AMG REPORTS SECOND QUARTER 2012 RESULTS

Key Highlights

- **Revenue was $319.6 million in the second quarter 2012, a 13% decrease from the same period in 2011**
- **EBITDA(1) was $23.6 million in the second quarter 2012, a 25% decrease from the same period in 2011**
- **EPS on a fully diluted basis was ($0.10) in the second quarter 2012, a $0.22 decrease from $0.12 in same period in 2011**
- **The Advanced Materials Division generated revenue of $211.7 million and EBITDA of $14.5 million in the second quarter 2012**
- **The Engineering Systems Division generated revenue of $65.4 million and EBITDA of $3.7 million in the second quarter 2012**
- **Graphit Kropfmühl generated revenue of $42.5 million and EBITDA of $5.4 million in the second quarter 2012**
- **As of June 30, 2012, cash on the balance sheet was $93.6 million; net debt was $212.3 million**

Amsterdam, 9 August 2012 (Regulated Information) --- AMG Advanced Metallurgical Group N.V. ("AMG", EURONEXT AMSTERDAM: "AMG") reported second quarter 2012 revenue of $319.6 million, a 13% decrease from $368.3 million in the second quarter 2011.

EBITDA decreased 25% to $23.6 million in the second quarter 2012 from $31.4 million in the second quarter 2011. Net loss attributable to shareholders for the second quarter 2012 was $2.6 million, or ($0.10) per fully diluted share, down from a net profit attributable to shareholders of $3.4 million, or $0.12 per fully diluted share, in the second quarter 2011.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, said, "Demand and pricing for Advanced Materials products, particularly in critical materials for the aerospace and energy markets, remained stable in the second quarter. Delayed order intake and increased pricing pressure in the Engineering Systems Division resulted in lower profitability in the quarter. Unfavorable product mix in natural graphite and lower than expected silicon metal production marginally reduced Graphit Kropfmühl's second quarter earnings. Following the completion of the squeeze out, AMG intends to fully integrate GK and address cost savings opportunities. Given the challenging markets, AMG's number one priority is increasing its operational efficiency across all of AMG's units, under the leadership of Eric Jackson, AMG's recently appointed COO."

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

Key Figures

In 000's US Dollar

	Q2'12	Q2'11	Change
Revenue	**$319,591**	**$368,318**	**(13%)**
Gross profit	53,996	68,993	(22%)
Gross margin	16.9%	18.7%	
Operating profit	7,827	22,787	(66%)
Operating margin	2.4%	6.2%	
Net (loss) profit attributable to shareholders	**(2,647)**	**3,351**	**N/A**
EPS- Fully diluted	(0.10)	0.12	N/A
EBIT (1)	**16,603**	**24,592**	**(32%)**
EBITDA (2)	**23,639**	**31,447**	**(25%)**
EBITDA margin	7.4%	8.5%	

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

	Q2'12	Q2'11	Change
Revenue	$211,656	$235,580	(10%)
Gross profit	31,435	37,747	(17%)
Operating profit	9,725	12,865	(24%)
EBITDA	14,549	17,534	(17%)
Capital expenditures	6,225	6,194	1%

The Advanced Materials Division's second quarter 2012 revenue decreased $23.9 million, or 10%, to $211.7 million. The decrease in revenue was primarily the result of 18% and 16% decreases in aluminum products and antimony revenue, respectively, slightly offset by 12% and 10% increases in titanium master alloys and chrome products revenue, respectively, compared to the second quarter 2011.

The second quarter 2012 gross margin declined to 15% from 16% in the second quarter 2011. Higher operating and raw material costs, particularly in antimony and chrome products, more than offset higher gross margins in aluminum products, which were the result of operational improvements.

The second quarter 2012 EBITDA decreased $3.0 million to 7% of revenue, which was consistent with the 7% of revenue level achieved in the second quarter 2011. The EBITDA decrease was the result of the $6.3 million decrease in gross profit slightly offset by a $3.3 million, or 14% decrease in SG&A. The SG&A decline was the result of a reduction in personnel expenses, primarily long-term incentive costs.

Capital expenditures were $6.2 million for the second quarter 2012, essentially flat compared to the second quarter 2011. Significant growth capital investments made in the second quarter included a $1.4 million investment in the expansion of the spent catalyst recycling facility for ferrovanadium production, $1.3 million related to expansion of the Brazilian tantalum mine, and maintenance expenditures of $1.4 million.

Engineering Systems Division

	Q2'12	Q2'11	Change
Revenue	$65,400	$89,812	(27%)
Gross profit	14,929	22,661	(34%)
Operating (loss) profit	(5,387)	5,047	N/A
EBITDA	3,725	7,671	(51%)
Capital expenditures	2,911	2,984	(2%)

The Engineering Systems Division's second quarter 2012 revenue decreased $24.4 million, or 27%, to $65.4 million. Revenue from Heat Treatment Services for the production of automotive components for fuel-efficient vehicles increased 16% to $12.5 million and revenue from heat treatment furnaces, primarily for the transportation industry, increased 3% to $18.0 million. These increases were more than offset by 71% and 38% decreases in solar silicon and sintering furnace revenue, respectively, compared to the second quarter 2011.

Order backlog decreased 15% to $150.0 million as of June 30, 2012, from $176.2 million as of March 31, 2012. The division generated order intake of $36.4 million in the second quarter 2012, which represents a 59% decrease compared to the second quarter 2011 and a 0.56x book to bill ratio. Order intake for heat treatment systems accounted for 29% of total order intake.

The second quarter 2012 gross margin of 23% decreased from 25% achieved in the second quarter 2011. Favorable product mix was more than offset by increased end market pricing pressure and a decline in the economies of scale, resulting in decreased gross margins.

The second quarter 2012 EBITDA decreased $3.9 million, to 6% of revenue. EBITDA declined from 9% of revenue in the second quarter 2011. The EBITDA decrease was the result of the $7.7 million decrease in gross profit slightly offset by a $3.2 million, or 19% decrease in SG&A. The SG&A decline was the result of a reduction in personnel costs, primarily long-term incentive costs.

Capital expenditures were $2.9 million, 2% less than the second quarter of 2011. Capital investments in the second quarter were primarily maintenance and expansion capital expenditures for the Heat Treatment Services business.

Graphit Kropfmühl

	Q2'12	Q2'11	Change
Revenue	$42,535	$42,926	(1%)
Gross profit	7,632	8,585	(11%)
Operating profit	3,489	4,875	(28%)
EBITDA	5,365	6,242	(14%)
Capital expenditures	2,781	2,486	12%

Graphit Kropfmühl's second quarter 2012 revenue decreased $0.4 million, or 1%, to $42.5 million. Natural graphite revenue decreased $0.7 million, or 5%, primarily caused by a 6% decrease in average pricing. Silicon metal revenue increased $0.3 million, or 1%, as an unfavorable product mix offset a 7% increase in volumes.

The second quarter 2012 gross margin decreased to 18% from 20% in the second quarter of 2011. The decrease in gross margin was primarily the result of unfavorable product mix for silicon metal and natural graphite products.

The second quarter 2012 EBITDA declined $0.9 million to 13% of revenue. This was a decrease from 15% of revenue in the second quarter 2011. The lower EBITDA was attributable to the decreased gross profit for both silicon metal and natural graphite, slightly offset by a 7% decline in SG&A due to a decline in personnel costs.

Capital expenditures were $2.8 million in the second quarter 2012, 12% more than the second quarter 2011, primarily because of upgrading the electric arc furnaces and storage facilities at the silicon metal operation.

Financial Review

Tax

AMG recorded a tax expense of $5.5 million in the second quarter 2012 as compared to a tax expense of $7.8 million in the second quarter 2011. The second quarter 2012 effective tax rate was adversely impacted by the reversal of previously recognized deferred tax assets in several jurisdictions, including Brazil. In addition, a significant portion of the restructuring and asset impairment expense in the quarter relates to entities for which a tax benefit cannot be booked. For the first half of 2012 AMG's effective tax rate is 103%. The expected full year effective tax rate is expected to be approximately 65% which is higher than the normalized statutory rate due to the items noted above.

SG&A

AMG's second quarter 2012 SG&A expenses were $38.0 million, a 15% decrease from $44.8 million in the second quarter 2011. The $6.7 million decrease in SG&A expenses was due to a reduction in long-term incentive expenses and external consulting costs.

Non-Recurring Items

AMG's second quarter 2012 operating profit of $7.8 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 $8.4 million of non-recurring items in the second quarter 2012, consisting of $6.8 million write down and restructuring of AMG Idealcast assets,

$0.6 million in environmental costs, $0.5 million restructuring charge related to the closure of a UK entity and $0.5 million management restructuring in the Advanced Materials Division. AMG incurred $2.3 million of non-recurring items in the second quarter 2011, related to the closure of Silmag joint venture.

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 appreciation in the value of the U.S. dollar as of June 30, 2012 compared to March 31, 2012, resulted in a decrease in the assets and liabilities on the balance sheet of $40.5 million and $29.3 million, respectively. The net result of the appreciation in the value of the U.S. dollar in the second quarter 2012 compared to the second quarter 2011, resulted in a decrease in revenue and EBITDA of $21.1 million and $2.3 million, respectively.

Liquidity

	June 30, 2012	December 31, 2011	Change
Total debt	$305,906	$268,621	14%
Cash & short-term investments	93,624	79,571	18%
Net debt	212,282	189,050	12%

AMG had a net debt position of $212.3 million as of June 30, 2012. AMG's net debt position increased $23.2 million since December 31, 2011 primarily due to $22.4 million increase in working capital, $23.4 million in capital investments, $9.3 million of cash tax payments, $9.0 million of cash interest payments and $6.6 million in Graphit Kropfmühl share purchases, reduced by EBITDA of $45.5 million. Including the $93.6 million of cash, AMG had $156.2 million of total liquidity as of June 30, 2012.

Cash Flow

	H1'12	H1'11
Net cash flows from (used in) operations	**$3,134**	**$(12,080)**
Capital expenditures	(23,443)	(19,913)
Acquisitions, net of cash	(1,920)	(26,816)
Cash flows from other investing activities	534	2,844
Net cash flows used in investing activities	**(24,829)**	**(43,885)**
Cash flows from financing activities	**36,091**	**23,899**

Cash flows from operations were $3.1 million in the first half of 2012 compared to cash flows used in operations of $12.1 million in the first half of 2011. Cash flows from operations in the first half of 2012 are primarily the result of $45.5 million in EBITDA less $22.4 million increase in working capital, $9.3 million in cash tax payments and $9.0 million in cash interest payments.

Cash used in investing activities was $24.8 million in the first half of 2012. The $19.1 million decrease compared to the first half 2011 is composed of a $24.9 million decrease in cash used in acquisitions, slightly offset by a $3.5 million increase in capital investments and a $2.3 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 half of 2012, AMG acquired 5.5% of Graphit Kropfmühl's outstanding common shares for $6.6 million, for which $1.9 million is shown as a cash flow used in investing activities while $4.7 million is shown as a cash flow used in financing activities.

Cash from financing activities was $36.1 million in the first half 2012, a $12.2 million increase from the first half 2011. This increase was primarily attributable to a net increase of $40.7 million in existing credit facilities, compared to $34.4 million in net draws in new and existing lines of credit offset by $10.5 million in transaction costs related to debt issuance in the first half of 2011. The increase in the credit facility during the first half of 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

The slowdown in Europe is impacting AMG. In the Advanced Materials Division, its European centric businesses, particularly antimony and other non-aerospace businesses, are being affected. The Engineering Systems Division is responding to the deterioration in demand for capital goods across most end markets through operational improvements. Higher input prices and moderating demand are affecting Graphit Kropfmühl's ability to maintain current profitability levels. While AMG cannot affect the direction of the markets, it is addressing profitability issues through companywide improvement initiatives, specifically focused on AMG Mining and the Engineering Systems Division to reduce costs. AMG is also working to improve cash flow and reduce indebtedness through working capital and capital expenditure reductions. Despite these changes, achieving the prior year's revenue and earnings levels will be difficult, as the growth previously anticipated in the second half of 2012 is not expected to materialize.

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

For the three months ended June 30

In thousands of US Dollars	**2012 Unaudited**	**2011 Unaudited**
Continuing operations		
Revenue	319,591	368,318
Cost of sales	265,595	299,325
Gross profit	**53,996**	**68,993**
Selling, general and administrative expenses	38,022	44,765
Restructuring and asset impairment expense	7,821	2,174
Environmental expense	560	141
Other income, net	(234)	(874)
Operating profit	**7,827**	**22,787**
Finance expense	6,250	8,915
Finance income	(457)	(1,158)
Foreign exchange loss	100	1,302
Net finance costs	**5,893**	**9,059**
Share of profit (loss) of associates	83	(1,694)
Profit before income tax	**2,017**	**12,034**
Income tax expense	5,452	7,828
(Loss) profit for the period	**(3,435)**	**4,206**
Attributable to:		
Shareholders of the Company	(2,647)	3,351
Non-controlling interests	(788)	855
	(3,435)	**4,206**
(Loss) earnings per share		
Basic earnings per share	(0.10)	0.12
Diluted earnings per share	(0.10)	0.12

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

For the six months ended June 30		
In thousands of US Dollars	**2012 Unaudited**	**2011 Unaudited**
Continuing operations		
Revenue	643,575	686,317
Cost of sales	536,168	557,544
Gross profit	**107,407**	**128,773**
Selling, general and administrative expenses	77,096	87,702
Restructuring and asset impairment expense	10,664	2,459
Environmental expense	1,288	246
Other income, net	(702)	(1,827)
Operating profit	**19,061**	**40,193**
Finance expense	12,941	10,920
Finance income	(612)	(2,658)
Foreign exchange loss	509	1,285
Net finance costs	**12,838**	**9,547**
Share of profit (loss) of associates	249	(6,071)
Profit before income tax	**6,472**	**24,575**
Income tax expense	6,696	12,792
(Loss) profit for the period	**(224)**	**11,783**
Attributable to:		
Shareholders of the Company	856	10,323
Non-controlling interests	(1,080)	1,460
	(224)	**11,783**
Earnings per share		
Basic earnings per share	0.03	0.37
Diluted earnings per share	0.03	0.37

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

	June 30, 2012 Unaudited	December 31, 2011 Audited
Assets		
Property, plant and equipment	261,427	263,586
Goodwill	22,750	23,535
Intangible assets	14,666	14,557
Investments in associates and joint ventures	5,188	5,085
Derivative financial instruments	-	1
Deferred tax assets	22,781	29,142
Restricted cash	10,692	11,074
Notes receivable	264	250
Other assets	18,250	17,866
Total non-current assets	**356,018**	**365,096**
Inventories	223,665	228,887
Trade and other receivables	201,092	188,103
Derivative financial instruments	3,573	3,956
Other assets	43,286	35,184
Cash and cash equivalents	93,624	79,571
Total current assets	**565,240**	**535,701**
Total assets	**921,258**	**900,797**

AMG Advanced Metallurgical Group N.V.

Condensed interim consolidated statement of financial position (continued)

In thousands of US Dollars

	June 30, 2012 Unaudited	December 31, 2011 Audited
Equity		
Issued capital	742	742
Share premium	377,245	381,921
Other reserves	10,311	14,157
Retained earnings (deficit)	(190,506)	(191,362)
Equity attributable to shareholders of the Company	**197,792**	**205,458**
Non-controlling interests	11,411	15,160
Total equity	**209,203**	**220,618**
Liabilities		
Loans and borrowings	259,462	210,448
Employee benefits	88,360	90,078
Provisions	27,304	27,019
Government grants	479	732
Other liabilities	8,545	9,276
Derivative financial instruments	9,821	8,122
Deferred tax liabilities	27,424	26,434
Total non-current liabilities	**421,395**	**372,109**
Loans and borrowings	14,144	17,436
Short term bank debt	32,300	40,737
Government grants	53	34
Other liabilities	48,873	51,673
Trade and other payables	136,084	128,493
Derivative financial instruments	8,208	10,661
Advance payments	32,110	30,204
Current taxes payable	5,443	14,468
Provisions	13,445	14,364
Total current liabilities	**290,660**	**308,070**
Total liabilities	**712,055**	**680,179**
Total equity and liabilities	**921,258**	**900,797**

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

For the six months ended June 30 *In thousands of US Dollars*	2012 Unaudited	2011 Unaudited
Cash flows from (used in) operating activities		
(Loss) profit for the period	(224)	11,783
Adjustments to reconcile (loss) profit to net cash flows:		
Non-cash:		
Depreciation and amortization	14,152	14,169
Restructuring expense	4,331	2,459
Asset impairment expense	6,333	-
Environmental expense	1,288	246
Net finance costs	12,838	9,547
Share of (profit) loss of associates	(249)	6,071
Equity-settled share-based payment transactions	856	1,833
Income tax expense	6,696	12,792
Change in working capital and provisions	(22,413)	(46,736)
Other	(2,113)	2,528
Finance costs paid, net	(9,017)	(5,136)
Income tax paid, net	(9,344)	(21,636)
Net cash flows from (used in) operating activities	**3,134**	**(12,080)**
Cash flows used in investing activities		
Proceeds from sale of property, plant and equipment	147	49
Acquisition of property, plant and equipment and intangibles	(23,443)	(19,913)
Acquisition of non-controlling interests and subsidiaries (net of cash acquired of nil and $690, respectively)	(1,920)	(26,816)
Change in restricted cash	388	1,839
Other	(1)	956
Net cash flows used in investing activities	**(24,829)**	**(43,885)**
Cash flows from financing activities		
Proceeds from the issuance of debt	59,981	221,626
Payment of transaction costs related to debt issuance	-	(10,457)
Repayment of borrowings	(19,248)	(187,276)
Premium paid for non-controlling interests	(4,673)	-
Other	31	6
Net cash flows from financing activities	**36,091**	**23,899**
Net increase (decrease) in cash and cash equivalents	**14,396**	**(32,066)**
Cash and cash equivalents at January 1	79,571	89,311
Effect of exchange rate fluctuations on cash	(343)	3,891
Cash and cash equivalents at June 30	**93,624**	**61,136**

About AMG

AMG creates and applies innovative metallurgical solutions to the global trend of sustainable development of natural resources and CO_2 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 interests in publicly-listed companies Graphit Kropfmühl AG (Deutsche Börse: GKR.DE) and Timminco Limited (TSX: "TIM").

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.

Timminco Limited is a publicly listed affiliate of AMG. Timminco produces silicon metal for the chemical, aluminum, electronic and solar industries. Timminco also produces solar grade silicon, using its proprietary technology for purifying silicon metal, for the solar energy industry.

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

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Disclaimer

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