	11
Net cash flows used in investing activities	(11,502)	(5,480)

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

	2016	2015
	Unaudited	Unaudited
Cash flows used in financing activities		
Repayment of borrowings	(1,414)	(1,724)
Change in non-controlling interests	-	1,167
Net cash flows used in financing activities	(1,414)	(557)
Net decrease in cash and cash equivalents	(17,236)	(2,240)
Cash and cash equivalents at January 1	127,778	108,029
Effect of exchange rate fluctuations on cash held	1,076	(6,474)
Cash and cash equivalents at March 31	111,618	99,315

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, ferrovandium, 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).

For further information, please contact:

AMG Advanced Metallurgical Group N.V. +1 610 293 5804

Steve Daniels

Senior Vice President

sdaniels@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.