



AMG ADVANCED METALLURGICAL GROUP N.V. REPORTS RECORD FULL YEAR AND FOURTH QUARTER 2017 RESULTS

Key Highlights

- Revenue increased by 18% to \$280.7 million in the fourth quarter 2017 from \$237.9 million in the fourth quarter 2016
- EBITDA⁽²⁾ was \$33.0 million in the fourth quarter 2017, a 10% increase over the same period in 2016
- On a full year basis, EBITDA in 2017 increased by 25% to \$125.5 million, from \$100.7 million in the prior year
- EPS, on a fully diluted basis, increased by 41% to \$0.45 in the fourth quarter 2017 from \$0.32 in the fourth quarter 2016
- Record high annual net income and EPS, on a fully diluted basis, in Company history
- Return on capital employed increased to 21.2% in 2017, as compared to 18.8% in 2016
- Total 2017 dividend proposed of €0.28 per ordinary share, including the interim dividend of €0.14, paid on August 15, 2017

Amsterdam, 8 March 2018 (Regulated Information) --- AMG Advanced Metallurgical Group N.V. ("AMG", Euronext Amsterdam: "AMG") reported fourth quarter 2017 revenue of \$280.7 million, an 18% increase from \$237.9 million in the fourth quarter 2016. EBITDA for the fourth quarter 2017 was \$33.0 million, a 10% increase from \$30.0 million in the fourth quarter 2016. On a full year basis, EBITDA increased by 25% to \$125.5 million, from \$100.7 million in the prior year.

Net income attributable to shareholders increased to \$14.3 million in the fourth quarter 2017 from \$10.0 million in the fourth quarter 2016, and EPS, on a fully diluted basis, increased by 41% to \$0.45 in the fourth quarter 2017 from \$0.32 in the fourth quarter 2016. On a full year basis, net income attributable to shareholders increased by 40% to \$57.0 million in 2017 from \$40.6 million in 2016, and EPS, on a fully diluted basis, increased by 36% to \$1.80 in 2017 from \$1.32 in 2016.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, said, "Very strong financial results in the fourth quarter 2017 resulted in the highest annual net income and earnings per share in the Company's history. Furthermore, an exceptionally strong order intake in AMG Engineering of \$91.0 million in the fourth quarter resulted in the highest level of order backlog in over 8 years.

AMG Critical Materials generated EBITDA of \$26.9 million during the fourth quarter 2017, an increase of 22% from \$22.1 million in the fourth quarter of 2016, due to a combination of higher vanadium prices, improved product mix and strong sales volumes.

AMG Engineering signed \$91.0 million in new orders during the fourth quarter of 2017, representing a 1.36x book to bill ratio, due to strong orders of turbine blade coating and nuclear waste treatment furnaces. Order backlog was \$207.0 million as of December 31, 2017, a 53% increase from \$135.5 million as of December 31, 2016. AMG Engineering achieved EBITDA of \$6.1 million during the fourth quarter 2017, a decrease of \$1.8 million compared to the fourth quarter of 2016, due primarily to higher SG&A costs in the quarter.

In the fourth quarter of 2017, AMG generated cash from operating activities of \$33.3 million, an increase of \$17.7 million, or 114%, over the same period in 2016. On a full year basis, AMG generated cash from operating activities of \$78.5 million in 2017, an increase of \$22.3 million, or 40%, compared to the same period in 2016.

As regards to guidance, in our annual general meeting in May 2017, we introduced our new 'Strategic Framework', and our long-term goal to increase EBITDA to \$200 million or more, in 5 years or less, through the execution of a combination of well-developed, highly accretive growth projects, including AMG's entrance into the lithium market.

This statement of long term strategy has to be amended in light of what we achieved and learned in 2017, and to date in 2018. We now believe we can achieve our goals earlier than previously expected and can commit to turning the present EBITDA level into \$200 million, or more, in the fiscal year ending December 31, 2020."

Key Figures

In 000's US Dollar

	Q4 '17	Q4 '16	Change	FY '17	FY '16	Change
Revenue	\$280,699	\$237,874	18%	\$1,059,651	\$971,148	9%
Gross profit	56,507	42,985	31%	214,627	186,808	15%
Gross margin	20.1%	18.1%		20.3%	19.2%	
Operating profit	18,391	11,858	55%	79,752	59,868	33%
Operating margin	6.6%	5.0%		7.5%	6.2%	
Net income attributable to shareholders	14,331	9,956	44%	56,965	40,558	40%
EPS - Fully diluted	0.45	0.32	41%	1.80	1.32	36%
EBIT ⁽¹⁾	24,629	22,180	11%	94,598	70,811	34%
EBITDA ⁽²⁾	33,027	30,011	10%	125,497	100,652	25%
EBITDA margin	11.8%	12.6%		11.8%	10.4%	
Cash from operating activities	33,272	15,553	114%	78,525	56,225	40%

Notes:

- (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

	Q4 '17	Q4 '16	Change	FY '17	FY '16	Change
Revenue	\$213,963	\$165,970	29%	\$814,446	\$701,634	16%
Gross profit	39,325	29,628	33%	149,871	129,991	15%
Gross profit before non-recurring items	40,113	31,802	26%	152,825	132,533	15%
Operating profit	14,350	9,762	47%	62,608	44,362	41%
EBITDA	26,907	22,121	22%	99,967	73,618	36%

AMG Critical Materials' revenue in the fourth quarter increased by \$48.0 million, or 29%, to \$214.0 million, driven by improved vanadium, aluminum, titanium master alloys, antimony, silicon and graphite prices, and higher sales volumes of chrome, titanium, antimony, and silicon products.

Gross profit before non-recurring items in the fourth quarter increased by \$8.3 million, or 26%, to \$40.1 million. Strong financial performances in vanadium, aluminum, titanium alloys and silicon metal in the quarter were partially offset by lower gross profit in tantalum. The reduction in tantalum gross profit was driven by lower prices during the fourth quarter 2017, compared to the same period in the prior year.

SG&A expenses in the fourth quarter 2017 increased by \$3.1 million, or 16%, compared to the same period in the prior year, due to higher personnel costs and professional fees.

EBITDA increased by \$4.8 million, or 22%, to \$26.9 million in the fourth quarter of 2017 due to higher levels of gross profit, partially offset by an increase in SG&A expenses.

AMG Engineering

	Q4 '17	Q4 '16	Change	FY '17	FY '16	Change
Revenue	\$66,736	\$71,904	(7%)	\$245,205	\$269,514	(9%)
Gross profit	17,182	13,357	29%	64,756	56,817	14%
Gross profit before non-recurring items	17,514	16,625	5%	65,509	60,473	8%
Operating profit	4,041	2,096	93%	17,144	15,506	11%
EBITDA	6,120	7,890	(22%)	25,530	27,034	(6%)

AMG Engineering signed \$91.0 million in new orders during the fourth quarter of 2017, representing a 1.36x book to bill ratio, due to strong orders of turbine blade coating and nuclear waste treatment furnaces. Order backlog was \$207.0 million as of December 31, 2017, a 53% increase from \$135.5 million as of December 31, 2016. On a full year basis, AMG Engineering signed \$290.4 million in new orders, representing a 1.18x book to bill ratio.

AMG Engineering's fourth quarter 2017 revenue decreased by \$5.2 million, or 7%, to \$66.7 million, due to lower sales of remelting, vacuum induction and heat treatment furnaces, partially offset by higher sales of turbine blade coating furnaces.

Fourth quarter 2017 gross profit before non-recurring items increased by \$0.9 million, or 5%, to \$17.5 million, and gross margin before non-recurring items improved to 26% from 23% in the fourth quarter of 2016, due to product mix effects.

SG&A expenses increased by \$1.9 million in the fourth quarter 2017 due to higher employee related expenses and research & development costs.

EBITDA decreased by \$1.8 million to \$6.1 million in the fourth quarter of 2017, due to higher SG&A expenses, partially offset by higher levels of gross profit before non-recurring items.

On a full year basis, EBITDA in 2017 reduced by 6% from \$27.0 million in 2016 to \$25.5 million. However, EBITDA in the prior year benefited from the sale of an unused production facility in Berlin during the third quarter 2016, which contributed \$4.3 million in EBITDA. Excluding this benefit in 2016, EBITDA in 2017 increased by 27%, compared to the prior year.

Financial Review

Tax

AMG recorded an income tax expense of \$13.9 million in 2017 as compared to \$8.1 million in 2016. The increase in income tax expense was driven by higher levels of profitability in 2017, compared to the prior year.

Due to the volatile nature of the company's deferred tax balances, AMG believes that the cash tax rate is a more meaningful metric. AMG paid taxes of \$10.3 million in 2017 as compared to \$6.6 million in 2016. For 2017, AMG's effective cash tax rate was 14%, as compared to 13% in 2016.

Non-Recurring Items

AMG's fourth quarter 2017 and full year 2017 gross profit include non-recurring items, which are not included in the calculation of EBITDA.

A summary of non-recurring items in 2017 and 2016 are below:

Non-recurring items included in gross profit

	Q4 '17	Q4 '16	Change	FY '17	FY '16	Change
Gross profit	\$56,507	\$42,985	31%	\$214,627	\$186,808	15%
Restructuring expense	771	3,466	(78%)	2,547	4,222	(40%)
Asset impairment expense	349	1,976	(82%)	1,160	1,976	(41%)
Gross profit before non-recurring items	57,627	48,427	19%	218,334	193,006	13%

Gross profit before non-recurring items by reporting segment

	Q4 '17	Q4 '16	Change	FY '17	FY '16	Change
AMG Critical Materials	\$40,113	\$31,802	26%	\$152,825	\$132,533	15%
AMG Engineering	17,514	16,625	5%	65,509	60,473	8%
Gross profit before non-recurring items	57,627	48,427	19%	218,334	193,006	13%

AMG Critical Materials and AMG Engineering gross profit in the fourth quarter 2017 was negatively impacted by restructuring costs related to cost reduction initiatives in Germany. In addition, AMG Critical Materials incurred asset impairment expenses in both the USA and Germany during the quarter.

Environmental expense

	Q4 '17	Q4 '16	Change	FY '17	FY '16	Change
Environmental	3,092	1,828	69%	3,092	1,873	65%
<i>of which non-recurring</i>	<i>3,092</i>	<i>1,277</i>	<i>142%</i>	<i>3,092</i>	<i>1,277</i>	<i>142%</i>

During the fourth quarter 2017, AMG recorded a non-recurring environmental expense of \$3.1 million related to its Newfield, NJ site, which is not included in the calculation of EBITDA.

Liquidity

	December 31, 2017	December 31, 2016	Change
Total debt	\$189,108	\$168,080	13%
Cash and cash equivalents	178,800	160,744	11%
Net debt	10,308	7,336	41%

AMG had a net debt position of \$10.3 million as of December 31, 2017. Net debt increased by \$3.0 million from December 31, 2016, while gross debt increased by \$21.0 million.

Cash from operating activities increased to \$78.5 million in 2017 from \$56.2 million in 2016. In the prior year, the Company made \$23.1 million of discretionary pension contributions, which reduced cash from operating activities.

Capital expenditures increased to \$80.9 million in 2017 compared to \$44.1 million in 2016. Capital spending in 2017 included \$32.0 million of maintenance capital, compared to \$18.4 million in 2016. The largest expansion capital projects in 2017 were AMG's lithium project in Brazil and the titanium aluminide expansion in Germany.

Including the \$178.8 million of cash, AMG had \$329.4 million of total liquidity as of December 31, 2017.

Net Finance Costs

AMG's fourth quarter 2017 net finance costs were \$2.3 million compared to less than \$0.1 million in the fourth quarter of 2016. The increase was primarily due to currency gains associated with the Mozambique Metical in the fourth quarter 2016.

SG&A

AMG's fourth quarter 2017 SG&A expenses were \$35.0 million, an increase of 17% from the same period in the prior year.

Full year 2017 SG&A expenses were \$132.3 million, a 1% increase from \$130.8 million in 2016, primarily due to an increase in research & development costs and professional fees.

Final Dividend Proposed

AMG intends to declare a dividend of €0.28 per ordinary share over the financial year 2017. The interim dividend of €0.14, paid on August 15, 2017, will be deducted from the amount to be distributed to shareholders. The proposed final dividend per ordinary share therefore amounts to €0.14.

A proposal to resolve upon the final dividend distribution will be included on the agenda for the Annual General Meeting to be held on May 2, 2018.

Lithium Project Update

AMG's lithium project is progressing in-line with expectations, and production is expected to commence mid-2018.

On December 12, 2017, AMG announced that the Supervisory Board of AMG had approved the construction of a second lithium concentrate plant at the Mibra mine in Brazil, with an annual production capacity of 90,000 tons.

AMG expects to complete the planned expansion by the end of 2019, and the total capital investment is approximately \$110 million. Once completed, total annual production capacity from AMG's Mibra mine will increase to 180,000 tons of lithium concentrate and 600,000 lbs of tantalum concentrate. As part of the investment, AMG will also expand and develop the existing mining infrastructure to support the expanded lithium and tantalum operations.

Outlook and Strategy

As regards to guidance, in our annual general meeting in May 2017, we introduced our new 'Strategic Framework', and our long-term goal to increase EBITDA to \$200 million or more, in 5 years or less, through the execution of a combination of well-developed, highly accretive growth projects, including AMG's entrance into the lithium market.

This statement of long term strategy has to be amended in light of what we achieved and learned in 2017, and to date in 2018. We now believe we can achieve our goals earlier than previously expected and can commit to turning the present EBITDA level into \$200 million, or more, in the fiscal year ending December 31, 2020.

2018 has started very well. For the year, we expect our financial performance to show significant improvement compared to 2017, on route to this long term strategic guidance.

AMG Advanced Metallurgical Group N.V.
Condensed Consolidated Income Statement

For the quarter ended December 31

In thousands of US Dollars

	2017 Unaudited	2016 Unaudited
Continuing operations		
Revenue	280,699	237,874
Cost of sales	224,192	194,889
Gross profit	56,507	42,985
Selling, general and administrative expenses	34,955	29,989
Environmental expense	3,092	1,828
Other expense (income), net	69	(690)
Net other operating expense	3,161	1,138
Operating profit	18,391	11,858
Finance income	(1,116)	(2,847)
Finance cost	3,444	2,861
Net finance costs	2,328	14
Profit before income tax	16,063	11,844
Income tax expense	980	879
Profit for the period	15,083	10,965
Attributable to:		
Shareholders of the Company	14,331	9,956
Non-controlling interests	752	1,009
Profit for the period	15,083	10,965
Earnings per share		
Basic earnings per share	0.48	0.35
Diluted earnings per share	0.45	0.32

AMG Advanced Metallurgical Group N.V.
Condensed Consolidated Income Statement

For the year ended December 31

In thousands of US Dollars

	2017	2016
	Unaudited	
Continuing operations		
Revenue	1,059,651	971,148
Cost of sales	845,024	784,340
Gross profit	214,627	186,808
Selling, general and administrative expenses	132,294	130,750
Environmental expense	3,092	1,873
Other income, net	(511)	(5,683)
Net other operating expense (income)	2,581	(3,810)
Operating profit	79,752	59,868
Finance income	(1,766)	(1,662)
Finance cost	10,160	13,667
Net finance costs	8,394	12,005
Share of gain of associates and joint ventures, net of tax	-	1,804
Profit before income tax	71,358	49,667
Income tax expense	13,905	8,096
Profit for the period	57,453	41,571
Attributable to:		
Shareholders of the Company	56,965	40,558
Non-controlling interests	488	1,013
Profit for the period	57,453	41,571
Earnings per share		
Basic earnings per share	1.95	1.45
Diluted earnings per share	1.80	1.32

AMG Advanced Metallurgical Group N.V.
Consolidated Statement of Financial Position

In thousands of US Dollars

	December 31, 2017 Unaudited	December 31, 2016
Assets		
Property, plant and equipment	298,540	226,098
Goodwill and other intangible assets	38,110	33,215
Derivative financial instruments	636	740
Other investments	30,562	29,930
Deferred tax assets	40,108	41,285
Restricted cash	829	2,526
Non-current tax asset	2,488	-
Other assets	17,729	17,207
Total non-current assets	429,002	351,001
Inventories	162,505	143,593
Derivative financial instruments	6,372	4,007
Trade and other receivables	137,174	129,220
Other assets	37,547	26,341
Current tax assets	3,147	5,257
Cash and cash equivalents	178,800	160,744
Assets held for sale	2,056	149
Total current assets	527,601	469,311
Total assets	956,603	820,312

AMG Advanced Metallurgical Group N.V.
Consolidated Statement of Financial Position
(continued)

<i>In thousands of US Dollars</i>	December 31, 2017 Unaudited	December 31, 2016*
Equity		
Issued capital	796	760
Share premium	432,844	389,066
Treasury shares	(3,461)	(570)
Other reserves	(72,880)	(97,085)
Retained earnings (deficit)	(99,343)	(116,457)
Equity attributable to shareholders of the Company	257,956	175,714
Non-controlling interests	24,633	22,073
Total equity	282,589	197,787
Liabilities		
Loans and borrowings	164,788	150,959
Employee benefits	156,193	141,588
Provisions	35,887	30,854
Deferred revenue	-	2,822
Other liabilities	4,011	6,874
Derivative financial instruments	-	887
Deferred tax liabilities	7,888	8,435
Total non-current liabilities	368,767	342,419
Loans and borrowings	8,820	9,621
Short term bank debt	15,500	7,500
Other liabilities	60,212	57,528
Trade and other payables	155,115	133,328
Derivative financial instruments	1,415	4,661
Advance payments	33,025	29,404
Deferred revenue	1,624	10,198
Current taxes payable	9,155	7,065
Provisions	20,381	20,801
Total current liabilities	305,247	280,106
Total liabilities	674,014	622,525
Total equity and liabilities	956,603	820,312

*Reclassified share reserves from other reserves to retained earnings (deficit) for December 31, 2016

AMG Advanced Metallurgical Group N.V.
Condensed Consolidated Statement of Cash Flows

For the year ended December 31

In thousands of US Dollars

	2017 Unaudited	2016
Cash from operating activities		
Profit for the year	57,453	41,571
Adjustments to reconcile net profit to net cash flows:		
Non-cash:		
Income tax expense	13,905	8,096
Depreciation and amortization	30,899	29,841
Asset impairment expense	1,160	1,976
Net finance costs	8,394	12,005
Share of profit of associates and joint ventures	-	(1,804)
Loss (gain) on sale or disposal of property, plant and equipment	75	(4,501)
Equity-settled share-based payment transactions	8,697	3,073
Movement in provisions, pensions and government grants	(3,016)	(13,000)
Working capital and deferred revenue adjustments	(21,308)	(7,737)
Cash generated from operating activities	96,259	69,520
Finance costs paid, net	(7,443)	(6,707)
Income tax paid, net	(10,291)	(6,588)
Net cash from operating activities	78,525	56,225
Cash used in investing activities		
Proceeds from sale of property, plant and equipment	254	1,546
Insurance proceeds on property, plant and equipment	1,516	-
Proceeds from sale of subsidiaries (net of cash divested of \$1,820 in 2016)	-	6,512
Acquisition of property, plant and equipment and intangibles	(80,904)	(44,086)
Acquisition of subsidiaries (net of cash acquired of \$35 in 2016)	-	(4,961)
Change in restricted cash	1,911	(93)
Acquisition of other non-current investments	-	(1,000)
Other	3	(61)
Net cash used in investing activities	(77,220)	(42,143)

AMG Advanced Metallurgical Group N.V.
Condensed Consolidated Statement of Cash Flows
(continued)

For the year ended December 31

In thousands of US Dollars

	2017 Unaudited	2016
Cash from financing activities		
Proceeds from issuance of debt	30,000	163,190
Transaction costs related to the issuance of debt	-	(3,978)
Repayment of borrowings	(17,153)	(122,607)
Change in non-controlling interests	-	(5,600)
Proceeds from issuance of common shares	14,370	-
Net repurchase of common stock	(12,434)	(259)
Dividends paid	(9,293)	(7,558)
Other	-	91
Net cash from financing activities	5,490	23,279
Net increase in cash and cash equivalents	6,795	37,361
Cash and cash equivalents at January 1	160,744	127,778
Effect of exchange rate fluctuations on cash held	11,261	(4,395)
Cash and cash equivalents at December 31	178,800	160,744

This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

This press release contains regulated information as defined in the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

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, lithium, 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, the Czech Republic, the United States, China, Mexico, Brazil, India, Sri Lanka and Mozambique, and has sales and customer service offices in Russia and Japan (www.amg-nv.com).

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Disclaimer

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