



# Advanced Metallurgical Group N.V.



**Investor Presentation**  
October – November 2007



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# AMG at a Glance

**Preeminent global specialty metals company organised in two business units**

**Advanced Materials: develops and produces a number of different niche and complex specialty metals**

**Engineering Systems: designs and produces advanced vacuum furnace systems**

**Market leadership in both segments based on superior technologies**

**Customers include world leading metals producers and consumers in high growth end-markets**

**Global presence with operations in 12 countries on 5 continents**

**LTM<sup>(1)</sup> revenue of \$1,011m and EBITDA of \$90m with attractive growth potential**

(1) As per 30 June 2007



# Company Overview



# Complementary Business Units



## Advanced Materials Unit

- Develops and produces niche specialty metals and complex metals products
- Products are used in demanding, safety-critical, high-stress environments
- One of a limited number of significant producers globally
- Approx. 79% and 56% of AMG's LTM revenues (\$797m) and EBITDA (\$51m), respectively
- Selected products:
  - Ferrovandium
  - Silicon metal including solar grade
  - Specialty alloys for titanium and super alloys

## Engineering Systems Unit

- Designs, engineers and produces advanced vacuum furnace systems
- Leading supplier of high-end metallurgical and heat treatment furnace systems
- Approx. 21% and 44% of AMG's LTM revenues (\$214m) and EBITDA (\$39m), respectively
- Selected vacuum furnace systems and services:
  - Solar silicon melting and crystallisation furnace systems
  - Remelting systems
  - Heat treatment services

### Industries Served Include:

Solar Energy

Aerospace

Energy

Transportation

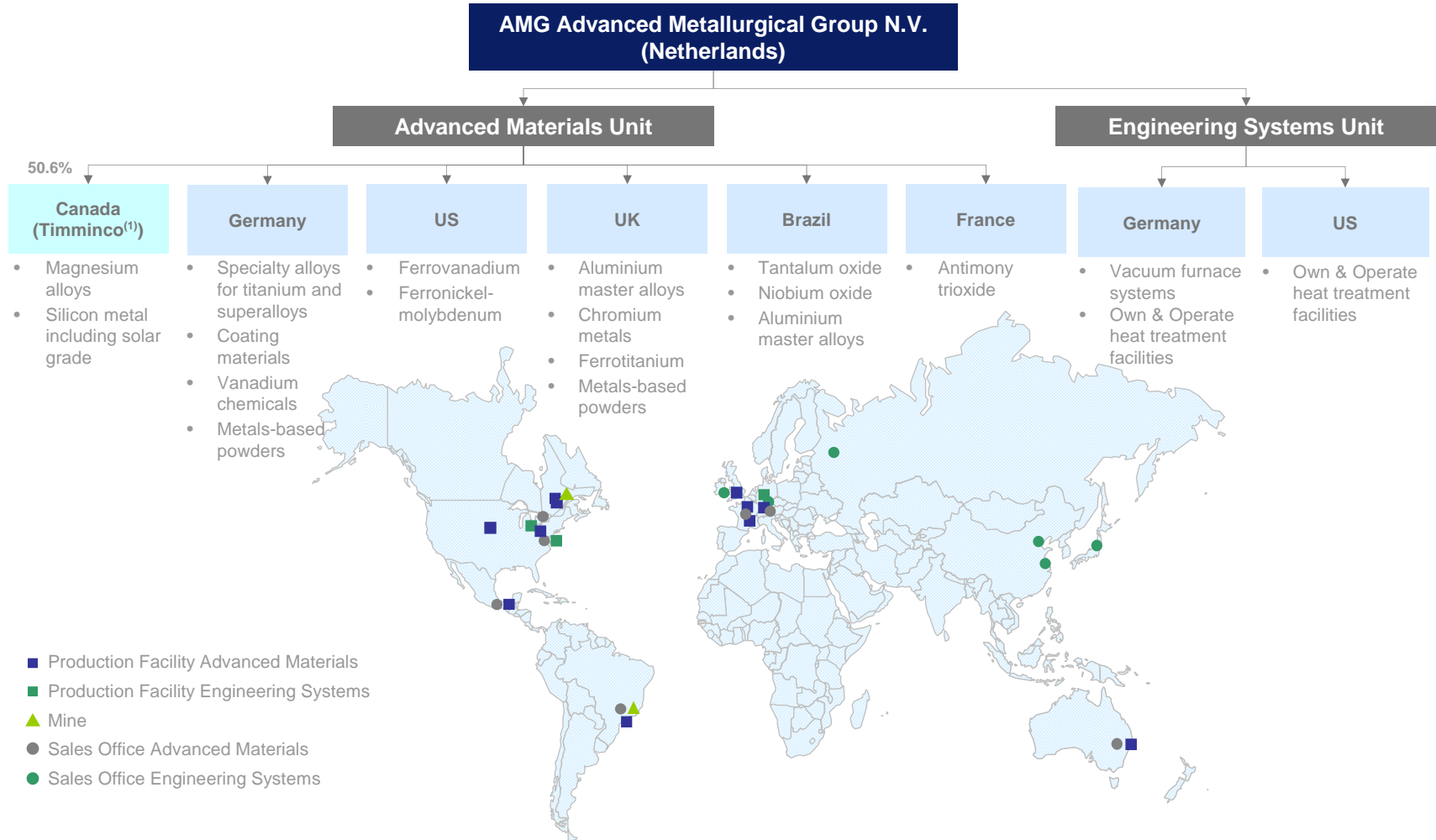
Infrastructure

Superalloys

Electronics

Unique combination of metallurgical product and process expertise

# Global Operations












**Global presence enables access to key growth markets**

Note: This chart is a simplified depiction of AMG's organisational structure  
(1) Timminco Limited is listed on the Toronto stock exchange (TIM CN / TIM.TO)

# Advanced Materials Unit – Selected Products

Product	Application	Competitive Position & Growth Potential	Selected Customers
<ul style="list-style-type: none"> <li>Ferrovanadium</li> </ul>	<ul style="list-style-type: none"> <li>High performance alloying agent in steel</li> <li>Improves steel strength to weight ratio</li> </ul>	<ul style="list-style-type: none"> <li>Largest producer of ferrovanadium in North America supplying more than 25% of North American requirements</li> <li>Demand driven by growing steel production and increasing vanadium content in steel</li> <li>Process utilising secondary raw materials – recycling of spent oil refinery catalysts and power plant residues</li> <li>Expansion plans in progress driven by strong market fundamentals</li> </ul>	
<ul style="list-style-type: none"> <li>Silicon metal including solar grade</li> </ul>	<ul style="list-style-type: none"> <li>Regular silicon metal:               <ul style="list-style-type: none"> <li>Chemicals (lubricants)</li> <li>Aluminium (alloying agent)</li> <li>Electronics (semiconductors)</li> </ul> </li> <li>High purity silicon:               <ul style="list-style-type: none"> <li>Energy (solar cells)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>2<sup>nd</sup> largest independent producer of silicon metal in North America</li> <li>Solar grade silicon metal production               <ul style="list-style-type: none"> <li>Low-cost proprietary production technology (patent pending)</li> <li>Three long-term contracts signed for solar grade material (up to 22,000 tonnes total over next five years)</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>Specialty alloys for titanium and superalloys</li> </ul>	<ul style="list-style-type: none"> <li>Improves strength and functionality of metals</li> <li>Increases fuel efficiency</li> <li>Components for the aerospace, energy and automotive industries</li> </ul>	<ul style="list-style-type: none"> <li>One of few certified producers globally for certain aerospace alloys</li> <li>Strong customer relationship as product reliability is critical</li> <li>Solid market fundamentals driven by demand from aerospace and energy sectors</li> </ul>	
Strong long-term customer relationships built on product quality and technical service			

# Engineering Systems Unit – Selected Products

Product	Application	Competitive Position & Growth Potential	Selected Customers
<ul style="list-style-type: none"> <li><b>Remelting systems</b></li> </ul>	<ul style="list-style-type: none"> <li>Refines raw materials, removes impurities and increases homogenisation</li> </ul>	<ul style="list-style-type: none"> <li>Estimated market share of approx. 55%<sup>(1)</sup></li> <li>Growth driven by strong development of titanium industry:               <ul style="list-style-type: none"> <li>– Increase in aerospace components</li> <li>– Increase in lighter, stronger and more fuel efficient transportation materials and components</li> <li>– Increase in emerging market energy and infrastructure demand</li> </ul> </li> </ul>	    
<ul style="list-style-type: none"> <li><b>Solar silicon melting and crystallisation furnace systems</b></li> </ul>	<ul style="list-style-type: none"> <li>Solar wafer production</li> </ul>	<ul style="list-style-type: none"> <li>Estimated market share of approx. 25%<sup>(1)</sup></li> <li>Global leader in design of solar silicon furnace systems</li> <li>Significant increase in demand for solar energy reflected in fast growing order backlog</li> </ul>	
<ul style="list-style-type: none"> <li><b>Vacuum heat treatment services ("Own &amp; Operate")</b></li> </ul>	<ul style="list-style-type: none"> <li>Heat treatment of automotive gears and fuel injectors to increase stress-tolerance levels</li> </ul>	<ul style="list-style-type: none"> <li>Outsourcing by OEMs of non-core activities reducing capital costs and benefiting from AMG's vacuum furnace expertise</li> <li>Growth driven by increasing demand from transportation sector for high performance components in high-stress applications</li> </ul>	  

Industry leading vacuum furnace system technology makes AMG a valued partner

(1) 2006 market share estimate



# Unique Metallurgical Expertise

## Knowledge Sharing Approach

- Combination of metallurgical product expertise with production know-how
  - Provides insight in supply side trends in metals markets through order book of furnaces
  - Greater ability to earn higher margins in targeted products and industries
- Management drives knowledge sharing between units (e.g. solar, titanium)

## Innovative Processes

- Solar grade silicon production and solar furnace technology
  - Patent pending cost-effective process
- Ferrovanadium production
  - Recycling of oil refinery catalysts and power plant residues and ashes

## Niche and Complex Products

- Highly specialised and customised products
  - Demanding, high purity, safety-critical and high-stress environments
  - Increased fuel efficiency requiring lighter weight innovative products
- Limited number of significant competitors globally

## Highly Skilled Engineers

- Integrated metallurgical know-how for metal production and furnace technologies
- Large number of graduate engineers and PhDs drive innovation of businesses

Unique metallurgical expertise derived from a history of innovation and development

# Leadership in Specialty Metals and Vacuum Furnace Markets

## Leadership in Specialty Materials



### Ferrovanadium

- Largest producer in North America
- World's largest producer from secondary sources



### Silicon metal

- Second largest independent producer in North America



### Specialty alloys for titanium and superalloys

- Largest global producer



### Aluminium master alloys

- Largest global producer

## Leadership in Vacuum Furnace Systems



### Vacuum remelting systems

- Largest global producer
- Integral in production of metal alloys for high-intensity applications including jet engines and airframes



### Turbine blade coating systems

- Largest global producer
- Used in production of jet turbines



### Induction melting systems

- One of the largest global producers
- Developed the largest vacuum induction melting furnace



### Technological leadership

- Outstanding reputation for technological and service excellence in vacuum furnace systems

Market leadership through technology leadership

# Converting Strategy into Sustainable Growth

## Engineering Systems

- Leading solar silicon melting and crystallisation furnaces – large backlog (Berlin)
- Supplying significant portion of global titanium industry furnaces – large backlog
- Own & Operate expansion

## Solar Grade Silicon Metal

- Contracts recently signed for up to 22,000 tonnes over next 5 years
- Current annual capacity of 300 tonnes

## Specialty Alloys for Titanium and Superalloys

- Focused on aerospace industry's need for weight reduction to improve fuel efficiency
- Capacity expansion

## Chromium Metal

- Demand characteristics similar to nickel market
- China instituted export tax on 1 Nov 2006 resulting in a 22% price appreciation since 1 Jan 2007<sup>(1)</sup>

## Tantalum

- Favourable supply / demand dynamics post US government stockpile sale
- Expansion to double annual mining capacity
- Expansion of hydro-electric power plant

**Near-Term  
(2007–2008)**

## Engineering Systems

- Own & Operate expansion
- Current backlog for 2008–2009 which extends to 2010
- Sintering furnaces for pebble bed nuclear reactors

## Solar Grade Silicon Metal

- Contracts recently signed for up to 22,000 tonnes over next 5 years
- Capacity expansion funded by Timminco's equity capital raisings

## Silicon Metal

- Capacity optimisation

## Coating Materials

- New products for thin film solar market
- Plasma coatings

## Ferrovanadium and Ferronickel-Molybdenum

- Capacity expansion in 2009–2010

## Magnesium

- Primary magnesium production project

**Mid-Term  
(2008–2010)**

## Ferrovanadium and Ferronickel-Molybdenum

- Increasing capacity to coincide with refinery expansion in Alberta oil sands
- Electric arc furnace expansion on-line 2011–2012
- Double ferrovanadium production capacity

## Solar Grade Silicon Metal

- Further expansion

## Plasma Coating

- Expansion

**Long-Term  
(2010+)**

(1) As per 30 September 2007



# Recent Developments

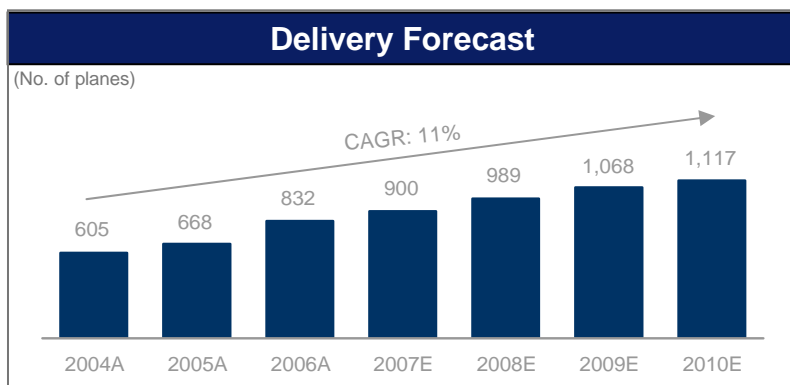


# Q3 Preliminary Review

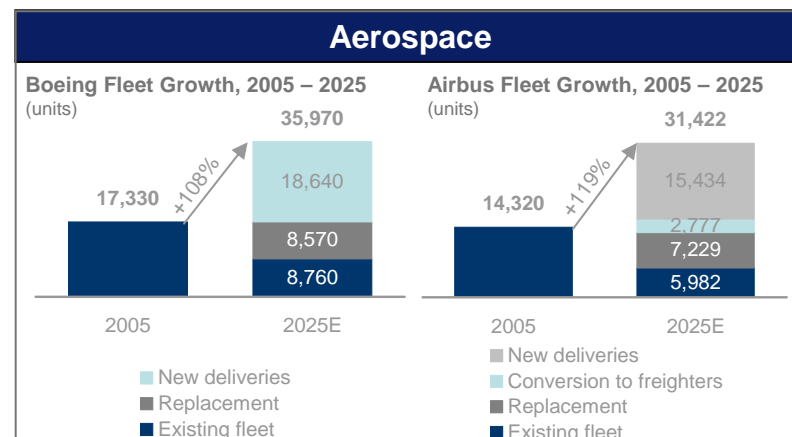
- Sales in Q3 were \$291m on a preliminary basis, up 27% from combined Q3 2006
- Advanced Materials performed in-line with expectations
  - Sales of \$212m, up 12% from Q3 2006
- Strong performance in Engineering Systems bolstered by innovative products and leading market positions in growing markets including solar, aerospace and energy
  - Sales of \$79m, up 95% from Q3 2006
- Recapitalisation, including IPO and new credit facility, successfully completed

# Focus on High Growth Markets – Aerospace

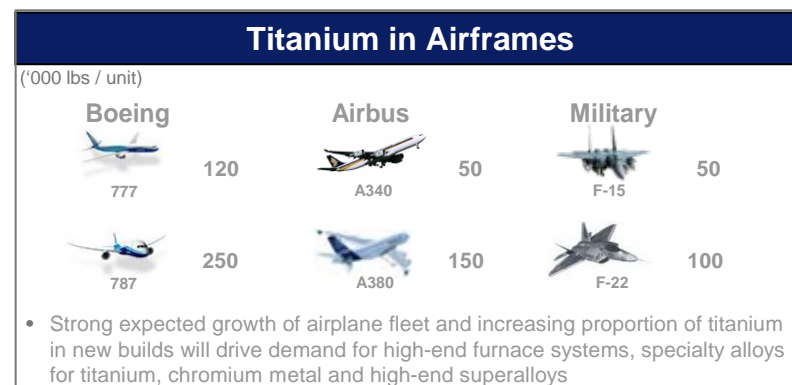
- Airbus and Boeing production rates will increase through at least 2010 based on existing backlog
- Up-cycle driven largely by low-cost, Asian and Middle Eastern carriers as well as new model introductions
- Titanium demand has surged
  - Higher production rates
  - Requirements for increased fuel efficiency
  - Significant further growth as titanium-rich 787 goes into production



Source: Boeing and Airbus

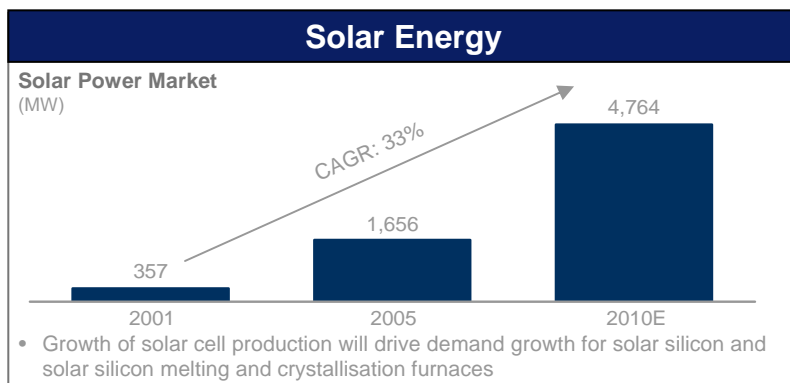


Source: Boeing and Airbus

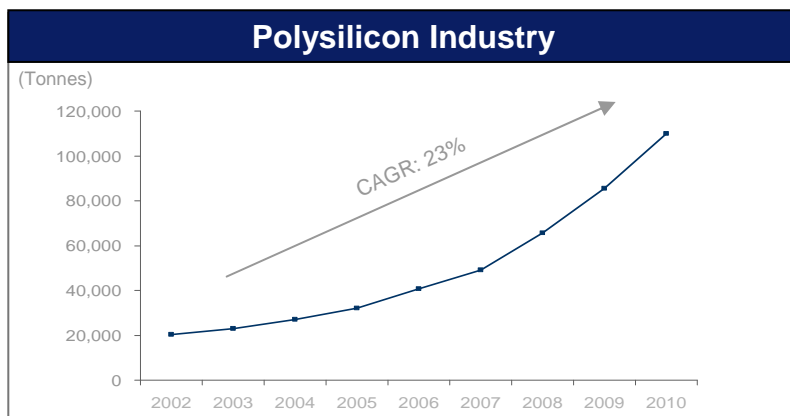


Source: Allegheny Technologies investor presentation

# Focus on High Growth Markets – Solar



Source: Solarbuzz



Source: Broker research

- Key demand drivers:
  - Rising conventional energy prices
  - Concerns over global warming
  - Energy security
- Demand for silicon used in solar PV still growing explosively
  - Most new polysilicon capacity expansions backstopped with long-term contracts
  - 5–10 year contracts being signed at approx. \$60/kg
- China is a growing consumer of polysilicon – solar cell capacity of ~3GW by year-end, more than triple year-end 2006 capacity

# Favourable Pricing Environment with Upside Potential

## Ferrovanadium

- Industry consolidation
- Price has been stable since start of 2006
  - Current spot price is \$19.45/lb<sup>(1)</sup>

## Silicon

- 80% price increase to \$1.28/lb since 1 Jan 2006 for chemical and electronic grade<sup>(1)</sup>
- Rapidly growing demand source in solar grade; prices significantly higher than other grades

## Vacuum Furnace Systems

- High market share in technologically advanced value-added segment with limited competition
- Growing demand driven by favourable trends in underlying metals and other industrial markets

## Other Metals

### Chromium Metal

- Five major producers, including two in China
- Chinese export tax implemented 1 Jan 2007
- 22% price increase from 1 Jan 2007 to \$7,800/tonne<sup>(1)</sup>

### Tantalum

- Favourable supply / demand dynamics since end of US government stockpile sales
- Prices currently<sup>(1)</sup> ~\$50/lb vs. over \$200/lb in 2001
- Customers seeking long-term supply contracts

**Favourable supply / demand dynamics support positive pricing outlook in AMG's key markets**

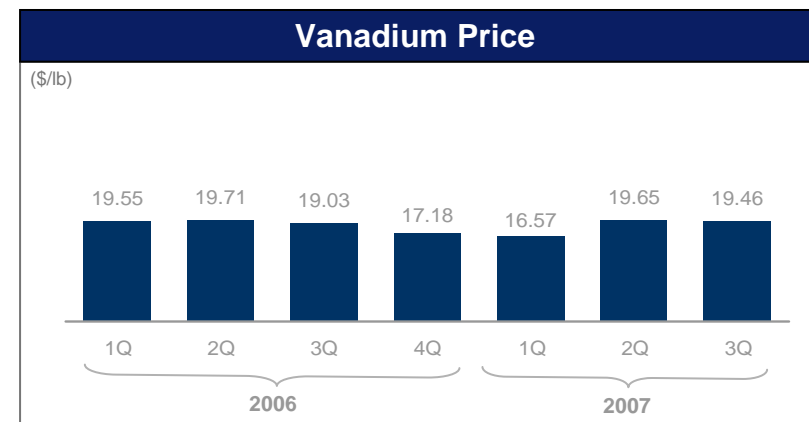
(1) As per 30 September 2007



# Update: Advanced Materials

- Cambridge (Ohio) vanadium expansion project completed on-time and on-budget
  - Successful restart completed in August
  - Incremental throughput from 4.0 million lbs to 4.5 million lbs
- Titanium demand remains robust and growing, spurring continued strong demand for our alloys
- Continued evaluation of strategic opportunities that could result in improved industry dynamics

- Vanadium pricing has remained stable and strong, although nickel prices retreated from their peak



Source: Ryan's Notes

# Update: Advanced Materials (cont'd)

- Timminco's development remains on-track
  - New facility construction proceeding on-time, with Q4 2007 targeted start-up
    - 3,600 tonnes per year at full capacity, expected by end of Q1 2008
    - Up to 9,000 tonnes sold over next 5 years through initial two contracts
  - New solar silicon contract signed with third buyer in September for 13,000 tonnes over 5 years
    - Effectively books out and exceeds capacity for initial plant expansion
  - Completed C\$42.6m public equity offering in September
    - AMG purchased concurrently C\$43.7m of stock to maintain its 50.6% shareholding (52.6m shares owned in total)

# Update: Engineering Systems

- Acquisition of Berlin manufacturing facility completed in August for negative purchase price
  - Refurbishment of facility and retraining of workers ongoing currently
  - Production scheduled to commence in November
- Backlog of \$317m as of 30 September 2007
  - Steady order in-take
  - Production proceeding on plan though expect increased flow through with Berlin
- Own and operate facility in Mexico under construction
  - Evaluating plans for China facility
  - Considering expansion of Michigan and Mexico facilities
- R&D efforts progressing in new technologies and product enhancements



# Financial Performance

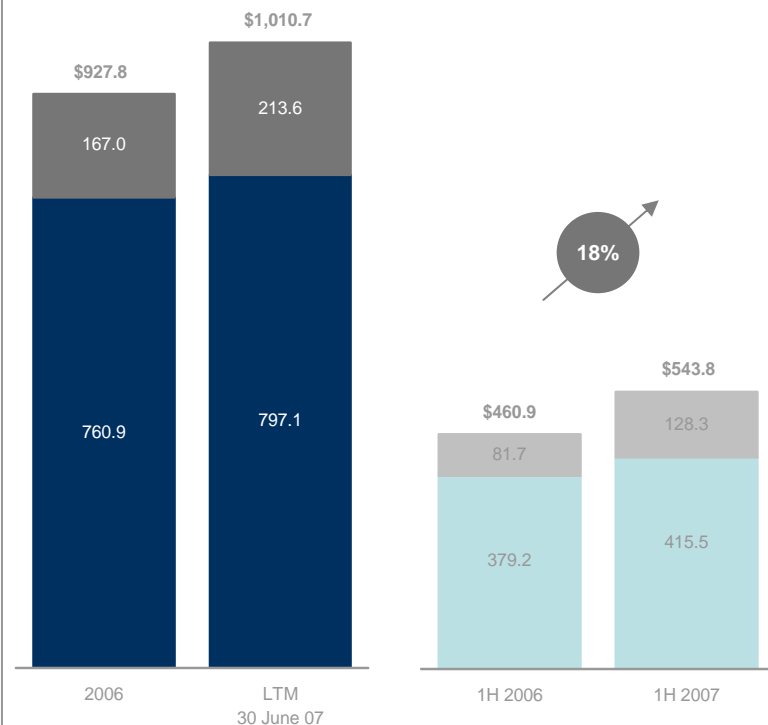


# Top-Line Revenue Growth Accelerating and Good Revenue Visibility

## Revenue

(\$ in millions)

■ Advanced Materials  
■ Engineering Systems

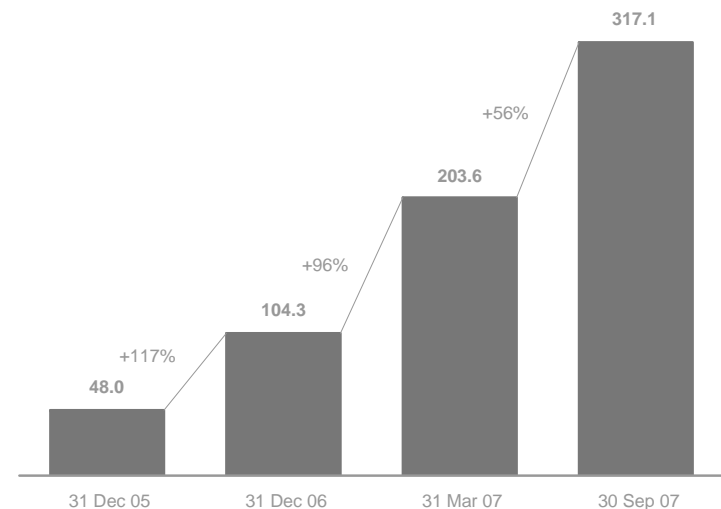


## Revenue Visibility

(\$ in millions)

- Growing order backlog for advanced vacuum furnace systems
- Long-term solar grade silicon contracts
- Improved market dynamics for Advanced Materials products

### Engineering Systems Order Backlog

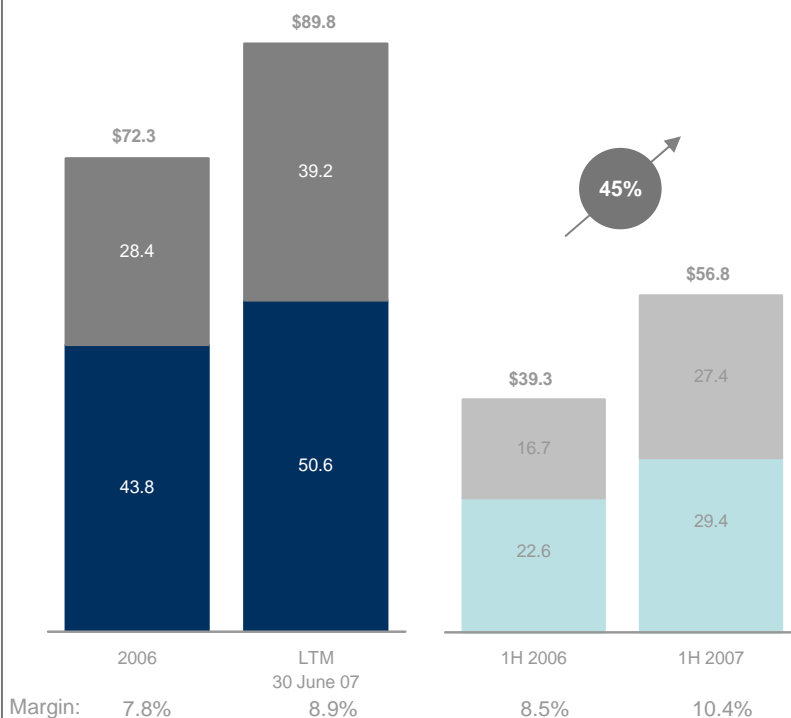


# Improved Profitability

## Total EBITDA and Margin

(\$ in millions)

■ Advanced Materials  
■ Engineering Systems



## EBITDA and Margin per Unit

(\$ in millions)

### Advanced Materials

### Engineering Systems



# Growth-Oriented Capital Programme

## Capex Programmes Focused on Attractive Growth Opportunities

Product	Amount	Purpose	Timing
Ferrovandium	\$30m	First phase of expansion to enable doubling of capacity in line with major supplier's Canadian oil sands expansion	2007–2009
Silicon <sup>(1)</sup>	\$22m	Expansion of Timminco's high purity silicon metal facility	2007–2008
Specialty alloys for titanium and superalloys	\$5m	New furnace for production expansion	2008
Own & Operate	\$15m	New facility in Mexico	2007–2008
Tantalum	\$7m	Expansion of tantalite mine and hydro-electric powerplant in Brazil	2007–2008
Plasma coatings	\$4m	Expansion into new coating products	2008
Maintenance capex	\$8–\$10m	Maintenance of facilities and equipment	Annual basis

(1) Excludes further expansion projected in context with Timminco's equity offering on 30 September 2007

# Refinancing Completed – Capital Structure Will Facilitate Growth

- Net IPO proceeds of \$275m together with new \$175m credit facility used to repay substantially all outstanding debt
- Revolving credit facility will support working capital requirements and facilitate quick reaction to opportunities
- Debt-related interest expense will be down significantly
- Earnings will be retained to finance growth – dividend policy to be reviewed from time to time

## Pro Forma Capital Structure

(\$ in millions)

	30-JUNE-07	30-JUNE-07 PF
Cash	\$77	\$178 <sup>(1)</sup>
Customers' deposits	(134)	(134)
Available cash	(57)	44
Short-term debt	73	26
Long-term debt	216	107
<b>Total debt</b>	<b>\$289</b>	<b>\$134</b>
<b>Net debt</b>	<b>\$346</b>	<b>\$90</b>
Shareholders' equity	4	256
<b>Total capitalisation</b>	<b>\$294</b>	<b>\$389</b>

▶ \$144 million of liquidity (revolver availability plus cash-on-hand)

▶ Net Debt of only 1.0x LTM EBITDA<sup>(2)</sup>

(1) Excludes Timminco equity capital raising on 27 September 2007

(2) As per 30 June 2007



# Investment Highlights



**Unique metallurgical expertise**



**Leadership in specialty metals and vacuum furnace markets**



**Focus on high growth metals and end-markets**



**Favourable pricing environment with upside potential**



**Pro-active management of market volatility**



**Experienced growth-oriented management team**



# Appendix



# Advanced Materials Unit

## Niche Specialty Metals Overview

PRODUCT	FUNCTIONALITY	APPLICATIONS	END-MARKETS	2006 REVENUE
<b>Ferrovanadium</b>	<ul style="list-style-type: none"> <li>Improves strength to weight ratio and ductility of steel</li> </ul>	<ul style="list-style-type: none"> <li>High strength steel, rebar and piping</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure, energy and transportation</li> </ul>	\$67m
<b>Ferronickel-molybdenum</b>	<ul style="list-style-type: none"> <li>Corrosion resistance</li> </ul>	<ul style="list-style-type: none"> <li>Stainless steel</li> </ul>	<ul style="list-style-type: none"> <li>Aerospace</li> </ul>	\$20m
<b>Silicon metal including solar grade</b>	<ul style="list-style-type: none"> <li>Improves conductivity</li> <li>Provides corrosion resistance</li> <li>Increases hardness</li> </ul>	<ul style="list-style-type: none"> <li>Semiconductors, fibre optic cables, solar cells, sealants, lubricants, cosmetics</li> </ul>	<ul style="list-style-type: none"> <li>Electronics, solar-photovoltaic, chemical and aluminium</li> </ul>	\$90m
<b>Aluminium master alloys / compacted alloying products</b>	<ul style="list-style-type: none"> <li>Improves surface appearance, strength and ductility of aluminium</li> </ul>	<ul style="list-style-type: none"> <li>Aluminium billets, extrusions, sheet, foil, electrical cables and beverage cans</li> </ul>	<ul style="list-style-type: none"> <li>Transportation, construction, aerospace and packaging</li> </ul>	\$139m
<b>Chromium metal</b>	<ul style="list-style-type: none"> <li>Improves high temperature, wear and corrosion resistance of super alloys</li> </ul>	<ul style="list-style-type: none"> <li>Jet engines, gas turbines, pumps and pipes used in petrochemical refineries</li> </ul>	<ul style="list-style-type: none"> <li>Aerospace, energy and transportation</li> </ul>	\$36m
<b>Magnesium extrusions and fabricated products</b>	<ul style="list-style-type: none"> <li>Corrosion protection, weight reduction</li> </ul>	<ul style="list-style-type: none"> <li>Water heater anodes, photo engraving, construction tools and sporting goods</li> </ul>	<ul style="list-style-type: none"> <li>Durable goods, construction, printing and leisure goods</li> </ul>	\$65m

# Advanced Material Unit

## Complex Metals Products Overview

PRODUCT	FUNCTIONALITY	APPLICATIONS	END-MARKETS	2006 REVENUE
Specialty alloys for titanium and superalloys	<ul style="list-style-type: none"> <li>Improve strength and functionality of metals</li> </ul>	<ul style="list-style-type: none"> <li>Turbine components</li> </ul>	<ul style="list-style-type: none"> <li>Aerospace, energy and automotive</li> </ul>	\$54m
Coating materials	<ul style="list-style-type: none"> <li>Improve wear resistance, anti-reflecting coatings, provides transparent and conductive layers</li> </ul>	<ul style="list-style-type: none"> <li>Tools, component parts, decorative, optics, photovoltaics</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure, electronics and energy</li> </ul>	\$29m
Tantalum and niobium oxides	<ul style="list-style-type: none"> <li>Improve conductivity, resistance to heat and corrosion in nickel and cobalt-based superalloys</li> </ul>	<ul style="list-style-type: none"> <li>Electronic capacitors</li> </ul>	<ul style="list-style-type: none"> <li>Electronics and construction</li> </ul>	\$10m
Antimony trioxide	<ul style="list-style-type: none"> <li>Flame retardant</li> </ul>	<ul style="list-style-type: none"> <li>Cable housings, plastics, textiles</li> </ul>	<ul style="list-style-type: none"> <li>Electronics, building materials and transportation</li> </ul>	\$60m
Metals-based powders	<ul style="list-style-type: none"> <li>Improve biocompatibility, improve alloying, improve conductivity</li> </ul>	<ul style="list-style-type: none"> <li>Medical implants, paints, magnets</li> </ul>	<ul style="list-style-type: none"> <li>Medical</li> </ul>	\$59m

# Engineering Systems Unit

## Products Overview

FURNACE TYPE	SPECIFIC PRODUCT	APPLICATIONS	END-MARKETS	2006 REVENUE
Remelting	<ul style="list-style-type: none"> <li>Vacuum arc remelting furnaces</li> <li>Electro slag remelting furnaces</li> </ul>	<ul style="list-style-type: none"> <li>Tool steels, titanium ingots and superalloys ingots</li> </ul>	<ul style="list-style-type: none"> <li>Aerospace, chemical, energy, transportation and medical</li> </ul>	\$66m
Solar silicon melting and crystallisation	<ul style="list-style-type: none"> <li>Silicon melting and crystallisation furnaces</li> </ul>	<ul style="list-style-type: none"> <li>High purity solar silicon ingots used in the production of wafers</li> </ul>	<ul style="list-style-type: none"> <li>Energy (solar photovoltaic)</li> </ul>	\$19m
Vacuum induction melting	<ul style="list-style-type: none"> <li>Vacuum induction degassing and pouring furnaces</li> </ul>	<ul style="list-style-type: none"> <li>Superalloys and specialty alloys for tools</li> <li>Steel and rods</li> </ul>	<ul style="list-style-type: none"> <li>Aerospace, transportation and chemical</li> </ul>	\$17m
Vacuum heat treatment with high pressure gas quenching	<ul style="list-style-type: none"> <li>Vacuum case in hardening furnaces</li> <li>Plasma carburising furnaces</li> </ul>	<ul style="list-style-type: none"> <li>Gears, diesel fuel injectors and tools</li> </ul>	<ul style="list-style-type: none"> <li>Transportation, aerospace and tooling</li> </ul>	\$16m
Vacuum precision casting	<ul style="list-style-type: none"> <li>Precision casting furnaces for equiax casting and DS/SC casting</li> </ul>	<ul style="list-style-type: none"> <li>Components for aerospace engines and industrial gas turbines, golf clubs and medical implants</li> </ul>	<ul style="list-style-type: none"> <li>Aerospace, energy, medical and leisure</li> </ul>	\$10m
Turbine blade coating	<ul style="list-style-type: none"> <li>Electron beam physical vapour deposition furnaces</li> </ul>	<ul style="list-style-type: none"> <li>Coatings for turbine blade components for aerospace engines and industrial gas turbines</li> </ul>	<ul style="list-style-type: none"> <li>Aerospace and energy</li> </ul>	\$9m
Sintering	<ul style="list-style-type: none"> <li>Vacuum sintering furnaces</li> <li>High pressure sintering furnaces</li> </ul>	<ul style="list-style-type: none"> <li>Tools, magnets and nuclear fuels</li> </ul>	<ul style="list-style-type: none"> <li>Tooling, nuclear energy, and metals</li> </ul>	\$8m
Own & Operate	<ul style="list-style-type: none"> <li>Vacuum carburizing applications</li> </ul>	<ul style="list-style-type: none"> <li>Gears and injectors</li> </ul>	<ul style="list-style-type: none"> <li>Transportation, aerospace and tools</li> </ul>	\$22m

# Experienced Growth-Oriented Management Team



**Heinz Schimmelbusch**  
CEO and Chairman of the Management Board

- Founded Safeguard International as Managing Partner in 1997
- Currently Chairman of Timminco and Director of Norilsk Nickel
- Former Chairman of Metallgesellschaft and Methanex Corporation and Director of MMC (now Inmet Mining)



**Arthur Spector**  
Deputy Chairman of the Management Board

- Founded Safeguard International as Managing Partner in 1997
- Currently Vice Chairman of Timminco
- Former Chairman or CEO of Neoware Systems, State National Bank of Maryland and Abraham Lincoln Federal Savings Bank



**Eric Jackson**  
President Advanced Materials and Member of the Management Board

- COO of Metallurg since 2002
- Senior Vice-President of Metallurg's North and South American operations since 1998



**Reinhard Walter**  
President Engineering Systems and Member of the Management Board

- Chairman of ALD since July 2004; joined 2001
- Deputy Chairman and CFO of VBH Holding AG from 1997 to 2001



**William J. Levy**  
CFO and Member of the Management Board

- Vice President and CFO of Metallurg since November 2005
- Former CFO of PQ Corporation
- With Imperial Chemicals Industries PLC in the UK and US from 1984 to 1996
- Certified public accountant

Proven leadership with extensive experience in metallurgical and finance industries

# Strong Supervisory Board



**Pedro-Pablo  
Kuczynski**  
*Chairman*

- Prime Minister of Peru (2005 & 2006)
- Peru's Minister of Economy and Finance (2001–2002 & 2004–2005)
- Peru's Minister of Energy and Mines (1980-1982) and Deputy Director General of the Peruvian Reserve Bank, late-1960s
- Founded the Latin American Enterprise Fund, a private equity firm, in 1992; Chairman of First Boston International, 1982–1992
- Senior advisor to the Rohatyn Group



**Andrei  
Bougrov**  
*Director*

- Board member of International Bank for Reconstruction and Development, the International Development Association and the International Finance Corporation (between 1993–2002)
- Adviser to the European Bank for Reconstruction and Development in the UK (between 1991-1993) and an adviser to the Directorate for International Economic Organisations, Ministry for Foreign Affairs, The Soviet Union (between 1979-1982)
- Director of I / ST Equity Partners, Norilsk Nickel and Rosbank



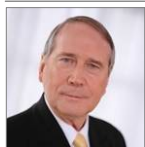
**Wesley  
Clark**  
*Director*

- United States Army, ranked a four-star general; Supreme Allied Commander, Europe, of NATO (1997–2000)
- Candidate for the Democratic nomination for the President of the United States
- Chairman of Rodman & Renshaw investment bank



**Jack L.  
Messman**  
*Director*

- Former President and CEO of Novell Inc.
- Former CEO of Union Pacific Resources Company
- Director of Union Pacific Corporation, Warner Amex Cable Communications, Inc. and MTV Networks, Inc.
- Member of the board of directors of Safeguard Scientifics Inc., Radio Shack Corporation and Timminco Limited



**Norbert  
Quinkert**  
*Director*

- Chairman of Motorola GmbH (1995)
- Vice-president of Central European operations for GE Medical Systems Central Europe and President of General Electric Deutschland
- Member of the supervisory board of PFW Aerospace and Motorola GmbH both based in Germany.
- Member of the advisory council of Dresdner Kleinwort Benson, Frankfurt



**Guy  
De Selliers**  
*Director*

- Chairman of HB Advisors, a corporate finance advisory firm focused on metals and mining industry
- Former Board Member and Chairman of Robert Fleming & Co. Limited, Eastern Europe
- Director of Solvay, S.A., Norilsk Nickel and several other Russian companies

# Combined Income Statement

(\$ in thousands)	YEAR ENDED 31 DECEMBER		SIX MONTHS ENDED 30 JUNE	
	FY 2005	FY 2006	1H 2006	1H 2007
<b>Continuing operations</b>				
Revenue	906,711	927,808	460,921	543,853
Cost of sales	728,834	777,203	385,742	445,672
<b>Gross profit</b>	<b>177,877</b>	<b>150,605</b>	<b>75,179</b>	<b>98,181</b>
Selling, general and administrative expenses	100,095	97,236	47,294	53,406
Restructuring and asset impairment expense	20,961	19,341	4,183	30
Environmental Expenses	199	11,044	5,882	202
Other expenses	2,988	1,324	–	–
Pension Curtailment Gain	–	(15,159)	–	–
Other income	(6,413)	(1,264)	(565)	(1,182)
<b>Operating profit</b>	<b>60,047</b>	<b>38,083</b>	<b>18,385</b>	<b>45,725</b>
Loss on extinguishment of debt	10,234	–	–	–
Interest expense	33,207	36,559	–	–
Interest Income	(3,968)	(3,544)	–	–
<b>Net finance costs</b>	<b>39,473</b>	<b>33,015</b>	<b>14,323</b>	<b>14,367</b>
Share of profit of associates	447	(2,372)	(1,287)	(1,085)
<b>Profit before income tax</b>	<b>21,021</b>	<b>2,696</b>	<b>2,775</b>	<b>30,273</b>
Income tax expense	16,332	8,383	3,776	11,639
<b>Profit for the year</b>	<b>4,689</b>	<b>(5,687)</b>	<b>(1,001)</b>	<b>18,634</b>
<b>Attributable to:</b>				
Shareholders of the Company	16,874	4,507	(15)	19,158
Minority interests	(12,185)	(10,194)	(986)	(524)



# Combined Balance Sheet

(\$ in thousands)	YEAR ENDED 31 DECEMBER		SECOND QUARTER
	FY 2005	FY 2006	30 JUNE 2007
<b>Assets</b>			
Property, plant and equipment	105,792	101,256	—
Intangible assets	42,367	44,898	—
Investments in associates	11,734	13,303	—
Deferred tax assets	16,639	21,731	—
Other assets	4,596	4,981	—
<b>Total non-current assets</b>	<b>181,128</b>	<b>186,169</b>	<b>212,303</b>
Inventories	153,332	159,651	168,617
Trade and other receivables	128,010	140,976	182,450
Derivative financial instruments	1,896	2,448	—
Other current assets	—	—	45,531
Prepayments	31,221	26,784	—
Cash and cash equivalents	50,317	54,610	178,075
<b>Total current assets</b>	<b>364,776</b>	<b>384,469</b>	<b>574,673</b>
<b>Total assets</b>	<b>545,904</b>	<b>570,638</b>	<b>786,976</b>
<b>Equity</b>			
Issued capital	—	59	—
Share premium	129,131	129,986	—
Other reserves	(3,593)	(15,313)	—
Retained earnings	(153,347)	(148,840)	—
<b>Equity attributable to shareholders of the Company</b>	<b>(27,809)</b>	<b>(34,108)</b>	<b>225,284</b>
<b>Minority interests</b>	<b>18,984</b>	<b>10,367</b>	<b>30,434</b>
<b>Total equity</b>	<b>(8,825)</b>	<b>(23,741)</b>	<b>255,718</b>
<b>Liabilities</b>			
Loans and borrowings	199,280	185,386	107,173
Related party debt	3,881	721	—
Employee benefits	105,485	94,245	—
Provisions	14,491	5,835	—
Other liabilities	8,031	9,579	136,423
Deferred tax liabilities	10,562	12,989	—
<b>Total non-current liabilities</b>	<b>341,730</b>	<b>308,755</b>	<b>243,596</b>
Loans and borrowings	7,779	22,659	26,481
Short-term bank debt	41,749	53,180	—
Related party debt	5,457	14,815	—
Trade and other payables	78,414	93,841	122,197
Other liabilities	40,095	44,417	71,764
Derivative financial instruments	1,950	1,303	—
Advance payments	18,952	29,739	67,220
Current taxes payable	7,716	13,126	—
Provisions	10,887	12,544	—
<b>Total current liabilities</b>	<b>212,999</b>	<b>285,624</b>	<b>287,662</b>
<b>Total liabilities</b>	<b>554,729</b>	<b>594,379</b>	<b>531,258</b>
<b>Total equity and liabilities</b>	<b>545,904</b>	<b>570,638</b>	<b>786,976</b>

**Net Debt:  
+ 44.5mm**

# Combined Cash Flow Statement

(\$ in thousands)	YEAR ENDED 31 DECEMBER		SIX MONTHS ENDED 30 JUNE	
	FY 2005	FY 2006	1H 2006	1H 2007
<b>Cash flows from operating activities</b>				
Profit for the period	4,689	(5,687)	(1,001)	18,634
Adjustments for:				
Depreciation and amortization	18,272	18,529	8,461	9,278
Pension curtailment gain	—	(15,159)	—	—
Restructuring expense and impairment losses	20,961	19,341	—	—
Environmental expense	151	11,844	—	—
Net finance costs	29,239	33,015	—	—
Share of loss (profit) of associates	(447)	2,372	—	—
Loss on sale or disposal of property, plant and equipment	692	2,617	—	—
Equity-settled share-based payment transactions	282	386	—	—
Income tax expense	16,332	8,383	—	—
Change in working capital	1,418	(16,255)	(28,334)	4
Other	(4,276)	(1,644)	135	(1,865)
Interest paid	(22,012)	(28,650)	(15,131)	(21,522)
Income tax paid	(6,692)	(5,799)		
Cash paid for dividends	—	—		
Non-cash expenses	—	—	30,283	27,113
<b>Net cash flows from operating activities</b>	<b>58,609</b>	<b>23,353</b>	<b>(5,587)</b>	<b>31,642</b>
<b>Cash flows used in investing activities</b>				
Proceeds from sale of property, plant and equipment	191	420	—	—
Cash received for note receivable	1,353	—	—	—
Acquisition of associates	(382)	(4,003)	—	—
Acquisition of property, plant and equipment	(13,659)	(24,292)	(10,458)	(18,174)
Acquisitions, net of cash	—	—	—	—
Related party loans	(14,312)	(11,046)	—	—
Other	—	—	(4,282)	(112)
<b>Net cash flows used in investing activities</b>	<b>(26,809)</b>	<b>(38,921)</b>	<b>(14,740)</b>	<b>(18,286)</b>
<b>Cash flows from (used in) financing activities</b>				
Proceeds from issuance of debt	209,893	26,619	4,893	(18,590)
Payment of transaction costs	(13,487)	(207)	—	—
Repayment of borrowings	(219,883)	(11,878)	—	—
Issuance of Shares	—	59	—	—
Capital infusion	—	—	—	26,599
Other	(4)	(121)	135	—
<b>Net cash flows from (used in) financing activities</b>	<b>(23,481)</b>	<b>14,472</b>	<b>4,763</b>	<b>8,009</b>
<b>Net decrease in cash and cash equivalents</b>	<b>8,319</b>	<b>(1,096)</b>	<b>(15,564)</b>	<b>21,365</b>
Cash and cash equivalents at 1 January	45,827	50,317	50,317	54,610
Effect of exchange rate fluctuations on cash held	(3,829)	5,389	2,646	1,402
<b>Cash and cash equivalents at 31 December</b>	<b>50,317</b>	<b>54,610</b>	<b>37,399</b>	<b>77,377</b>