



AMG REPORTS FIRST QUARTER 2012 RESULTS

Key Highlights

- Revenue was \$324.0 million in the first quarter 2012, a 2% increase over the same period in 2011
- EBITDA⁽¹⁾ was \$21.9 million in the first quarter 2012, a 16% decrease from the same period in 2011
- Adjusted EPS on a fully diluted basis was \$0.26 in the first quarter 2012, a 26% decrease from \$0.35 in the first quarter 2011 excluding non-recurring items and the impact of Timminco in 2011
- Non-adjusted EPS on a fully diluted basis was \$0.13 in the first quarter 2012, a 48% decrease from \$0.25 in the first quarter 2011
- The Advanced Materials Division generated revenue of \$216.5 million and EBITDA of \$13.7 million in the first quarter 2012
- The Engineering Systems Division generated revenue of \$68.0 million and EBITDA of \$3.0 million in the first quarter 2012
- Graphit Kropfmühl generated revenue of \$39.5 million and EBITDA of \$5.2 million in the first quarter 2012
- As of March 31, 2012, cash on the balance sheet was \$81.2 million; net debt was \$206.4 million

Amsterdam, 15 May 2012 (Regulated Information) --- AMG Advanced Metallurgical Group N.V. ("AMG", Euronext Amsterdam: "AMG") reported first quarter 2012 revenue of \$324.0 million, a 2% increase from \$318.0 million in the first quarter 2011.

EBITDA decreased 16% to \$21.9 million in the first quarter 2012 from \$26.2 million in the first quarter 2011. Adjusted net profit attributable to shareholders for the first quarter 2012 was \$7.1 million, or \$0.26 per fully diluted share, down 26% from \$9.5 million, or \$0.35 per fully diluted share in the first quarter 2011, excluding non-recurring items and AMG's share of Timminco's net loss in the first quarter 2011.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, said, "Business was challenging in the first quarter 2012. Demand improved in a number of Advanced Materials products but that was not enough to offset increased costs in mine-based businesses, resulting in a decline in EBITDA. Engineering Systems' order intake was encouraging; however, pricing pressure and changes in product mix resulted in an unsatisfactory performance. Graphit Kropfmühl delivered solid financial results in the quarter, but was slightly below the record performance achieved in the first quarter 2011. In April, AMG successfully completed the

(1) EBITDA is defined as earnings before interest, tax, depreciation and amortization and excludes nonrecurring items

voluntary tender offer for Graphit Kropfmühl shares and now owns 93.5% of Graphit Kropfmühl.”

Key Figures

In 000's US Dollar

	Q1'12	Q1'11	Change
Revenue	\$323,984	\$317,999	2%
Gross profit	53,411	59,780	(11%)
Gross margin	16.5%	18.8%	
Operating profit	11,234	17,406	(35%)
Operating margin	3.5%	5.5%	
Net profit attributable to shareholders	3,503	6,972	(50%)
EPS- Fully diluted	0.13	0.25	(48%)
Adjusted EPS- Fully diluted ⁽¹⁾	0.26	0.35	(26%)
EBIT ⁽²⁾	14,757	18,854	(22%)
EBITDA ⁽³⁾	21,873	26,168	(16%)
EBITDA margin	6.8%	8.2%	

Note:

- (1) Adjusted to exclude non-recurring items in Q1 2012 and Q1 2011 and Timminco impact, which accounted for \$0.08 in EPS in Q1 2011
- (2) EBIT is defined as earnings before interest, tax and excludes non-recurring items
- (3) EBITDA is defined as earnings before interest, tax, depreciation and amortization and excludes non-recurring items

Operational Review

Advanced Materials Division

	Q1'12	Q1'11 ⁽¹⁾	Change
Revenue	\$216,463	\$210,845	3%
Gross profit	31,222	32,380	(4%)
Operating profit	6,782	9,153	(26%)
EBITDA	13,665	14,563	(6%)
Capital expenditures	8,289	5,554	49%

- (1) Results include KB Alloys LLC from the February 18, 2011 date of acquisition

The Advanced Materials Division's first quarter 2012 revenue increased \$5.6 million, or 3%, to \$216.5 million. The increase in revenue was specifically the result of an incremental \$11.7 million of revenue from KB Alloys LLC, which was acquired in February 2011, and an 83% increase in titanium master alloys, offset by a 17%, 6% and 5% decrease in non-KB Alloys aluminum, antimony and ferrovanadium revenue, respectively.

The first quarter 2012 gross margin of 14% declined from 15% in the first quarter of 2011. Unfavorable changes in product mix, specifically an 8% net increase in low margin aluminum products revenue and higher operating and materials costs caused by the operating disruptions due to severe weather in the mine-based businesses resulted in lower gross margins.

The first quarter 2012 EBITDA decreased \$0.9 million to 6% of revenue from 7% of revenue in 2011, due to lower gross profit, slightly offset by an 8% decrease in SG&A due to cost controls measures and a reduction in personnel costs.

Capital expenditures were \$8.3 million for the quarter, 49% more than the first quarter 2011. Significant growth capital investments made in the first quarter included a \$3.5 million investment in the expansion of the spent catalyst recycling facility for ferrovanadium production.

Engineering Systems Division

	Q1'12	Q1'11	Change
Revenue	\$68,035	\$64,887	5%
Gross profit	14,838	18,464	(20%)
Operating profit	150	2,970	(95%)
EBITDA	3,039	5,256	(42%)
Capital expenditures	1,074	1,544	(30%)

The Engineering Systems Division's first quarter 2012 revenue increased \$3.1 million, or 5%, to \$68.0 million. Revenue from heat treatment furnaces for the production of automotive components for fuel-efficient vehicles increased 128% to \$21.8 million and revenue from remelting furnaces, primarily for the aerospace and specialty steel industries, increased 45% to \$15.6 million. These increases were offset by an 88% decrease in solar silicon DSS furnace revenue in the first quarter 2012 compared to the same period in 2011.

Order backlog increased 11% to \$176.2 million as of March 31, 2012, from \$158.5 million as of December 31, 2011. The division generated order intake of \$80.6 million in the first quarter 2012, which represents a 23% increase compared to the first quarter 2011 and a 1.19x book to bill ratio. Order intake for electron beam coating systems for aerospace and heat treatment services accounted for 18% and 16% of total order intake, respectively.

The first quarter 2012 gross margin of 22% decreased from 28% in the first quarter 2011 because of increased end market pricing pressure and unfavorable product mix, including an increase in lower margin heat treatment systems and nuclear revenue.

The first quarter 2012 EBITDA decreased \$2.2 million, to 4% of revenue. This declined from 8% of revenue in the first quarter 2011. The EBITDA decrease was the result of the \$3.6 million decrease in gross profit offset by a \$1.7 million, or 11% decrease in SG&A. The decline in SG&A was the result of a reduction in personnel costs, primarily long-term incentive costs.

Capital expenditures were \$1.1 million, 30% less than the first quarter of 2011. Capital investments in the first quarter were primarily maintenance capital expenditures for the Heat Treatment Services business.

Graphit Kropfmühl

	Q1 '12	Q1 '11	Change
Revenue	\$39,486	\$42,267	(7%)
Gross profit	7,351	8,936	(18%)
Operating profit	4,302	5,283	(19%)
EBITDA	5,169	6,349	(19%)

Capital expenditures	2,163	1,151	88%
----------------------	-------	-------	-----

Graphit Kropfmühl's first quarter 2012 revenue decreased \$2.8 million, or 7%, to \$39.5 million. Natural graphite revenue decreased \$1.6 million, or 11%, driven by a 13% decrease in volumes. Silicon metal revenue decreased \$1.2 million, or 4%, as lower average pricing offset a 4% increase in volumes.

The first quarter 2012 gross margin decreased to 19% from 21% in the first quarter of 2011. The decrease in gross margin was primarily the result of lower sales prices for silicon metal and lower volumes for natural graphite products.

The first quarter 2012 EBITDA declined \$1.2 million to 13% of revenue. This was a decrease from 15% of revenue in the first quarter 2011. The lower EBITDA was attributable to the decreased gross profit for both silicon metal and natural graphite, slightly offset by an 11% decrease in SG&A due to decreased personnel costs.

Capital expenditures increased to \$2.2 million in the first quarter 2012, 88% more than the first quarter 2011, primarily as a result of upgrading the electrical arc furnaces at the silicon metal operation.

Financial Review

Tax

AMG recorded a tax expense of \$1.2 million in the first quarter 2012 as compared to a tax expense of \$5.0 million in the first quarter 2011. AMG's effective tax rate was 28% in the first quarter 2012, compared to 29% in the first quarter 2011. The first quarter 2011 effective tax rate excludes the share of loss of associates, for which AMG cannot recognize a tax benefit since these companies are not consolidated.

SG&A

AMG's first quarter 2012 SG&A expenses were \$39.1 million, compared to \$42.9 million in the first quarter 2011. The \$3.9 million decrease in SG&A expenses was due to a decrease in long-term incentive expenses and external consulting costs.

Non-Recurring Items

AMG's first quarter 2012 operating profit of \$11.2 million includes non-recurring items, which are not included in the calculation of EBITDA. These items are comprised of income and expense items that in the view of management do not arise in the normal course of business and items that, because of their nature and/or size, should be presented separately to enable better analysis of the results. AMG incurred \$3.6 million of non-recurring items in the first quarter 2012, consisting of \$2.9 million for the management restructuring of AMG Mining and \$0.7

million in environmental costs. AMG incurred \$0.4 million of non-recurring items in the first quarter 2011, related to redundancies in AMG Aluminum resulting from the acquisition of KB Alloys.

Currency Fluctuations

AMG transacts business in many currencies other than the U.S. dollar, the Company's reporting currency. AMG's financial statements are prepared in U.S. dollars, so fluctuations in the exchange rates between the U.S. dollar and other currencies have an effect both on the results of operations and on the reported value of assets and liabilities as measured in U.S. dollars. The depreciation in the value of the U.S. dollar as of March 31, 2012 compared to December 31, 2011, resulted in an increase in the assets and liabilities on the balance sheet of \$17.7 million and \$12.5 million, respectively. The net result of the appreciation in the value of the U.S. dollar in the first quarter 2012 compared to the first quarter 2011, resulted in a decrease in revenue and EBITDA of \$7.9 million and \$0.8 million, respectively.

Liquidity

	March 31, 2012	December 31, 2011	Change
Total debt	\$287,645	\$268,621	7%
Cash & short-term investments	81,240	79,571	2%
Net debt	206,405	189,050	9%

AMG had a net debt position of \$206.4 million as of March 31, 2012. AMG's net debt position increased \$17.4 million since December 31, 2011 primarily due to \$19.1 million increase in working capital, \$11.5 million in capital investments, \$3.2 million of cash tax payments, and a \$3.1 million of cash interest payments, reduced by EBITDA of \$21.9 million. Including the \$81.2 million of cash, AMG had \$129.1 million of total liquidity as of March 31, 2012.

Cash Flow

	Q1'12	Q1'11
Net cash flows used in operations	\$(3,066)	\$(13,753)
Capital expenditures	(11,526)	(8,249)
Acquisitions, net of cash	(76)	(26,823)
Cash flows from other investing activities	104	2,195
Net cash flows used in investing activities	(11,498)	(32,877)
Cash flows generated from financing activities	14,718	19,389

Cash flows used in operations were \$3.1 million in the first quarter 2012 compared to \$13.8 million in the first quarter 2011. The first quarter 2012 cash flows used in operations are primarily the result of \$21.9 million in EBITDA less \$19.1 million increase in working capital, \$3.2 million in cash tax payments and \$3.1 million in cash interest payments.

Cash used in investing activities was \$11.5 million in the first quarter 2012. The \$21.4 million decrease compared to the first quarter 2011 is composed of a \$26.7 million decrease in cash used in acquisitions, slightly offset by a \$3.3 million increase in capital investments and a \$2.1 million increase in cash flows from other investing activities due to a decrease in restricted cash for project work in the Engineering Systems Division. In the first quarter 2011, AMG acquired KB Alloys LLC and other assets for \$26.8 million.

Cash generated from financing activities was \$14.7 million in the first quarter 2012, a \$4.7 million decrease from the first quarter 2011. This decrease was attributed primarily to a \$3.1 million decrease in draws on revolving lines of credit. The draws on the revolving lines of credit in the first quarter 2011 were used to fund the acquisition of KB Alloys LLC and the related transaction costs.

Outlook

The start of the new year was challenging especially in the Engineering Systems Division; however, both order intake and backlog are improving. Specific end markets such as aerospace are growing, but the specialty chemicals market continues to face sluggish demand and pricing. AMG has made management changes in the first quarter to address this reality and is focused on improving operational performance, particularly in mining and engineering. Despite global uncertainties, AMG targets an increase in revenue and EBITDA in 2012.

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

For the three months ended March 31

In thousands of US Dollars

	2012	2011
	Unaudited	Unaudited
Continuing operations		
Revenue	323,984	317,999
Cost of sales	270,573	258,219
Gross profit	53,411	59,780
Selling, general and administrative expenses	39,074	42,937
Restructuring expense	2,843	285
Environmental expense	728	105
Other income, net	(468)	(953)
Operating profit	11,234	17,406
Finance expense	6,691	3,760
Finance income	(155)	(3,255)
Foreign exchange loss (gain)	409	(17)
Net finance costs	6,945	488
Share of profit (loss) of associates	166	(4,377)
Profit before income tax	4,455	12,541
Income tax expense	1,244	4,964
Profit for the period	3,211	7,577
Attributable to:		
Shareholders of the Company	3,503	6,972
Non-controlling interests	(292)	605
	3,211	7,577
Earnings per share		
Basic earnings per share	0.13	0.25
Diluted earnings per share	0.13	0.25

AMG Advanced Metallurgical Group N.V.
Condensed interim consolidated statement of financial position
In thousands of US Dollars

	March 31, 2012 Unaudited	December 31, 2011 Audited
Assets		
Property, plant and equipment	273,782	263,586
Goodwill	24,203	23,535
Intangible assets	14,719	14,557
Investments in associates and joint ventures	5,366	5,085
Derivative financial instruments	-	1
Deferred tax assets	30,019	29,142
Restricted cash	11,144	11,074
Notes receivable	253	250
Other assets	18,614	17,866
Total non-current assets	378,100	365,096
Inventories	232,548	228,887
Trade and other receivables	222,950	188,103
Derivative financial instruments	2,397	3,956
Other assets	44,680	35,184
Cash and cash equivalents	81,240	79,571
Total current assets	583,815	535,701
Total assets	961,915	900,797

AMG Advanced Metallurgical Group N.V.

Condensed interim consolidated statement of financial position (continued)

In thousands of US Dollars

	March 31, 2012 Unaudited	December 31, 2011 Audited
Equity		
Issued capital	742	742
Share premium	381,921	381,921
Other reserves	22,072	14,157
Retained earnings (deficit)	(187,855)	(191,362)
Equity attributable to shareholders of the Company	216,880	205,458
Non-controlling interests	15,162	15,160
Total equity	232,042	220,618
Liabilities		
Loans and borrowings	222,235	210,448
Employee benefits	92,852	90,078
Provisions	26,642	27,019
Government grants	742	732
Other liabilities	9,900	9,276
Derivative financial instruments	10,017	8,122
Deferred tax liabilities	28,643	26,434
Total non-current liabilities	391,031	372,109
Loans and borrowings	18,010	17,436
Short term bank debt	47,400	40,737
Government grants	34	34
Other liabilities	54,773	51,673
Trade and other payables	145,624	128,493
Derivative financial instruments	5,128	10,661
Advance payments	39,504	30,204
Current taxes payable	13,230	14,468
Provisions	15,139	14,364
Total current liabilities	338,842	308,070
Total liabilities	729,873	680,179
Total equity and liabilities	961,915	900,797

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

For the three months ended March 31

In thousands of US Dollars

	2012 Unaudited	2011 Unaudited
Cash flows used in operating activities		
Profit for the period	3,211	7,577
Adjustments to reconcile profit to net cash flows:		
Non-cash:		
Depreciation and amortization	7,116	7,314
Restructuring expense	2,843	285
Environmental expense	728	105
Net finance costs	6,945	488
Share of (profit) loss of associates	(166)	4,377
Equity-settled share-based payment transactions	362	1,044
Income tax expense	1,244	4,964
Change in working capital and provisions	(19,126)	(22,183)
Other	122	(240)
Finance costs paid, net	(3,114)	(1,203)
Income tax paid, net	(3,231)	(16,281)
Net cash flows used in operating activities	(3,066)	(13,753)
Cash flows used in investing activities		
Proceeds from sale of property, plant and equipment	32	50
Acquisition of subsidiaries (net of cash acquired of nil and \$3,860, respectively)	(76)	(26,823)
Acquisition of property, plant and equipment and intangibles	(11,526)	(8,249)
Change in restricted cash	78	1,753
Other	(6)	392
Net cash flows used in investing activities	(11,498)	(32,877)
Cash flows from financing activities		
Proceeds from the issuance of debt	16,298	19,364
Repayment of borrowings	(1,628)	-
Other	48	25
Net cash flows from financing activities	14,718	19,389
Net increase (decrease) in cash and cash equivalents	154	(27,241)
Cash and cash equivalents at January 1	79,571	89,311
Effect of exchange rate fluctuations on cash	1,515	4,001
Cash and cash equivalents at March 31	81,240	66,071

About AMG

AMG creates and applies innovative metallurgical solutions to the global trend of sustainable development of natural resources and CO₂ reduction. AMG produces highly engineered specialty metal products and advanced vacuum furnace systems for the Energy, Aerospace, Infrastructure and Specialty Metals and Chemicals end markets. AMG consists of two operating divisions, Advanced Materials and Engineering Systems, and owns an interest in publicly-listed Graphit Kropfmühl AG (Deutsche Börse: GKR.DE).

The Advanced Materials Division develops and produces specialty metals, alloys and high performance materials. AMG is a significant producer of specialty metals, such as ferrovanadium, ferronickel-molybdenum, aluminum master alloys and additives, chromium metal and ferrotitanium, for Energy, Aerospace, Infrastructure and Specialty Metal and Chemicals applications. Other key products include specialty alloys for titanium and superalloys, coating materials, tantalum and niobium oxides, vanadium chemicals and antimony trioxide.

The Engineering Systems Division designs, engineers and produces advanced vacuum furnace systems and operates vacuum heat treatment facilities, primarily for the Aerospace and Energy (including solar and nuclear) industries. Furnace systems produced by AMG include vacuum remelting, solar silicon melting and crystallization, vacuum induction melting, vacuum heat treatment and high pressure gas quenching, turbine blade coating and sintering. AMG also provides vacuum case-hardening heat treatment services on a tolling basis.

Graphit Kropfmühl AG is a majority controlled, publicly listed subsidiary of AMG. Based on its secure raw material sources in Africa, Asia and Europe, Graphit Kropfmühl is a specialist in the production of silicon metal and the extraction, processing and refining of natural crystalline graphite for a wide range of energy saving industrial applications.

With over 3,000 employees, AMG operates globally with production facilities in Germany, the United Kingdom, France, Czech Republic, United States, China, Mexico, Brazil, Turkey, Poland, India and Sri Lanka and has sales and customer service offices in Belgium, Russia and Japan (www.amg-nv.com).

For further information, please contact:

AMG Advanced Metallurgical Group N.V. +1 610 975 4901

Jonathan Costello

Vice President of Corporate Communications

jcostello@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.