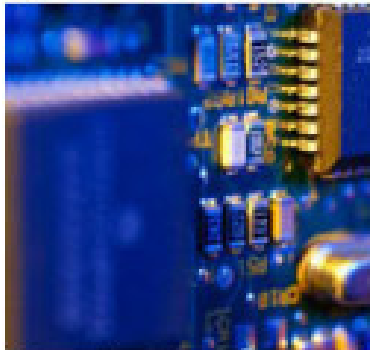




# AMG Advanced Metallurgical Group N.V.



Investor Presentation  
2<sup>nd</sup> Quarter 2008



AMG ADVANCED METALLURGICAL GROUP N.V.

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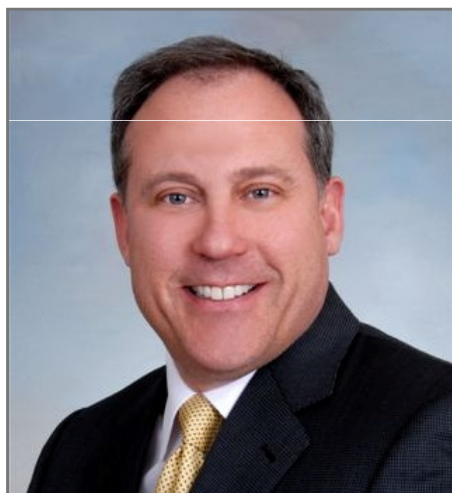
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# AMG Presentation Team



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



**Jonathan Costello**  
*Director of Corporate  
Communications*

# AMG at a Glance

**Preeminent global specialty materials and materials technology company serving high growth end-markets**

**Advanced Materials Division: Niche and complex specialty materials**

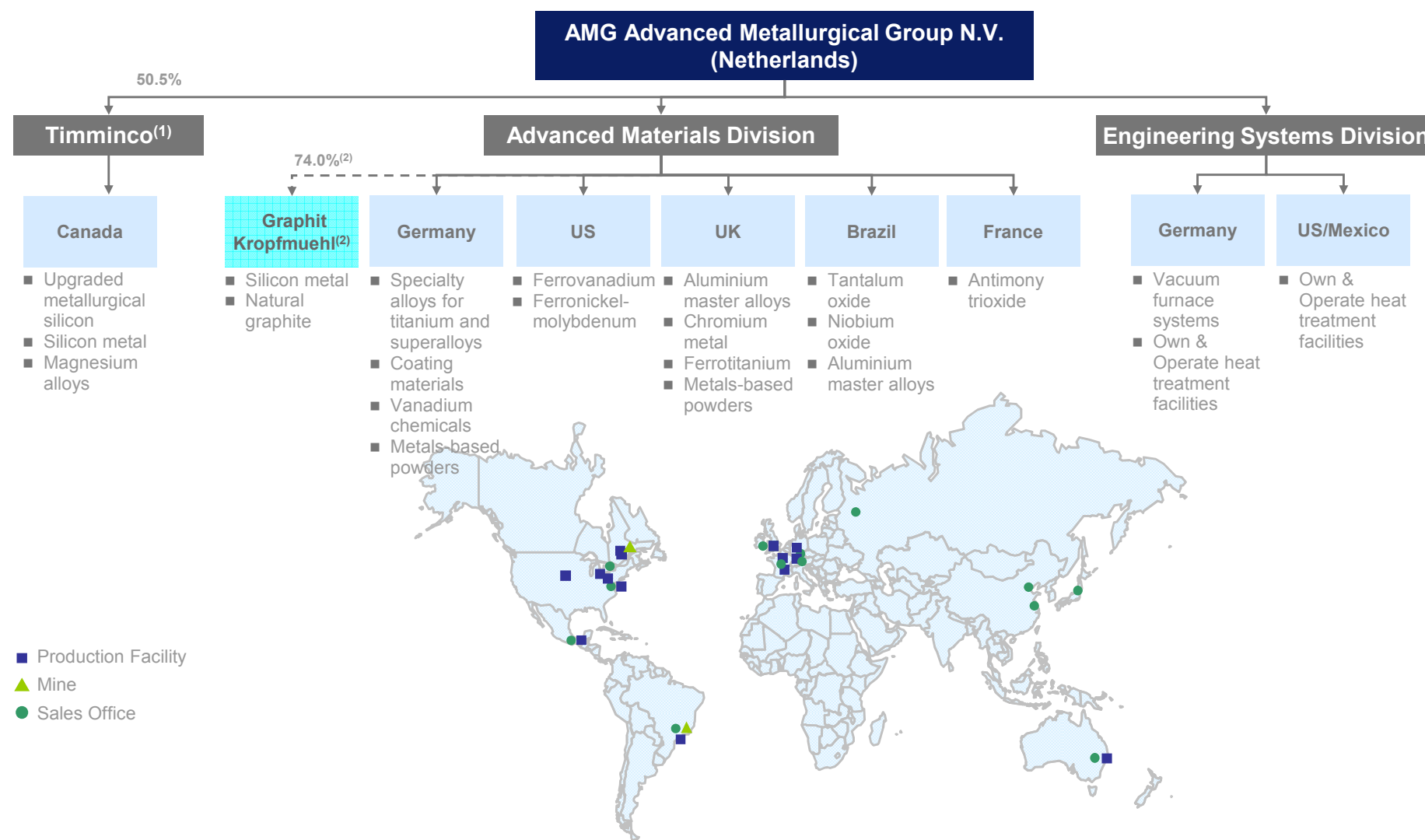
**Engineering Systems Division: Advanced vacuum furnace systems for high-purity metals**

**Timminco (50.5%-owned): Solar grade silicon and lightweight metals**

**Market and technological leadership across segments**

**Strong First Quarter 2008 results: revenue up 22% to \$327 million and EBITDA up 73% to \$43 million**

# 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).

(2) Graphit Kropfmuehl AG ("GK") is listed on the Frankfurt stock exchange (GKRG.DE / GKR GR). The acquisition of approximately 74.0% of outstanding shares was completed in April 2008. AMG has also launched a voluntary public tender offer for the remaining shares.

# Advanced Materials Division

## Market Leadership

### Ferrovanadium

- #1 producer in North America
- #1 global producer from secondary sources (i.e., spent refinery catalysts and power plant residues)
- Key customers include Nucor and Steel Dynamics

### Specialty Alloys for Titanium

- Largest global supplier of specialty alloys for the titanium industry
- One of a few certified aerospace alloy producers globally
- Key customers include Allegheny Technologies and Titanium Metals

### Selected Other Materials

- Antimony trioxide – #1 in Europe
- Aluminium master alloys – #1 globally
- High-purity chromium metal – #1 globally

## Recent Highlights

- Completion of first phase of Cambridge (U.S.) vanadium expansion project, increasing throughput capacity from 4.0 million lbs to 4.5 million lbs
- Secured highly attractive long-term contract for supply of spent refinery catalysts for ferrovanadium production
- 93% year over year increase in ferrovanadium reference price (Ryan's Notes Q1 2007- Q1 2008) driven by South African supply disruptions
- Acquired remaining 75% of FNE, a leading producer of rotatable targets for large area coatings with a focus on thin film solar applications
- Commenced expansion programme to double tantalum mining production in Brazil
  - Hydroelectric power plant in Brazil
- Acquired approximately 74.0% of Graphit Kropfmuehl
  - Launched a voluntary public tender offer for the remaining shares

# Engineering Systems Division

## Market Leadership

### Vacuum Remelting Systems

- #1 producer globally
- Strong multi-industry demand for titanium alloys (e.g., aerospace engine and industrial gas turbine markets)
- Key customers include ThyssenKrupp, Baosteel and Allegheny Technologies

### Solar Silicon Melting and Crystallisation Furnace Systems

- Leading global manufacturer of solar silicon melting and crystallisation furnace systems
- Significant and growing demand for solar-grade silicon
- Key customers include REC and Elkem

### Own & Operate

- Leading provider of vacuum heat treatment services for OEMs in the transportation, aerospace and tooling industries
- Key customers include General Motors, BMW and VDO Automotive

## Recent Highlights

- Strong demand for solar silicon melting and crystallisation furnace systems increased approximately 40% Q1 2008 – Q1 2007
- Record backlog of \$351 million at 31 March 2008 with current backlog exceeding that level
  - Backlog increased 39.2% from year end 2007
- New facilities brought on-line to meet demand
  - Germany: acquired Berlin facility for production of solar silicon and other furnace systems; ramp-up in progress
  - Mexico: completed Own & Operate facility on-time and on-budget
- Joint venture partnership strengthens position in pebble bed nuclear reactor process technology
- Ongoing R&D initiatives driving new technologies and product enhancements

# Timminco

## Market Leadership

### Upgraded Metallurgical Silicon

- Leading producer for the rapidly growing solar photovoltaic energy industry
- Low-cost solar silicon producer with proprietary production technology
- 99.999% purity achieved

### Silicon Metal

- #2 independent producer in North America and #1 in Canada
- Supplier to leading manufacturers in the chemicals, aluminium and polysilicon industries including Alcoa, Rio Tinto Alcan and Wacker Chemie

### Magnesium

- #1 producer of magnesium anodes to the North American water heater industry
- Leading producer of specialty magnesium products for the consumer products, chemicals and pharmaceutical industries

## Recent Highlights

- Rapidly growing demand for silicon metal and solar silicon
  - Rising energy prices globally
  - Solar silicon supply shortages
- Multiple long-term contract wins
  - Major contract with Q-Cells recently signed
  - 2<sup>nd</sup> contract with SPI signed in May
  - Current capacity sold-out at attractive prices
- Completed construction of first solar silicon facility in Bécancour, Canada
  - First of three lines commenced operation in December 2007
  - Additional two lines started up in February 2008
  - Production expected to reach capacity level of 300 tonnes/month in Q3 2008
  - Announced the quadrupling of solar silicon capacity to 14,400 tonnes by end of 2009
- Shipped 100 tonnes in Q1 2008 at an average price in excess of \$60/kg.



# Investment Highlights



**Unique metallurgical expertise**



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



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



**Favourable pricing environment continued with upside potential**



**Pro-active management of market volatility**



**Experienced, growth-oriented management team**

# Focus on CO<sub>2</sub> Technologies and Markets

## Solar

- Furnace technology leadership for the production of high-purity solar wafers
- Low-cost producer of solar silicon based on proprietary technology
- New Timminco solar silicon facility is producing and shipping
- Significant producer of silicon metal sold to polysilicon producers

## Fuel Economy

- Proprietary alloys and superalloys for aerospace applications
- Furnace technology for production of titanium and other weight-advantaged metals

## Nuclear

- Sintering furnaces for nuclear fuel
- Furnaces and process technology for pebble bed reactors
- Graphite production from GK acquisition is a critical input for nuclear components
- JV in France for the production of nuclear fuel sintering and related furnaces

## Recycling

- Spent refinery catalyst and power plant residue recovery for production of ferrovanadium and ferronickel-molybdenum
  - Capacity expansion in progress
- New long-term contract for spent catalysts supports capacity expansion plans

# Graphit Kropfmuehl Acquisition Highlights

## Overview

- Acquired 62.3% of Graphit Kropfmuehl AG (“GK”) from majority shareholders for consideration of €32.7 million
  - Additional purchase of 11.7% of shares on open market
  - AMG currently owns approximately 74.0% of GK
  - Launched a voluntary public tender offer for remaining shares in April 2008
- GK is a leading producer of high-grade natural graphite (36% of sales) and the only German producer of silicon metal (64% of sales)
- Production sites in Germany, UK and the Czech Republic; mine in Sri Lanka
- Listed on Frankfurt stock exchange (“GKRG.DE / GKR GR”)
- 2007 revenue and EBITDA of €83.1 million and €7.9 million, respectively

## Rationale and Benefits

- Silicon metal business supports growth in solar applications and improves access to the largest solar market in Europe
- Natural graphite adds to specialty metals capabilities with significant market opportunities in nuclear applications
- Builds on existing product and technology portfolio for nuclear industry
- Accretive to earnings in 2008 with substantial accretion post-integration

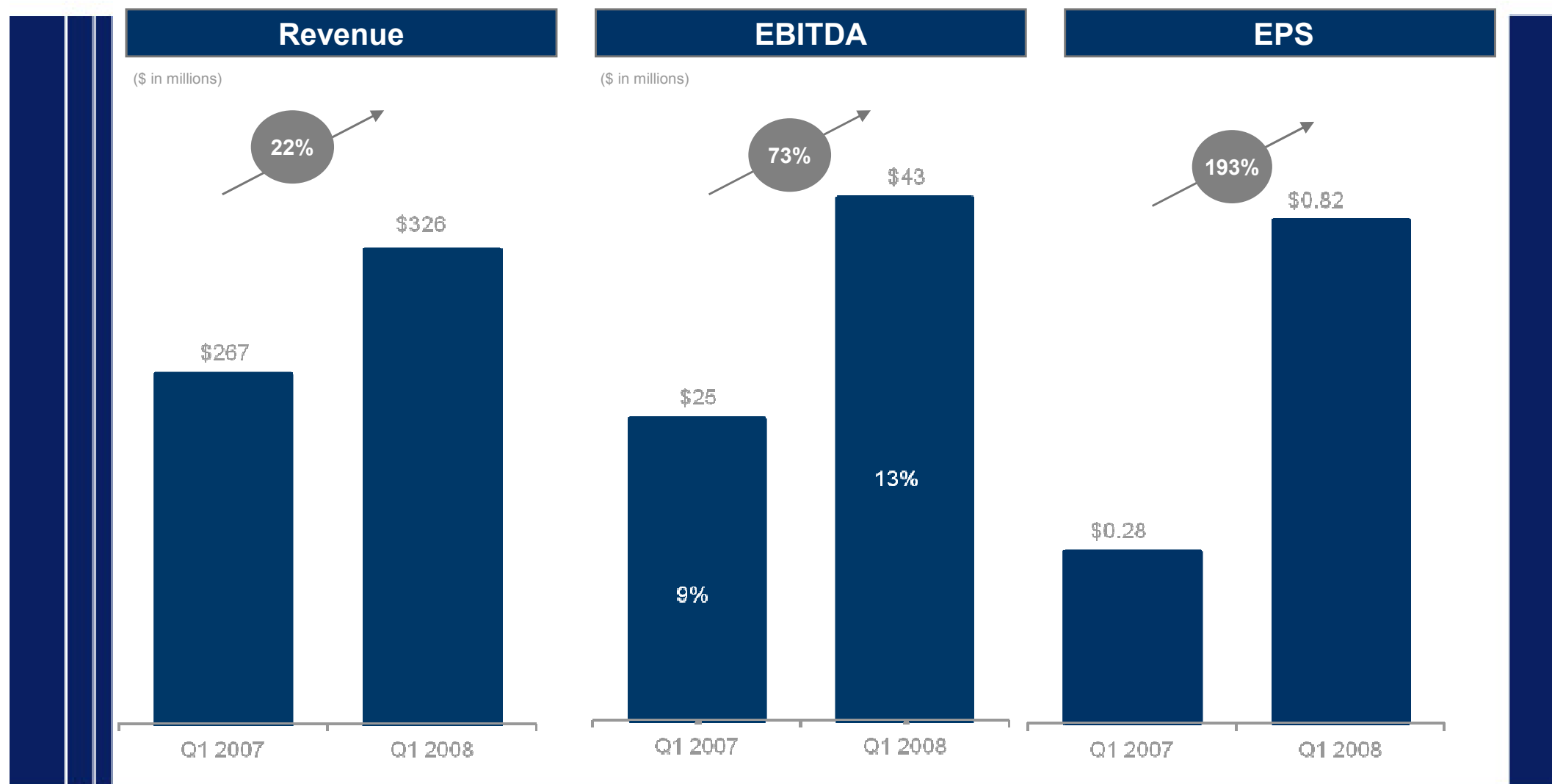
# Share Price Development



# Share Price Development

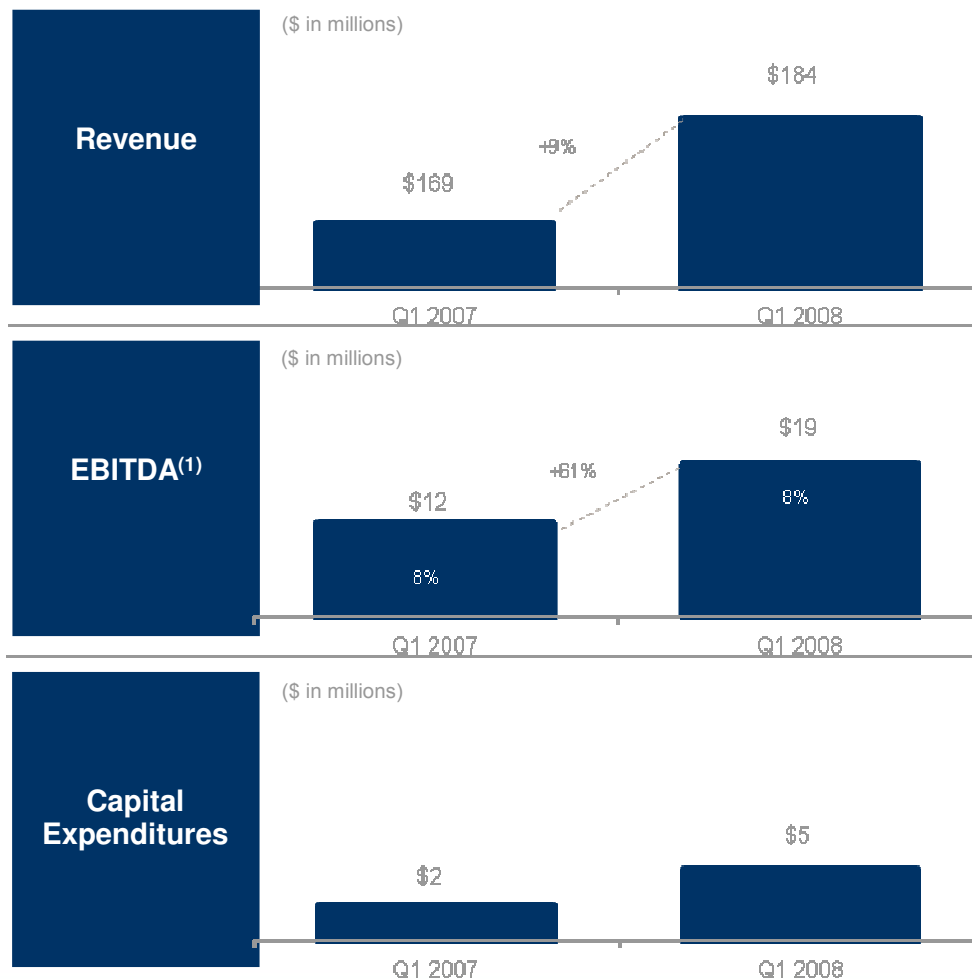


# Record Results in Q1 2008



# Advanced Materials Division

## Financial Summary



## Highlights

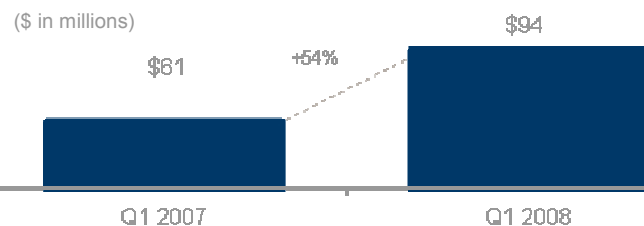
- Revenue increased to \$184 million in Q1 2008 from \$169 million in Q1 2007
  - Improved pricing in the division's ferrovanadium, ferronickel-molybdenum and chromium
  - Improved volumes in chromium metal and antimony trioxide
- EBITDA increase of 61% driven by gross margin and revenue improvement
- \$4.5 million of capital spending in 2008 related to the tantalum expansion and hydroelectric plant in Brazil

(1) Percentages in bars represent EBITDA margins.

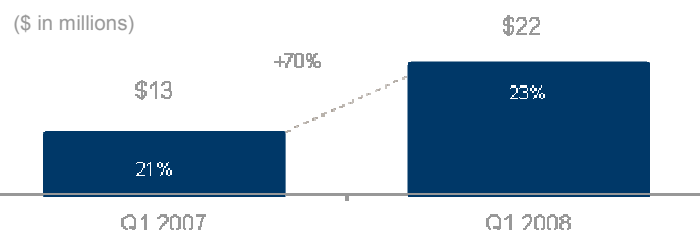
# Engineering Systems Division

## Financial Summary

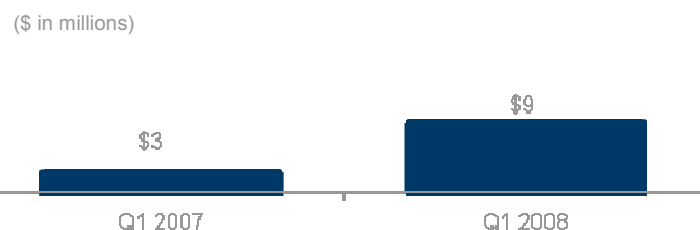
### Revenue



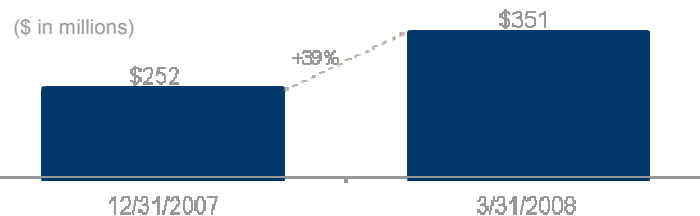
### EBITDA<sup>(1)</sup>



### Capital Expenditures



### Backlog



## Highlights

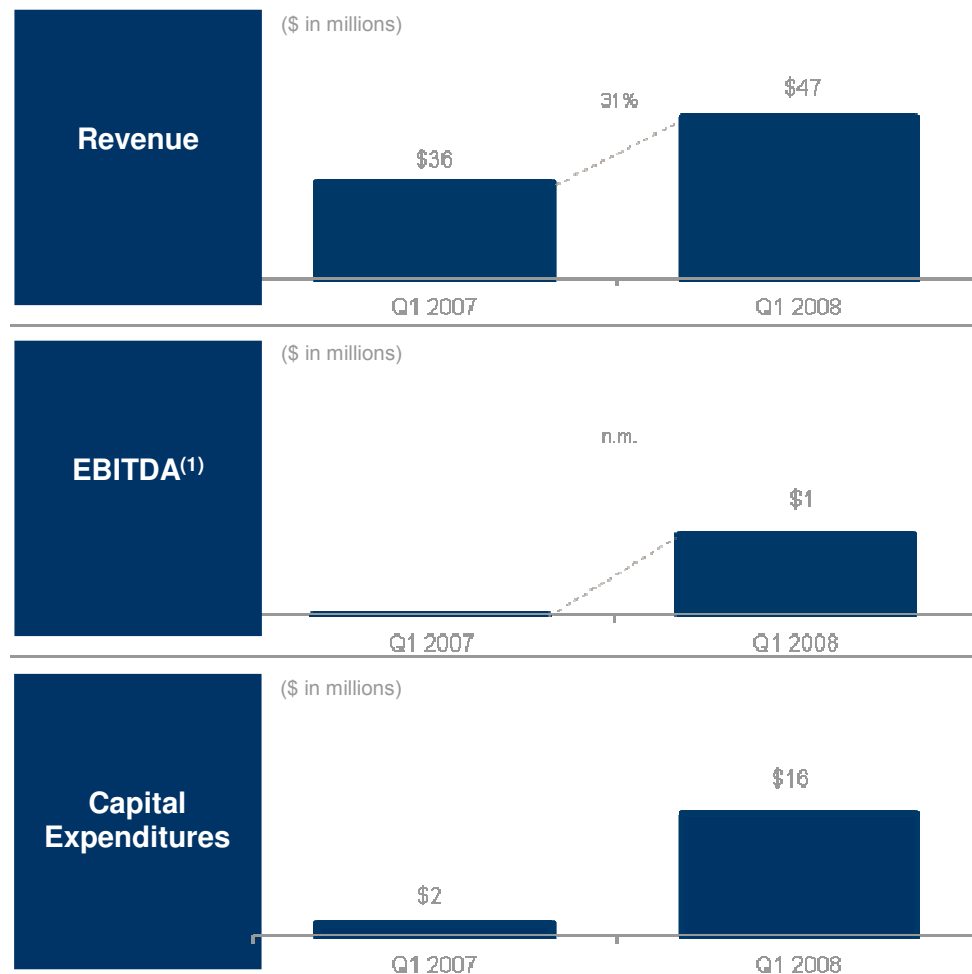
- Vacuum remelting furnace systems revenues for the aerospace and specialty steel markets increased ~45% year-over-year
- Solar silicon melting and crystallisation furnace systems revenues grew ~40% year-over-year
- Own & Operate revenue continued to increase as operations ramped up at the Company's third facility
- EBITDA increased 70% due to significant sales growth, gross margin improvement and economies of scale
- Limited requirements in 2008
- The Q1 2008 capital expenditures were for the completion of the Mexican Own and Operate facility
- Record quarter ending level with current backlog exceeding that level
- Largest portion is solar silicon crystallisation furnace systems
- Throughput of solar furnaces has increased since Berlin acquisition.
  - Currently producing 3 furnaces per week

(1) Percentages in bars represent EBITDA margins.



# Timminco

## Financial Summary



(1) EBITDA margins are not material.

## Highlights

- Revenue increased due to silicon metal price increases and sales of solar grade silicon
  - Timminco shipped 100 tonnes of solar grade silicon during Q1 2008 at an average price in excess of \$60/kg
  - Timminco shipped 33 tonnes of solar grade silicon during Q4 2007
- Improved margins from increased silicon metal and other products' prices
- Increased production efficiencies were offset by non-recurring commissioning costs for the start-up of the new solar silicon production lines
- The new 3,600 tonne solar silicon production facility at Bécancour, Canada is operational
  - Completed on time and on budget in Q1 2008
  - Started up in December 2007
- 2008 capital expenditures focused on quadrupling of solar silicon production capacity
  - Expansion began in Q1 2008

# Capital Programmes and Recent Acquisitions

## Support Strategic Growth Initiatives

### Current Capital Programmes

Product	Amount	Purpose	Timing
Ferrovandium	\$30m	Second phase of expansion to enable doubling of spent catalyst processing capabilities	2008–2009
Silicon <sup>(1)</sup>	\$65m	Further expansion of Timminco's high-purity solar silicon metal facility to 14,400 tonnes	2008
Specialty Alloys for Titanium and Superalloys	\$5m	New furnace for production expansion	2008
Tantalum	\$7m	Expansion of tantalite mine and hydro-electric powerplant in Brazil	2008
Plasma Coatings	\$6m	Expansion into new coating products	2008
Maintenance Capex	\$8–\$10m	Maintenance of facilities and equipment	Annual basis

### Pending Acquisitions

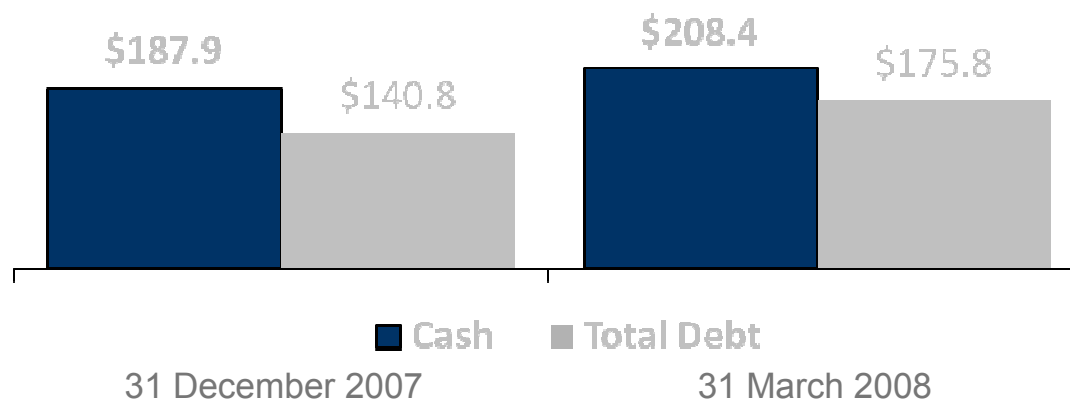
Company / Product Area	Amount	Purpose	Timing
Graphit Kropfmuehl <sup>(2)</sup>	\$82m	Supports growth in solar and nuclear applications and improves access to European markets	2008
Coatings	\$8m	Expansion in coatings products which augment current product offering	2008

In addition to the pending acquisitions, the Company is in the evaluation / discussion phase with third parties on major solar projects and investments

(1) Funded by capital raise at Timminco.

(2) GK is listed on the Frankfurt stock exchange (GKRG.DE / GKR GR). AMG has acquired approximately 74% of GK during the second quarter 2008. The Company has launched a tender offer for the remaining 26% of shares outstanding. \$82 million reflects the estimated purchase price of 100% of shares outstanding.

# Strong Capital Base



- Cash position improved to \$208.4 million at 31 March 2008
- Total debt increased to \$175.8 million, primarily due to GK acquisition financing
- AMG had a net cash position of \$32.6 million at 31 March 2008

Note: Cash includes S-T investments

# 2008 Outlook

## Advanced Materials

- Ferrovanadium prices have moved up sharply in 2008 year-to-date, owing primarily to South African disruptions
- Ferrovanadium and ferronickel-molybdenum production expected to increase 15% in 2008 due to the recently completed phase of expansion
- Tantalum pricing increasingly attractive – production is expected to increase as well
- GK acquisition will contribute solidly and will benefit from synergies with existing businesses

## Engineering Systems

- Backlog at 31 March at record levels with current backlog exceeding that level
- Berlin facility acquisition has shortened furnace delivery times
- Evaluating projects to become more involved in the solar value chain
- Pricing has remained strong due to robust demand and AMG's technological leadership
- Own & Operate business growing steadily
  - Full year of Mexico production in 2008
  - Considering other locations, including China

## Timminco

- Solar silicon expansion continuing
  - Quadrupling of capacity has commenced – fully funded and expected to be operational in the second half of 2009
  - Multiple contract negotiations are underway
- Silicon metal prices up significantly for 2008

# Appendix

# Safeguard – Overview and Update

- Safeguard International Fund, L.P. is the largest shareholder of AMG
  - 7.1 million shares representing 26.6% as of 31/03/08
  - Safeguard was founded as a private equity fund in 1997
  - Original life was to be 8 years
  - Recently received third one-year extension to 31/3/09 – Safeguard is expected to wind down prior to that date by liquidating its investments or distributing them to its limited partners
- Dr. Heinz Schimmelbusch and Arthur Spector are managing directors of Safeguard
- Safeguard's investments other than AMG are:
  - Timminco Limited (deeply in-the-money convertible notes representing ~17.4 million new Timminco shares)
  - Puralube, Inc. (27.5%)
  - PFW Aerospace AG (100%)

# Timminco Limited

<b>Company</b>	Timminco Limited
<b>Market capitalisation<sup>(1)</sup></b>	C\$2,408 million (\$2,422 million)
<b>Diluted shares</b>	118 million
<b>Share price<sup>(1)</sup></b>	C\$23.15
<b>52-week high / low<sup>(1)</sup></b>	C\$28.50 (16/4/08) / C\$3.21 (24/5/07)
<b>Avg. 3-month daily volume</b>	3,073,680 shares
<b>Listing location</b>	Toronto stock exchange
<b>Symbol</b>	<i>Bloomberg:</i> TIM CN <i>Reuters:</i> TIM.TO

(1) As of 9/5/08.

# Graphit Kropfmuehl AG

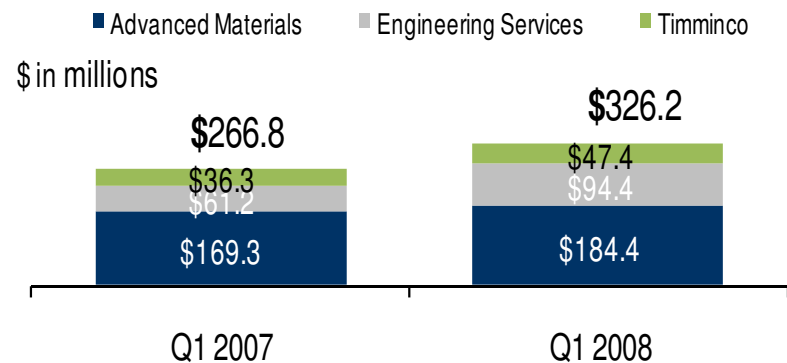
<b>Company</b>	Graphit Kropfmuehl AG
<b>Market capitalisation<sup>(1)</sup></b>	€52.6 million (\$82 million)
<b>Diluted shares</b>	2.88 million
<b>Share price<sup>(1)</sup></b>	€18.25
<b>52-week high / low<sup>(1)</sup></b>	€18.30 (9/5/08) / €11.04 (17/3/08)
<b>Avg. 3-month daily volume</b>	5,277 shares
<b>Listing location</b>	Frankfurt stock exchange
<b>Symbol</b>	<i>Bloomberg:</i> GKR GR <i>Reuters:</i> GKRG.DE

(1) As of 9/5/08.



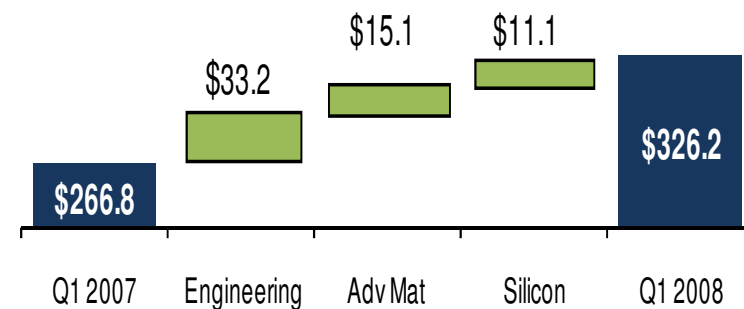
# Revenue

## Revenue



## Revenue Bridge

### Q1 2007 versus Q1 2008

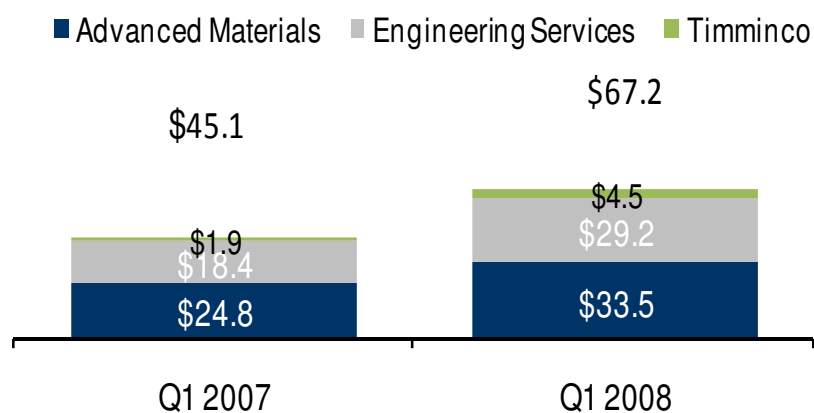


## Significant Trends

- Continued strong growth in sales of solar and remelting furnaces to energy and steel industries
- Timminco sold 100 tonnes of solar-grade silicon during the quarter at a price of \$60/kg.
- Strong FeV, FeNiMo and Chromium prices and volumes in the quarter drove Advanced Materials
- Metal based powders and coatings, particularly to the solar industry, increased materially from Q1 2007 to Q1 2008

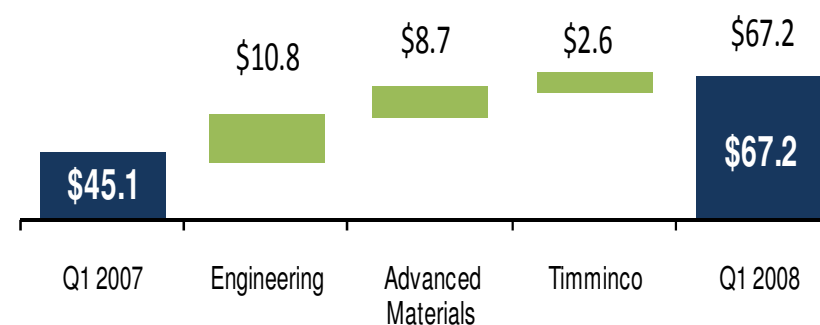
# Gross Profit

## Gross Profit



## Gross Profit Bridge

### Q1 2007 versus Q1 2008

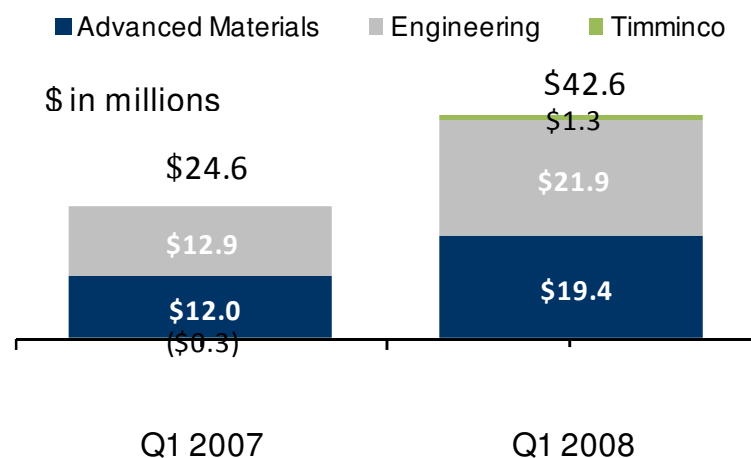


## Significant Trends

- Advanced Materials growth due primarily to FeV and FeNiMo pricing increases
- Timminco realized higher margins primarily due to sales of high-priced solar-grade silicon
- Gross profit in Engineering due to continued growth in furnace sales

# EBITDA Overview

## Total EBITDA



## EBITDA

\$ in millions	March 2007	March 2008
Operating Profit	\$20.6	\$35.4
+ Depreciation / Amortization	4.5	5.7
+ / - FX income (loss)	(0.4)	(1.3)
+ Restructuring and Impairment	-	0.1
+ Environmental	(0.1)	0.1
+ Stock Option Expense	-	2.6
<b>Adjusted EBITDA</b>	<b>\$24.6</b>	<b>\$42.6</b>

## EBITDA BRIDGE

Q1 2007 versus Q1 2008



Note: Timminco amounts include minority interest of 49.5%

# Consolidated Income Statement

\$ in thousands	Q1 2007 Actual	Q1 2008 Actual
Total Revenue	266,829	326,148
Cost of Goods Sold	221,726	258,937
Gross Margin	45,103	67,210
Selling, General and Admin. Other Expense (Income)	25,638 (1,126)	32,969 (1,167)
Operating Profit	20,591	35,408
Net Finance Costs	8,415	3,298
Equity Accounted Investee Profit	(130)	101
Profit before Income taxes	12,046	32,211
Tax Provision	5,043	8,680
Profit for the Year	7,003	23,531
Attributable to:		
Shareholders of the Company	7,398	22,509
Minority Interest	(395)	1,022

# Consolidated Balance Sheet

\$ in thousands	<u>December 31 2007 Actual</u>	<u>March 31 2008 Actual</u>
Fixed Assets	155,763	181,763
Goodwill and Intangibles	50,291	51,018
Other non-current assets	76,613	96,311
Inventories	186,410	218,631
Receivables	187,243	252,475
Other current assets	67,669	64,102
Cash	172,558	202,702
<b>TOTAL ASSETS</b>	<b>896,547</b>	<b>1,067,002</b>
<b>TOTAL EQUITY</b>	<b>309,797</b>	<b>332,645</b>
Long-term Debt	115,726	145,260
Pension Liabilities	102,809	108,065
Other long-term liabilities	61,872	69,612
Current Debt	25,056	30,507
Accounts Payable	126,827	156,292
Advance Payments	74,731	136,530
Accruals	47,350	52,926
Other current liabilities	32,379	35,165
<b>TOTAL LIABILITIES</b>	<b>586,750</b>	<b>734,357</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>896,547</b>	<b>1,067,002</b>

# Consolidated Cash Flows

\$ in thousands	<u>Q1 2007 Actual</u>	<u>Q1 2008 Actual</u>
Cash Flows from Operations	42,703	30,352
Capital Expenditures	(6,676)	(29,223)
Other Investing Activities	<u>162</u>	<u>(3,831)</u>
Cash Flows from Investing Activities	(6,514)	(33,054)
Cash Flows from Financing Activities	(3,764)	25,951
Net increase (decrease) in cash	32,425	23,249
Beginning Cash	54,610	172,558
Effects of exchange rates on cash	<u>1,347</u>	<u>6,895</u>
Ending Cash	88,382	202,702
Approximate availability under AMG lines of credit	39,724	63,558
Total Liquidity	128,106	226,260

\$20 million was drawn on the credit facility in March to fund the GK acquisition

Cash flow from operations negatively impacted by increases in working capital