

# ENABLING THE CIRCULAR ECONOMY

INVESTOR PRESENTATION | SECOND QUARTER 2021



AMG ADVANCED  
METALLURGICAL GROUP N.V.



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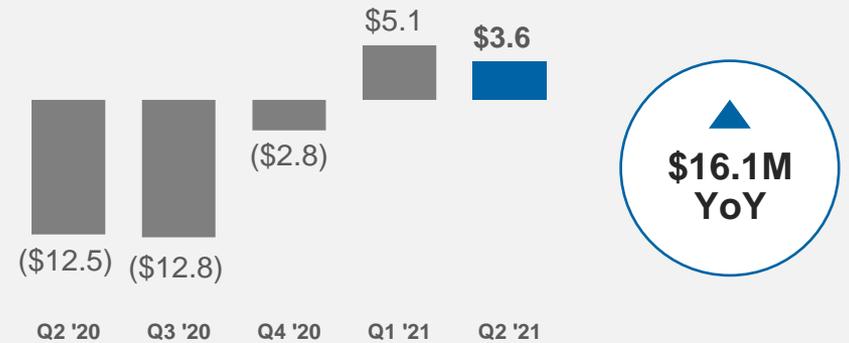
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# FINANCIAL HIGHLIGHTS

## REVENUE (IN MILLIONS OF US DOLLARS)



## NET (LOSS) INCOME ATTRIBUTABLE TO SHAREHOLDERS (IN MILLIONS OF US DOLLARS)



## EBITDA (IN MILLIONS OF US DOLLARS)



## (LOSS) EARNINGS PER SHARE (IN US DOLLARS)



# AMG CLEAN ENERGY MATERIALS FINANCIAL HIGHLIGHTS

## REVENUE & EBITDA (IN MILLIONS OF US DOLLARS)



Revenue increased 70% vs. Q2 '20 and EBITDA increased by \$11.3 million

## GROSS PROFIT EXCLUDING EXCEPTIONAL ITEMS (IN MILLIONS OF US DOLLARS)



301% YoY

## CAPITAL EXPENDITURES (IN MILLIONS OF US DOLLARS)



Spending is largely attributable to AMG Vanadium's expansion project

## KEY HIGHLIGHTS

- EBITDA increased by \$11.3 million in Q2, to \$12.6 million from \$1.3 million due to the improved gross profit
- Gross profit before non-recurring items in Q2 2021 increased by \$12.1 million vs. Q2 2020 due to the improving price environment and increasing global demand for our products
- SG&A expenses in Q2 2021 were \$9.6 million, \$2.3 million higher than in Q2 2020 due to higher strategic project costs and increased variable compensation expense

# AMG CRITICAL MINERALS FINANCIAL HIGHLIGHTS

## REVENUE & EBITDA (IN MILLIONS OF US DOLLARS)



Revenue and EBITDA increased 60% and 153%, respectively, vs. Q2 '20

## GROSS PROFIT EXCLUDING EXCEPTIONAL ITEMS (IN MILLIONS OF US DOLLARS)



117% YoY

## CAPITAL EXPENDITURES (IN MILLIONS OF US DOLLARS)



Q2 '21 spending in line with prior year

## KEY HIGHLIGHTS

- Revenue increased by \$28.9 million, or 60%, to \$76.8 million, driven by higher sales volumes and higher sales prices in all three business units
- Gross profit before non-recurring items increased by 117% in Q2 2021 due to increased revenue noted above
- SG&A expenses in Q2 2021 slightly increased by \$1.9 million, to \$6.8 million, primarily due to higher personnel costs in the current period
- EBITDA more than doubled in the second quarter due to increased profitability explained above

# AMG CRITICAL MATERIALS TECHNOLOGIES FINANCIAL HIGHLIGHTS

## REVENUE & EBITDA (IN MILLIONS OF US DOLLARS)



EBITDA more than tripled vs. Q2 '20

## GROSS PROFIT EXCLUDING EXCEPTIONAL ITEMS (IN MILLIONS OF US DOLLARS)



61% YoY

## ORDER INTAKE (IN MILLIONS OF US DOLLARS)



Book to bill ratio of 0.92x in Q2 '21

## KEY HIGHLIGHTS

- Q2 2021 revenue increased by 23% due to higher revenue from engineering and heat treatment services businesses, and higher sales volumes of titanium aluminides and chrome metal
- SG&A expenses increased by 12% vs. Q2 2020 due to higher personnel costs and higher professional fees during the quarter
- Order backlog was \$190.6 million as of June 30, 2021, in line with \$190.7 million as of March 31, 2021
- The Company signed \$57.3 million in new orders during the second quarter of 2021, representing a 0.92x book to bill ratio, with strong orders of remelting and induction furnaces

# KEY CORPORATE INCOME STATEMENT ITEMS

## SG&A EXPENSES (IN MILLIONS OF US DOLLARS)



- Clean Energy Materials
- Critical Minerals
- Critical Materials Technologies

Increase of \$6.0 million driven largely by strategic project and personnel costs

## NET FINANCE COSTS (IN MILLIONS OF US DOLLARS)



Decrease largely driven by favorable foreign exchange movements

## TAXES (IN MILLIONS OF US DOLLARS)



- Taxes Paid (Refunded)
- Income Tax Expense (Benefit)

AMG recorded a \$5.6 million income tax benefit in Q2 '21

## KEY HIGHLIGHTS

- AMG capitalized \$3.8 million of interest costs in the second quarter of 2021 compared to \$3.7 million in the prior year, driven by interest associated with the Company's tax-exempt municipal bond supporting the vanadium expansion in Ohio
- AMG recorded an income tax benefit of \$5.6 million in Q2 2021, compared to a benefit of \$0.4 million in Q2 2020; this variance was mainly driven by movements in the Brazilian real, offset partially by higher pre-tax income compared to the prior period
- The effects of the Brazilian real caused a \$12.4 million non-cash deferred tax benefit in Q2 2021 vs. a \$3.3 million expense in Q2 2020

# CASH FLOW AND WORKING CAPITAL

## OPERATING CASH FLOW (IN MILLIONS OF US DOLLARS)



Cash from operating activities is \$42.9 million on a YTD basis, more than double the total for FY '20

## NET DEBT (IN MILLIONS OF US DOLLARS)



Decrease mainly due to the issuance of shares which generated \$119 million of net proceeds

## ANNUALIZED ROCE



ROCE increased due to higher profitability during the quarter

## WORKING CAPITAL DAYS



20 Days YoY

# APPENDIX



# KEY REVENUE DRIVERS

## CLEAN ENERGY MATERIALS

SEGMENT RESULTS		
	<u>Q2 2021</u>	<u>Q2 2020</u>
Revenue	\$90.1	\$53.1
Gross Profit *	\$16.1	\$4.0

KEY DRIVERS		
	Price	Volume
Vanadium		
Spodumene		
Tantalum		

## CRITICAL MINERALS

SEGMENT RESULTS		
	<u>Q2 2021</u>	<u>Q2 2020</u>
Revenue	\$76.8	\$47.9
Gross Profit *	\$13.4	\$6.2

KEY DRIVERS		
	Price	Volume
Graphite		
Silicon		
Antimony		

## CRITICAL MATERIALS TECHNOLOGIES

SEGMENT RESULTS		
	<u>Q2 2021</u>	<u>Q2 2020</u>
Revenue	\$131.4	\$106.6
Gross Profit *	\$21.1	\$13.0

KEY DRIVERS		
	Price	Volume
Chrome		
Titanium Alloys		
Engineering Book to Bill		**

\* Gross Profit excluding exceptional items

\*\* AMG Engineering variance arrow represents total change in book to bill, not volume or price.

## CRITICAL MATERIALS — AVERAGE QUARTERLY MARKET PRICES

MATERIALS	Q2 2020	Q2 2021	JULY 21, 2021 SPOT	Q2 '21 VS. Q2 '20 % CHANGE	SPOT VS. Q2 '21 % CHANGE
Ferrovandium (\$/lb) <i>CRU</i>	\$10.56	\$16.34	\$17.15	55%	5%
Molybdenum (\$/lb) <i>S&amp;P Global Platts</i>	\$8.37	\$14.08	\$18.20	68%	29%
Nickel (\$/MT) <i>Metal Bulletin</i>	\$12,215	\$17,359	\$18,382	42%	6%
Aluminum (\$/MT) <i>Metal Bulletin</i>	\$1,497	\$2,400	\$2,432	60%	1%
Chrome Metal (\$/lb) <i>CRU</i>	\$3.37	\$3.63	\$4.20	8%	16%
Tantalum (\$/lb) <i>Argus Metals</i>	\$65.02	\$75.98	\$90.00	17%	18%
Spodumene (\$/MT) <i>Asian Metal</i>	\$441	\$637	\$700	44%	10%
Antimony (\$/MT) <i>Metal Bulletin</i>	\$5,692	\$10,266	\$10,800	80%	5%
Graphite (\$/MT) <i>Benchmark Minerals</i>	\$840	\$997	\$1,000	19%	—
Silicon Metal (€/MT) <i>Asian Metal</i>	€1,699	€2,323	€2,425	37%	4%

## CRITICAL MATERIALS — FULL YEAR AND CURRENT SPOT PRICES

MATERIALS	AVG 2019	AVG 2020	JULY 21, 2021 SPOT	AVG '20 VS. AVG '19 % CHANGE	SPOT VS. AVG '20 % CHANGE
Ferrovandium (\$/lb) <i>CRU</i>	\$21.95	\$10.81	\$17.15	(51%)	59%
Molybdenum (\$/lb) <i>S&amp;P Global Platts</i>	\$11.43	\$8.67	\$18.20	(24%)	110%
Nickel (\$/MT) <i>Metal Bulletin</i>	\$13,933	\$13,788	\$18,382	(1%)	33%
Aluminum (\$/MT) <i>Metal Bulletin</i>	\$1,791	\$1,704	\$2,432	(5%)	43%
Chrome Metal (\$/lb) <i>CRU</i>	\$4.13	\$3.22	\$4.20	(22%)	30%
Tantalum (\$/lb) <i>Argus Metals</i>	\$62.77	\$60.15	\$90.00	(4%)	50%
Spodumene (\$/MT) <i>Asian Metal</i>	\$614	\$428	\$700	(30%)	64%
Antimony (\$/MT) <i>Metal Bulletin</i>	\$6,722	\$5,912	\$10,800	(12%)	83%
Graphite (\$/MT) <i>Benchmark Minerals</i>	\$982	\$853	\$1,000	(13%)	17%
Silicon Metal (€/MT) <i>Asian Metal</i>	€1,696	€1,714	€2,425	1%	41%

# NET INCOME (LOSS) TO EBITDA RECONCILIATION

<i>(000's USD)</i>	Q2 2021	Q2 2020
Net income (loss)	\$4,272	(\$12,606)
Income tax benefit	(5,580)	(413)
Net finance cost *	4,761	5,802
Equity-settled share-based payment transactions **	1,194	1,254
Restructuring expense	334	370
Inventory cost adjustment	1,497	1,093
Asset impairment (reversal) expense	(640)	81
Environmental provision ***	11,651	55
Strategic project expense ****	2,525	1,166
Others	448	297
<b>EBIT</b>	<b>20,462</b>	<b>(2,901)</b>
Depreciation and amortization	10,939	10,657
<b>EBITDA</b>	<b>31,401</b>	<b>7,756</b>

\*Beginning January 1, 2021, AMG has altered its calculation of adjusted EBITDA to no longer include the impact of foreign exchange. This alteration was made in consideration of a change in the Company's hedging policy and to better align the reported adjusted EBITDA with the calculation for our bank covenant calculations. Starting January 2021, the Company is no longer hedging certain intergroup balance sheet exposures which will result in higher volatility in our financial results from foreign exchange which we believe is not representative of our ongoing operating performance. Foreign exchange gain in the second quarter of 2021 was \$0.9 million. Because of this hedging policy change, we did not retroactively apply this change to the prior year figures, otherwise it would have resulted in an increase to the prior year adjusted EBIT of \$0.5 million.

\*\* Amount includes variable compensation expense which settled in shares in 2021.

\*\*\*Shieldalloy Metallurgical Corporation ("SMC"), AMG's subsidiary, has completed the removal of low-level radioactive materials, primarily including slag, from the former storage yard of SMC's decommissioned Newfield, NJ site. During the quarter, AMG discovered additional slag quantities that were primarily located below surface level and were inconsistent with earlier estimates. As such, AMG recorded an adjustment to its environmental provision of \$11.7 million associated with these higher quantities, and management does not expect any additional remediation to be required. This adjustment negatively impacted operating loss for the period.

\*\*\*\*The Company is in the ramp-up phase for three significant strategic expansion projects, including AMG Vanadium's expansion project, the joint venture with Shell, and the lithium expansion in Germany, which incurred project expenses during the quarter but are not yet operational. AMG is adjusting EBITDA for these exceptional charges.