



AMG REPORTS THIRD QUARTER 2012 RESULTS

Key Highlights

- Revenue was \$296.9 million in the third quarter 2012, a 17% decrease from the same period in 2011
- EBITDA⁽¹⁾ was \$21.6 million in the third quarter 2012, a 22% decrease from the same period in 2011
- EPS on a fully diluted basis was \$0.18 in the third quarter 2012, a 38% decrease from \$0.29 in same period in 2011
- The Advanced Materials Division generated revenue of \$189.2 million and EBITDA of \$12.1 million in the third quarter 2012
- The Engineering Systems Division generated revenue of \$71.1 million and EBITDA of \$5.3 million in the third quarter 2012
- Graphit Kropfmühl generated revenue of \$36.5 million and EBITDA of \$4.2 million in the third quarter 2012
- As of September 30, 2012, cash on the balance sheet was \$111.4 million; net debt was \$198.5 million

Amsterdam, 14 November 2012 (Regulated Information) --- AMG Advanced Metallurgical Group N.V. ("AMG", Euronext Amsterdam: "AMG") reported third quarter 2012 revenue of \$296.9 million, a 17% decrease from \$356.4 million in the third quarter 2011.

EBITDA decreased 22% to \$21.6 million in the third quarter 2012 from \$27.7 million in the third quarter 2011. Net profit attributable to shareholders for the third quarter 2012 was \$5.1 million, or \$0.18 per fully diluted share, down from a net profit attributable to shareholders of \$8.0 million, or \$0.29 per fully diluted share, in the third quarter 2011.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, said, "In this environment of slow economic activity we have reorganized our management structure with a clear focus on improving efficiencies, reducing operating costs and working capital levels and selective capital expenditures. These actions have begun to produce results. In the third quarter AMG generated \$30 million of operating cash flow and reduced SG&A by 9% compared to the second quarter 2012."

Key Figures

In 000's US Dollar

	Q3'12	Q3'11	Change
Revenue	\$296,851	\$356,415	(17%)

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

Gross profit	47,663	58,688	(19%)
Gross margin	16.1%	16.5%	
Operating profit	11,199	19,565	(43%)
Operating margin	3.8%	5.5%	
Net profit attributable to shareholders	5,064	8,034	(37%)
EPS- Fully diluted	0.18	0.29	(38%)
EBIT ⁽¹⁾	14,499	20,412	(29%)
EBITDA ⁽²⁾	21,600	27,748	(22%)
EBITDA margin	7.3%	7.8%	

Note:

- (1) EBIT is defined as earnings before interest, tax and excludes non-recurring items
- (2) EBITDA is defined as earnings before interest, tax, depreciation and amortization and excludes non-recurring items

Operational Review

Advanced Materials Division

	Q3'12	Q3'11	Change
Revenue	\$189,161	\$226,800	(17%)
Gross profit	26,694	29,603	(10%)
Operating profit	5,551	8,485	(35%)
EBITDA	12,097	12,254	(1%)
Capital expenditures	7,005	6,576	7%

The Advanced Materials Division's third quarter 2012 revenue decreased \$37.6 million, or 17%, to \$189.2 million. The decrease in revenue was primarily the result of 33% and 22% decreases in antimony revenue and aluminum products revenue, respectively, partially offset by a 28% increase in tantalum revenue, compared to the third quarter 2011.

The third quarter 2012 gross margin improved to 14% from 13% in the third quarter 2011. The improvement in gross margin was driven by improvements in product mix for titanium master alloys, ferrovanadium and ferronickel-molybdenum and an increase in tantalum pricing.

The third quarter 2012 EBITDA was 6% of revenue, and improvement from the 5% of revenue level achieved in the third quarter 2011. The \$0.2 million decrease in total EBITDA was the result of the \$2.9 million decrease in gross profit slightly offset by a \$2.7 million, or 12% decrease in operating expenses. This decline was the result of a reduction in personnel expenses.

Capital expenditures were \$7.0 million for the third quarter 2012, 7% more than the third quarter 2011. Significant growth capital investments made in the third quarter included a \$2.6 million investment in the expansion of the spent catalyst recycling facility for ferrovanadium production, and \$0.7 million related to expansion of the Brazilian tantalum mine. Maintenance expenditures were \$1.9 million.

Engineering Systems Division

	Q3'12	Q3'11	Change
Revenue	\$71,147	\$86,280	(18%)

Gross profit	14,755	20,782	(29%)
Operating profit	2,605	6,379	(59%)
EBITDA	5,327	9,270	(43%)
Capital expenditures	1,262	2,569	(51%)

The Engineering Systems Division's third quarter 2012 revenue decreased \$15.1 million, or 18%, to \$71.1 million. Revenue from casting and sintering furnace systems increased 47% to \$16.7 million and revenue from remelting furnaces, primarily for the aerospace industry, increased 34% to \$15.7 million. These increases were more than offset by 92% and 51% decreases in solar silicon and nuclear furnace revenue, respectively, compared to the third quarter 2011.

Order backlog increased 8% to \$162.2 million as of September 30, 2012, from \$150.0 million as of June 30, 2012. The division generated order intake of \$79.7 million in the third quarter 2012, which represents a 16% increase compared to the third quarter 2011 and a 1.12x book to bill ratio. Order intake for heat treatment systems accounted for 24% of total order intake.

The third quarter 2012 gross margin decreased to 21% from 24% in the third quarter 2011. Unfavorable product mix and lower revenues, resulting in a decline in the economies of scale, were the primary drivers of the decrease in gross margin.

The third quarter 2012 EBITDA decreased \$3.9 million, to 7% of revenue. EBITDA declined from 11% of revenue in the third quarter 2011. The EBITDA decrease was the result of the \$6.0 million decrease in gross profit slightly offset by a \$2.4 million, or 16% decrease in SG&A. The SG&A decline was the result of a reduction in personnel costs and a slowdown in R&D investment due to current economic conditions.

Capital expenditures were \$1.3 million, 51% less than the third quarter of 2011. Capital investments in the third quarter were primarily maintenance and expansion capital expenditures for the Heat Treatment Services business.

Graphit Kropfmühl

	Q3'12	Q3'11	Change
Revenue	\$36,543	\$43,335	(16%)
Gross profit	6,214	8,303	(25%)
Operating profit	3,043	4,701	(35%)
EBITDA	4,176	6,224	(33%)
Capital expenditures	2,166	2,683	(19%)

Graphit Kropfmühl's third quarter 2012 revenue decreased \$6.8 million, or 16%, to \$36.5 million. Natural graphite revenue decreased \$2.1 million, or 13%, primarily due to unfavorable product mix, resulting in lower average pricing, and a slight decline in volumes. Silicon metal revenue decreased \$4.7 million, or 17%, as an unfavorable product mix and production issues offset an increase in volumes.

The third quarter 2012 gross margin decreased to 17% from 19% in the third quarter of 2011. The decrease in gross margin was primarily the result of the aforementioned product mix for both silicon metal and graphite.

The third quarter 2012 EBITDA declined \$2.0 million to 11% of revenue. This was a decrease from 14% of revenue in the third quarter 2011. The EBITDA decrease was the result of the \$2.1 million decrease in gross profit slightly offset by a \$0.5 million, or 13% decrease in SG&A. The SG&A decline was the result of a reduction in personnel costs.

Capital expenditures were \$2.2 million in the third quarter 2012, 19% less than the third quarter 2011. Significant capital investments during the quarter included upgrading the electric arc furnaces in the silicon metal operation.

Financial Review

Tax

AMG recorded a tax expense of \$2.1 million, or a 30% effective tax rate, in the third quarter 2012, compared to a tax expense of \$3.8 million, or a 30% effective tax rate, in the third quarter 2011. AMG's effective tax rate is 65% for the nine months ended September 2012 due to the reversal of previously recognized deferred tax assets in several jurisdictions, including Brazil during the second quarter. In addition, a significant portion of the restructuring and asset impairment expense in the second quarter related to entities for which a tax benefit cannot be booked. The expected full year effective tax rate is expected to improve due to German tax planning which will create a positive benefit from the squeeze-out of the minority shareholders at GK.

SG&A

AMG's third quarter 2012 SG&A expenses were \$34.5 million, a 15% decrease from \$40.6 million in the third quarter 2011. The \$6.2 million decrease in SG&A expenses was due to lower personnel expenses and external consulting costs.

Non-Recurring Items

AMG's third 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 more accurate analysis of the results. AMG incurred \$2.2 million of non-recurring expense in the third quarter 2012, consisting of \$1.7 million in environmental costs and \$0.5 million management restructuring. Environmental costs were primarily related to our Brazilian mining operation while restructuring costs are part of AMG's commitment to cost cutting. AMG incurred \$0.9 million of non-recurring income in the third quarter 2011, primarily related to a write up of acquired assets 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 September 30, 2012 compared to June 30, 2012, resulted in an increase in the assets and liabilities on the balance sheet of \$20.0 million and \$13.7 million, respectively. The net result of the appreciation in the value of the U.S. dollar in the third quarter 2012 compared to the third quarter 2011, resulted in a decrease in revenue and EBITDA of \$21.9 million and \$1.9 million, respectively.

Liquidity

	September 30, 2012	December 31, 2011	Change
Total debt	\$309,846	\$268,621	15%
Cash & short-term investments	111,386	79,571	40%
Net debt	198,460	189,050	5%

AMG had a net debt position of \$198.5 million as of September 30, 2012. AMG's net debt position increased \$9.4 million since December 31, 2011 primarily due to \$33.9 million in capital investments, \$11.6 million of cash tax payments, \$10.0 million of cash interest payments, \$7.1 million in Graphit Kropfmühl share purchases, and a \$12.6 million increase in working capital and provisions reduced by EBITDA of \$67.1 million. Including the \$111.4 million of cash, AMG had \$167.3 million of total liquidity as of September 30, 2012.

Cash Flow

	For the nine months ended	
	September 30, 2012	September 30, 2011
Net cash flows from operations	\$33,508	\$10,361
Capital expenditures	(33,875)	(31,741)
Acquisitions, net of cash	(594)	(24,703)
Cash flows from (used in) other investing	425	(1,569)
Net cash flows used in investing activities	(34,044)	(58,013)
Cash flows generated from financing activities	32,260	28,013

Cash flows from operations were \$33.5 million in the nine months ended September 30, 2012 compared to cash flows from operations of \$10.4 million in the nine months ended September 30, 2011. Cash flows from operations in the nine months ended September 30, 2012 are primarily the result of \$67.1 million in EBITDA less a \$12.6 million increase in working capital and provisions, \$11.6 million in cash tax payments and \$10.0 million in cash interest payments.

Cash used in investing activities was \$34.0 million in the nine months ended September 30, 2012. The \$24.0 million decrease compared to the nine months ended September 30, 2011 is composed of a \$24.1 million decrease in cash used in acquisitions and a \$1.5 million decrease in restricted cash for project work in the Engineering Systems Division, slightly offset by a \$2.1 million increase in capital investments.

Cash from financing activities was \$32.3 million in the nine months ended September 30, 2012, a \$4.2 million increase from the nine months ended September 30, 2011. This increase was primarily attributable to an increase of \$0.8 million in net proceeds from issuance of debt and repayment of borrowings and \$10.6 million decrease in transaction costs related to debt issuance.

in 2011, less \$7.1 million for the acquisition of 5.5%, including related costs, of Graphit Kropfmühl's outstanding common shares during the nine months ended September 2012. The increase in the credit facility during the nine months ended September 30, 2012 was used to fund the Brazilian mine expansion and the acquisition of Graphit Kropfmühl shares as well as to retire Graphit Kropfmühl's external debt.

Outlook

We expect the economic environment to remain challenging in the near term. The downturn in global economic activity currently shows no signs of abating. The Advanced Materials Division's businesses, particularly antimony and other non-aerospace businesses are being impacted by the slowdown. The Engineering Systems Division is generating consistent order intake, but at a subdued level. The completion of the GK acquisition should result in cost reductions in 2013; however, moderating industrial production is adversely affecting natural graphite demand. In this environment, our targets are to produce stable results. We expect to achieve these targets.

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

For the three months ended September 30

In thousands of US Dollars

	2012	2011
	Unaudited	Unaudited
Continuing operations		
Revenue	296,851	356,415
Cost of sales	249,188	297,727
Gross profit	47,663	58,688
Selling, general and administrative expenses	34,462	40,613
Restructuring and asset impairment expense	476	37
Environmental expense	1,712	136
Other income, net	(186)	(1,663)
Operating profit	11,199	19,565
Finance expense	5,270	8,583
Finance income	(243)	(1,335)
Foreign exchange income	(699)	(757)
Net finance costs	4,328	6,491
Share of profit (loss) of associates	208	(680)
Profit before income tax	7,079	12,394
Income tax expense	2,118	3,755
Profit for the period	4,961	8,639
Attributable to:		
Shareholders of the Company	5,064	8,034
Non-controlling interests	(103)	605
	4,961	8,639
Earnings per share		
Basic earnings per share	0.19	0.29
Diluted earnings per share	0.18	0.29

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

For the nine months ended September 30

In thousands of US Dollars

	2012	2011
	Unaudited	Unaudited
Continuing operations		
Revenue	940,426	1,042,732
Cost of sales	785,356	855,271
Gross profit	155,070	187,461
Selling, general and administrative expenses	111,558	128,315
Restructuring and asset impairment expense	11,140	2,496
Environmental expense	3,000	382
Other income, net	(888)	(3,490)
Operating profit	30,260	59,758
Finance expense	18,211	19,503
Finance income	(855)	(3,993)
Foreign exchange (income) loss	(190)	528
Net finance costs	17,166	16,038
Share of profit (loss) of associates	457	(6,751)
Profit before income tax	13,551	36,969
Income tax expense	8,814	16,547
Profit for the period	4,737	20,422
Attributable to:		
Shareholders of the Company	5,920	18,357
Non-controlling interests	(1,183)	2,065
	4,737	20,422
Earnings per share		
Basic earnings per share	0.22	0.66
Diluted earnings per share	0.21	0.66

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

	September 30, 2012 Unaudited	December 31, 2011 Audited
Assets		
Property, plant and equipment	278,146	263,586
Goodwill	24,435	23,535
Intangible assets	16,446	14,557
Investments in associates and joint ventures	5,341	5,085
Derivative financial instruments	368	1
Deferred tax assets	30,200	29,142
Restricted cash	10,917	11,074
Notes receivable	127	250
Other assets	18,504	17,866
Total non-current assets	384,484	365,096
Inventories	218,622	228,887
Trade and other receivables	201,292	188,103
Derivative financial instruments	2,672	3,956
Other assets	47,647	35,184
Cash and cash equivalents	111,386	79,571
Total current assets	581,619	535,701
Total assets	966,103	900,797

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

	September 30, 2012 Unaudited	December 31, 2011 Audited
Equity		
Issued capital	742	742
Share premium	377,245	381,921
Other reserves	19,289	14,157
Retained earnings (deficit)	(185,447)	(191,362)
Equity attributable to shareholders of the Company	211,829	205,458
Non-controlling interests	11,062	15,160
Total equity	222,891	220,618
Liabilities		
Loans and borrowings	266,962	210,448
Employee benefits	90,943	90,078
Provisions	29,281	27,019
Government grants	476	732
Other liabilities	5,949	9,276
Derivative financial instruments	12,048	8,122
Deferred tax liabilities	27,942	26,434
Total non-current liabilities	433,601	372,109
Loans and borrowings	8,521	17,436
Short term bank debt	34,363	40,737
Government grants	54	34
Other liabilities	58,342	51,673
Trade and other payables	139,247	128,493
Derivative financial instruments	5,255	10,661
Advance payments	34,297	30,204
Current taxes payable	13,523	14,468
Provisions	16,009	14,364
Total current liabilities	309,611	308,070
Total liabilities	743,212	680,179
Total equity and liabilities	966,103	900,797

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

	2012 Unaudited	2011 Unaudited
Cash flows from operating activities		
Profit for the period	4,737	20,422
Adjustments to reconcile profit to net cash flows:		
Non-cash:		
Depreciation and amortization	21,252	21,504
Restructuring expense	4,807	2,496
Asset impairment expense	6,333	-
Environmental expense	3,000	382
Net finance costs	17,166	16,038
Share of (profit) loss of associates	(457)	6,751
Equity-settled share-based payment transactions	1,268	2,820
Income tax expense	8,814	16,547
Change in working capital and provisions	(12,572)	(53,993)
Other	809	8,764
Finance costs paid, net	(10,030)	(5,478)
Income tax paid, net	(11,619)	(25,892)
Net cash flows from operating activities	33,508	10,361
Cash flows used in investing activities		
Proceeds from sale of property, plant and equipment	226	87
Acquisition of property, plant and equipment and intangibles	(33,875)	(31,741)
Acquisition of subsidiaries (net of cash acquired of \$139 and \$3,860, respectively)	(594)	(24,703)
Related party loans	-	(4,924)
Change in restricted cash	144	1,604
Other	55	1,664
Net cash flows used in investing activities	(34,044)	(58,013)
Cash flows from financing activities		
Proceeds from the issuance of debt	67,185	227,526
Payment of transaction costs related to debt issuance	-	(10,592)
Repayment of borrowings	(27,791)	(188,931)
Acquisition of non-controlling interests	(7,128)	-
Other	(6)	10
Net cash flows from financing activities	32,260	28,013
Net increase (decrease) in cash and cash equivalents	31,724	(19,639)
Cash and cash equivalents at January 1	79,571	89,311
Effect of exchange rate fluctuations on cash	91	1,581
Cash and cash equivalents at September 30	111,386	71,253

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.

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 and vanadium chemicals.

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.

AMG Mining AG (formerly Graphit Kropfmühl AG) produces critical materials utilizing its secure raw material sources in Africa, Asia and Europe. AMG Mining produces critical materials such as high purity natural graphite and silicon metal. These materials are of significant importance to the global economy and are available in limited supply. End markets for these materials include electronics, energy efficiency, green energy and infrastructure.

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).

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