



AMG Advanced Metallurgical Group N.V.



Investor Presentation
4th Quarter 2008



AMG ADVANCED METALLURGICAL GROUP N.V.

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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 (50.4%-owned): Solar grade silicon and silicon metal

Graphit Kropfmühl (79.5%-owned): Integrated miner of natural graphite and antimony tri-oxide

Strong Third Quarter 2008 results: Revenue up 49% to \$437.6 million and EBITDA up 121% to \$71.1 million

Business Highlights 3rd Quarter 2008

- Timminco signed two additional contracts for the production of solar grade silicon, selling out the existing capacity
- Timminco shipped 300 metric tonnes and produced 342 metric tonnes of solar grade silicon during the 3rd quarter 2008
- Acquired the remaining 50% of its nuclear joint venture, Furnaces Nuclear Grenoble S.A., a designer and producer of sintering systems for nuclear energy applications
- Awarded a contract by Shaw Areva MOX Services LLC for detailed engineering of sintering furnace systems for the production of mixed oxide nuclear fuels
- Global economic uncertainty began to affect product demand during the quarter

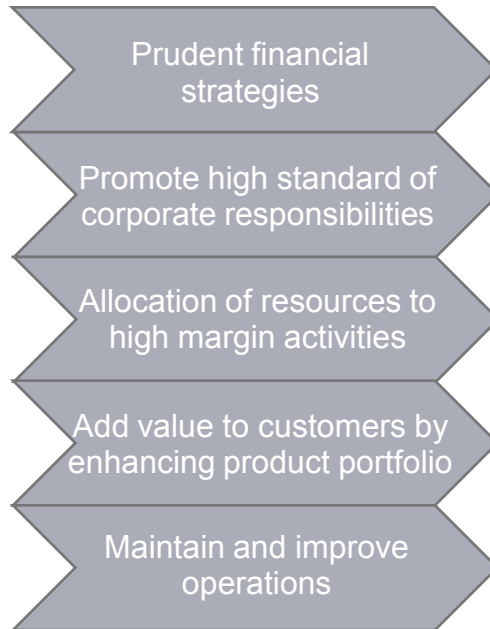
Financial Highlights 3rd Quarter 2008

- Revenue rose 49% to a record \$437.6 million
- EBITDA increased 121% to a record \$71.1 million
- EBITDA margin was 16% from 11% in the same period last year
- EPS increased 240% to \$1.19 per share
- Year to date free cash flow⁽¹⁾ was \$114.8 million
- Net working capital increased to \$88.4 million, including \$17 million acquired in GK transaction
- Strong balance sheet:
 - Cash on balance sheet of \$154.2
 - Net Debt of \$79.6; Net Debt to EBITDA less than 1.0x
- Capital expenditures in Q3 were \$38.7 million
 - Maintenance: \$6.6 million
 - Growth: \$32.1 million

(1) Free cash flow is defined as EBITDA less change in working capital and maintenance capital expenditures

Strategic Overview

AMG's Strategy



Strategy in action



AMG's strategy is to increase shareholder value through focusing on global CO2 reduction technologies and industries

Focus on CO₂ 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
- 100% owned business 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

End Markets

| AMG Advanced Metallurgical Group N.V. ⁽¹⁾ | | | | | | | | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------------------------------------------------------------------------------------------------------------|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----------------|------|--|
| Solar | | Fuel Economy | | Recycling | | Nuclear | | Other | | Total Group YTD | | |
| 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | |
| Revenue | | | | | | | | | | | | |
| 278 | 164 | 421 | 273 | 152 | 97 | 0 | - | 326 | 304 | 1,177 | 839 | |
| Margin | | | | | | | | | | | | |
| 70 | 24 | 76 | 47 | 53 | 27 | 0 | - | 55 | 50 | 254 | 148 | |
| Margin % | | | | | | | | | | | | |
| 25% | 15% | 18% | 17% | 34% | 28% | 47% | N/A | 17% | 16% | 22% | 18% | |
| <ul style="list-style-type: none">Solar Grade SiliconSilicon metalDSS Vacuum furnacesCoatings for thin film applications | | <ul style="list-style-type: none">Vacuum furnace systems for the production of high purity metalsVAI alloysSuperalloys for the Ti industry | | <ul style="list-style-type: none">FerrovanadiumFerro nickel - molybdenum | | <ul style="list-style-type: none">Vacuum sintering furnace systemsEngineering for processing of weapons grade plutonium into MOX nuclear fuel | | <ul style="list-style-type: none">Chromium metalTantalumVacuum sintering furnace systemsAntimony trioxideNatural graphiteAl master alloys | | | | |
| <ul style="list-style-type: none">World's largest producer of UMG Si for solar applications | | <ul style="list-style-type: none">Petrol prices drive growth in specialty metals to improve fuel economy | | <ul style="list-style-type: none">Secondary business model enables unique low cost feedstock | | <ul style="list-style-type: none">Acquired remaining 50% of nuclear joint venture | | <ul style="list-style-type: none">Portfolio of diverse metals based businesses | | | | |

A focus on global CO2 reduction technologies and industries

(1) Year to date through 30 September revenue and gross margin. Includes GK from date of acquisition

Advanced Materials Division

Markets

Recycling - Ferrovanadium

- #1 global producer from secondary sources (i.e., spent refinery catalysts and power plant residues)
- Customers include Arcelor Mittal and Steel Dynamics
- Cambridge (U.S.) vanadium expansion
 - Current capacity 4.5 million lbs
 - Capacity expansion to 5.5 million lbs to be completed in 2010
- Secured long-term contract for supply of spent refinery catalysts for ferrovanadium production

Fuel Economy & Aerospace

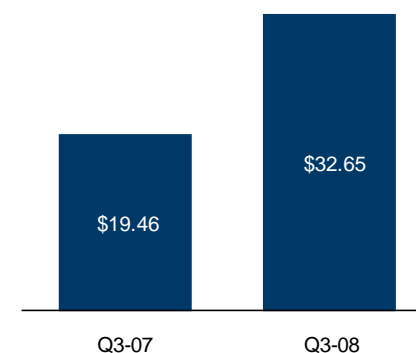
- One of a few certified aerospace alloy producers globally
- Key customers include Allegheny Technologies and Titanium Metals
- Capacity expansion in production of coating materials for thin film solar applications

Selected Other Materials

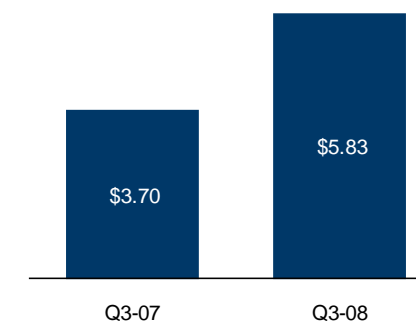
- Tantalum mine expansion completed; hydro electric expansion on schedule for 2009
- High-purity chromium metal demand decreased due to weakness in specialty stainless steel

Pricing

FeV Reference pricing up 68%



Cr Metal Reference pricing up 58%



Engineering Systems Division

Market Leadership

Solar

- Demand for solar silicon melting and crystallisation furnace systems remained stable during Q3 2008
- Key customers include REC and Elkem
- Berlin facility is producing six DSS systems per week

Fuel Economy & Aerospace

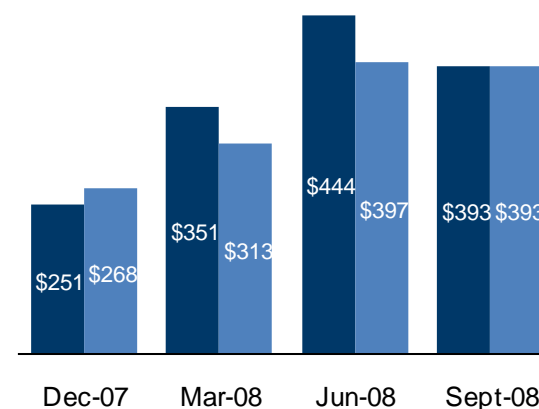
- Multi-industry demand for titanium alloys (e.g., aerospace engine and industrial gas turbine markets)
- Key customers include ThyssenKrupp, Baosteel and Allegheny Technologies

Nuclear

- FN acquisition strengthens position in pebble bed nuclear reactor process technology
- Signed first major contract for the engineering of sintering systems to produce nuclear fuel from weapons grade plutonium

Order Backlog

- Backlog of \$393 million at 30 September 2008



Backlog at the spot rate as of the balance sheet date (dark blue) and on a constant currency basis using 30 Sep 08 rate (light blue).

- On a Euro basis, (functional currency of the ESD) the backlog was essentially flat from June 2008 (€ 282 million) to September 2008 (€ 279 million)

Timminco

Market Leadership

Solar Grade Silicon

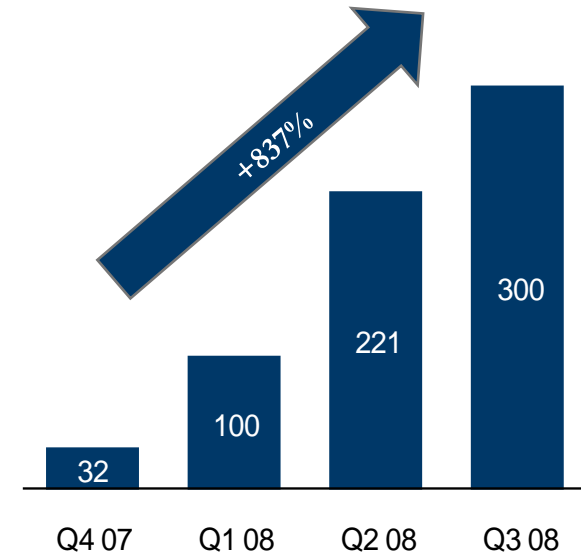
- Producer of UMGSi for the rapidly growing solar photovoltaic energy industry
- Solar silicon producer with proprietary production technology
- 99.999% purity achieved
- Low boron and phosphorous levels
- Shipments of at least 1,200 tonnes expected in 2008
- Began construction of expansion of solar silicon capacity to 14,400 tonnes by mid 2009

Silicon Metal

- Si metal supplier to leading manufacturers in the chemicals, aluminium and polysilicon industries including Alcoa, Rio Tinto, Alcan and Wacker

UMG Shipments

- UMG shipments up 837% year over year



Graphit Kropfmühl

Market Summary

Silicon Metal

- Largest producer in Germany
- Supplier to leading European manufacturers in the chemicals, aluminium and polysilicon industries including Wacker Chemie
- Silicon metal business supports growth in solar applications and improves access to the largest solar market in Europe
- GK's silicon metal assets
 - 30,000 tonnes of Si metal capacity
 - Potential for UMGSi expansion

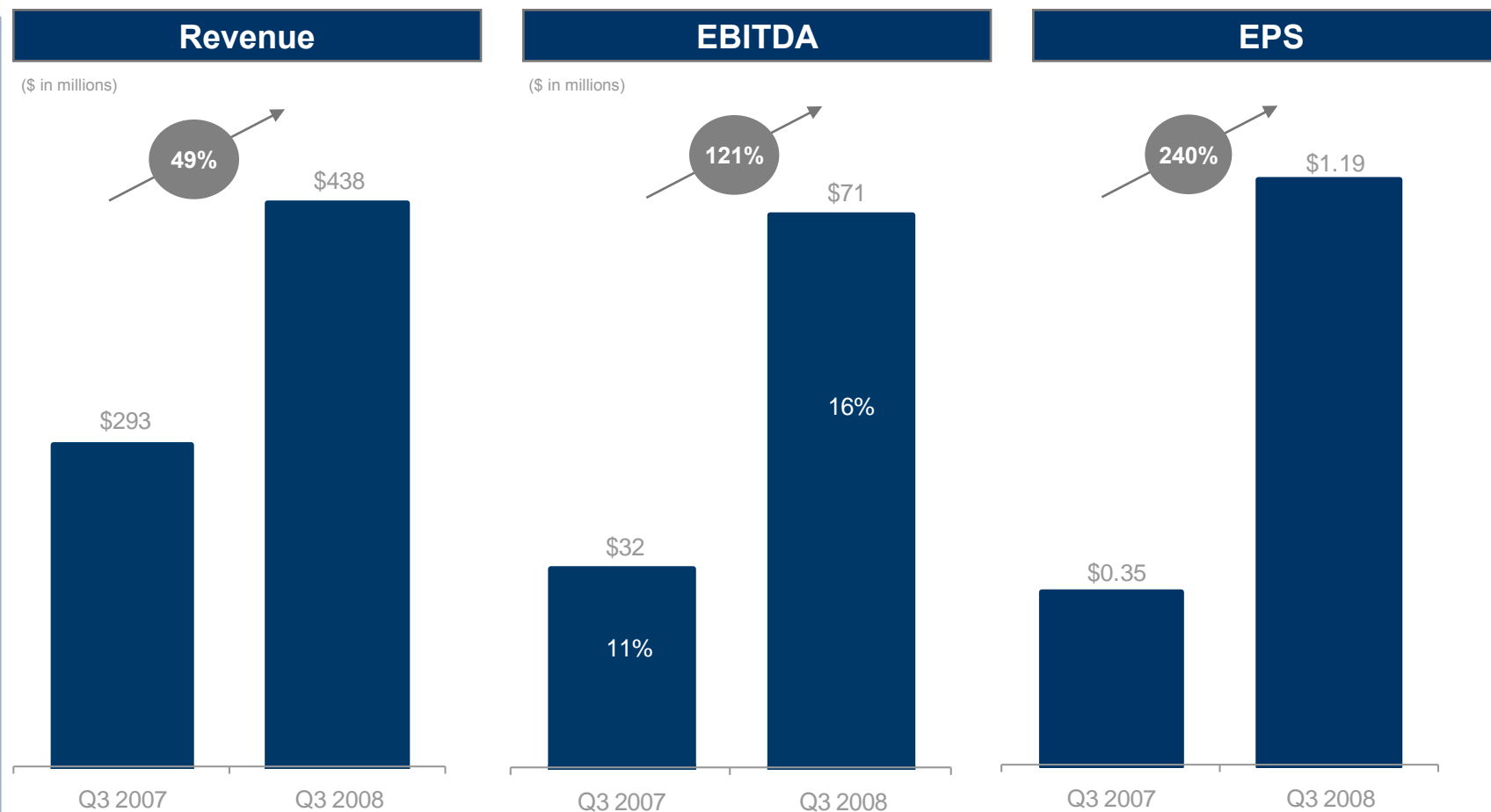
Fuel Economy & Nuclear

- Natural graphite adds to specialty metals capabilities with significant market opportunities in nuclear applications
- Builds on existing product and technology portfolio for nuclear industry

Proforma Results

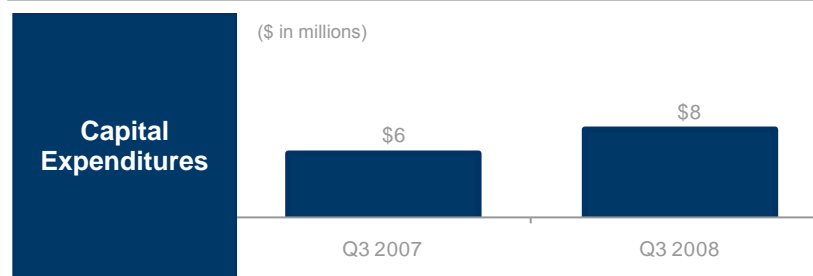
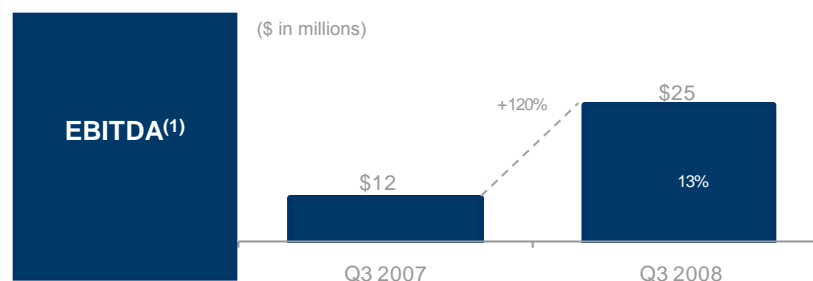
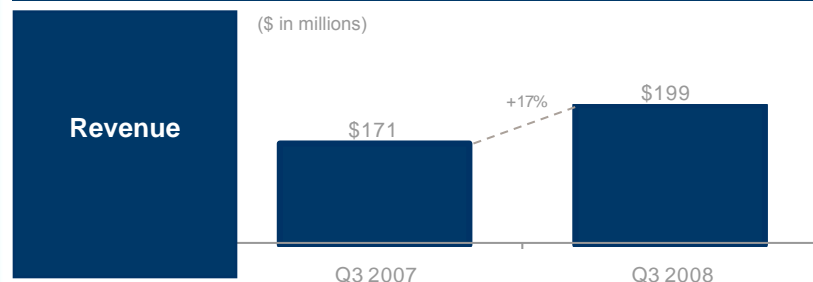
- Listed on Frankfurt stock exchange ("GKRG.DE / GKR GR")
- AMG currently owns approximately 79.5% of GK at a total cash purchase price of \$62.9 million
- Q3 2008 Revenues: \$36.4 million
- Q3 2008 EBITDA: \$4.8 million
- 30 September 2008:
 - Assets: \$130.6 million
 - Liabilities: \$69.0 million
 - Debt: \$23.6 million
 - Equity: \$61.6 million

Record Results in Q3 2008



Advanced Materials Division

Financial Summary



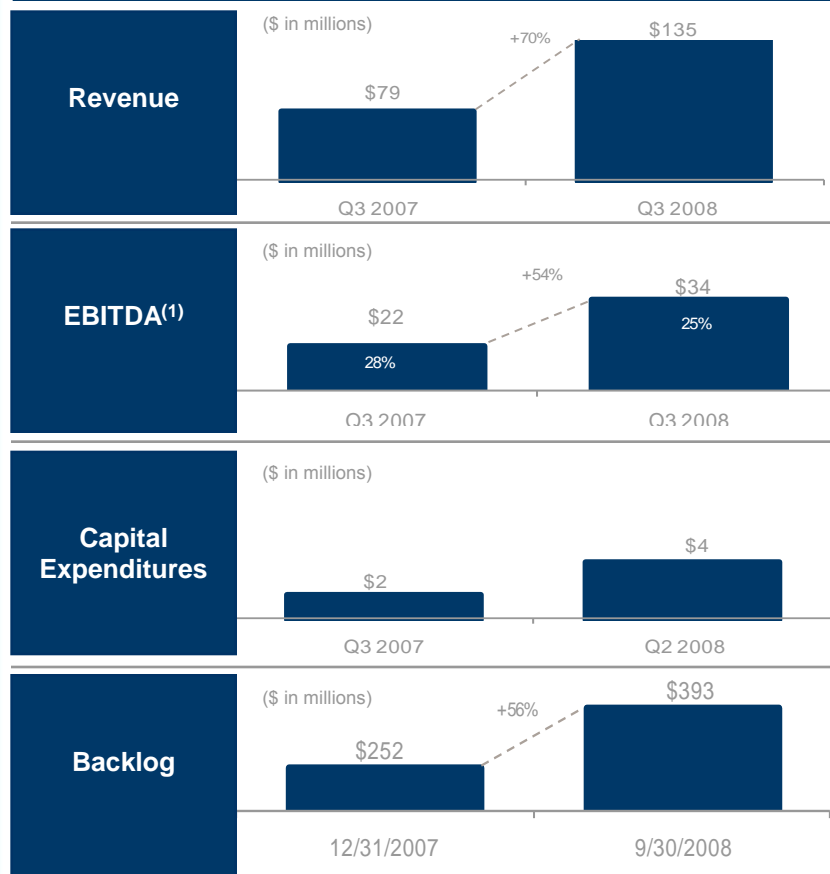
Highlights

- Revenue increased to \$199 million in Q3 2008 from \$171 million in Q3 2007
 - 17% increase in revenue
 - Improved pricing in the division's ferrovanadium and chromium metal products
 - Increased volumes in ferrovanadium offset decreases in ferronickel molybdenum and chrome metal
- EBITDA increase of 120% driven by gross margin and revenue improvement
 - Ferrovanadium economies of scale
 - Increase in high margin specialty alloys to the aerospace market
- \$8 million of capital spending in 2008 primarily related to ferrovanadium expansion in Cambridge, Ohio USA
 - Expanding capacity from 4.5 million lbs to 5.5 million pounds in 2010

(1) Percentages in bars represent EBITDA margins.

Engineering Systems Division

Financial Summary



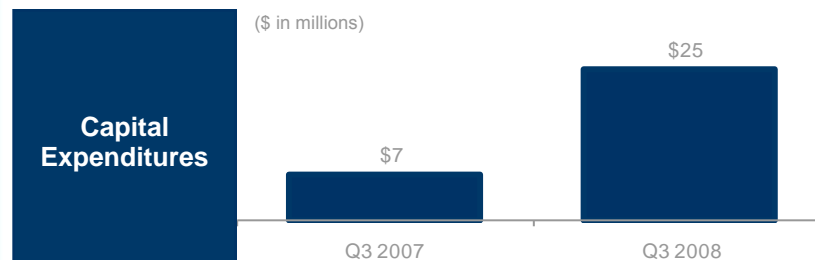
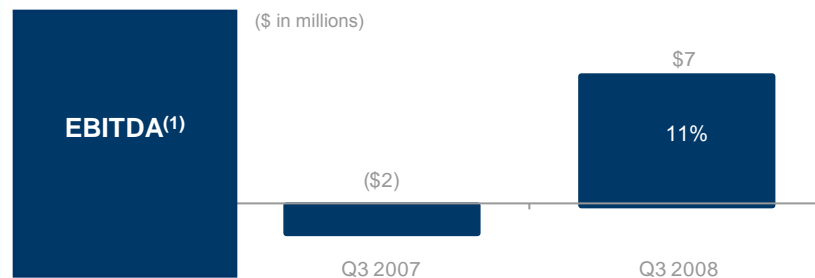
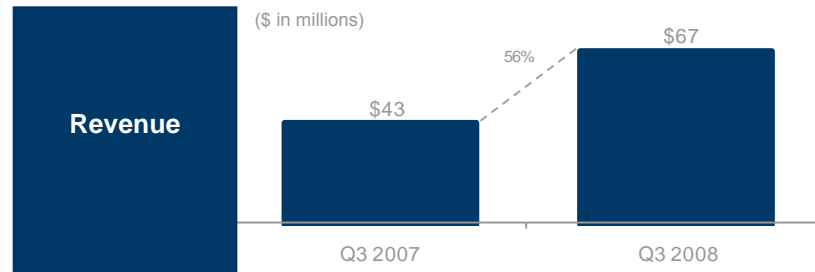
Highlights

- DSS furnace systems revenues for the solar markets increased ~147% year-over-year
- Remelting furnace systems revenues for aerospace and specialty alloys also grew significantly
- EBITDA increased 54% due to significant sales growth, gross margin improvement and economies of scale
- EBITDA margins, excluding one-time \$5 million gain in Q3 2007, grew from 20% to 25% of revenues
- Limited requirements in 2008
- Capital expenditures were primarily for the completion of the Mexican Own and Operate facility
- 56% increase since December 2007
- Stable backlog from June 2008, accounting for decrease in value of the Euro
- Largest portion is solar silicon crystallisation furnace systems

(1) Percentages in bars represent EBITDA margins.

Timminco

Financial Summary



(1) Percentages in bars represent EBITDA margins.

Highlights

- Revenue increased due to silicon metal price increases and sales of solar grade silicon
 - Timminco shipped 300 tonnes of solar grade silicon during Q2 2008 at an average price in excess of \$53/kg
 - Timminco shipped 221 tonnes of solar grade silicon during Q2 2008
- Improved margins from increased silicon metal prices
- Incremental, high margin solar grade silicon sales drove increase in EBITDA
- The solar silicon production facility at Bécancour, Canada is expanding to 14,400 MT by mid 2009
- 3 production lines operational
 - 9 additional lines being installed
 - Expansion began in Q2 2008

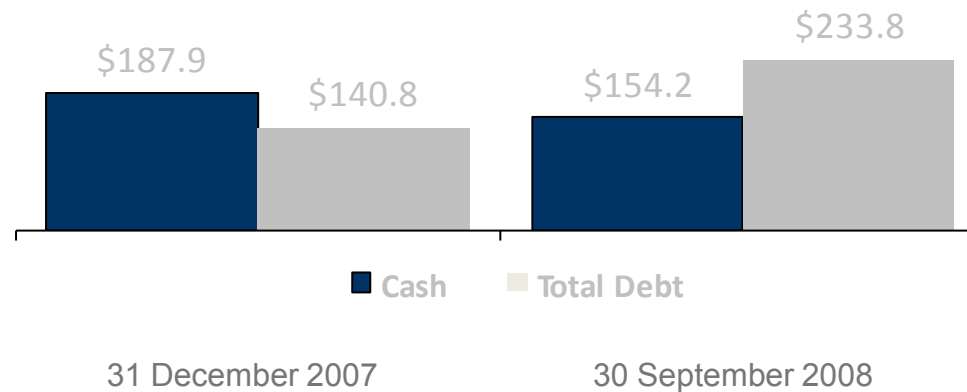
Capital Programmes

Current Capital Programmes

| Product ⁽¹⁾ | Amount | Purpose | Timing |
|------------------------|------------|-------------------------------------------------------------------------------------------|--------------|
| Ferrovandium | \$25m | Second phase of expansion to enable doubling of spent catalyst processing capabilities | 2008–2009 |
| Silicon | \$30m | Further expansion of Timminco's high-purity solar silicon metal facility to 14,400 tonnes | 2008–2009 |
| Tantalum | \$2m | Expansion of tantalite mine and hydro-electric powerplant in Brazil | Q1 2009 |
| Thin film Coatings | \$1m | Increase capacity of ZnO coatings for thin film solar applications | Q1 2009 |
| Maintenance Capex | \$10–\$15m | Maintenance of facilities and equipment | Annual basis |

(1) Balance of capital projects to be funded in 2008/2009. The Company has the ability to delay the ferrovandium expansion if market conditions warrant.

Strong Capital Base



- Cash of \$154.2 million at 30 September 2008
- Total debt increased to \$233.8 million at 30 September 2008
 - GK acquisition used \$62.9 million of cash and included \$27.3 million of assumed debt
 - Timminco debt increased by \$23 million to fund expansion
- AMG had a net debt position of \$79.6 million at 30 September 2008
 - Net Debt to EBITDA of less than 1.0x

Note: Cash includes short term investments

2009 Outlook

Advanced Materials

- Global demand is adversely affected by current market slowdown
- Ferrovanadium prices have decreased due to slowing demand for North American structural steel
- Chromium metal, tantalum, aluminum master alloys volumes are affected by global slowdown
- Specialty alloys for titanium and superalloys' demand is decreasing due to slowing aerospace market
- Working capital should decrease due to price and volume decreases of raw materials

Engineering Systems

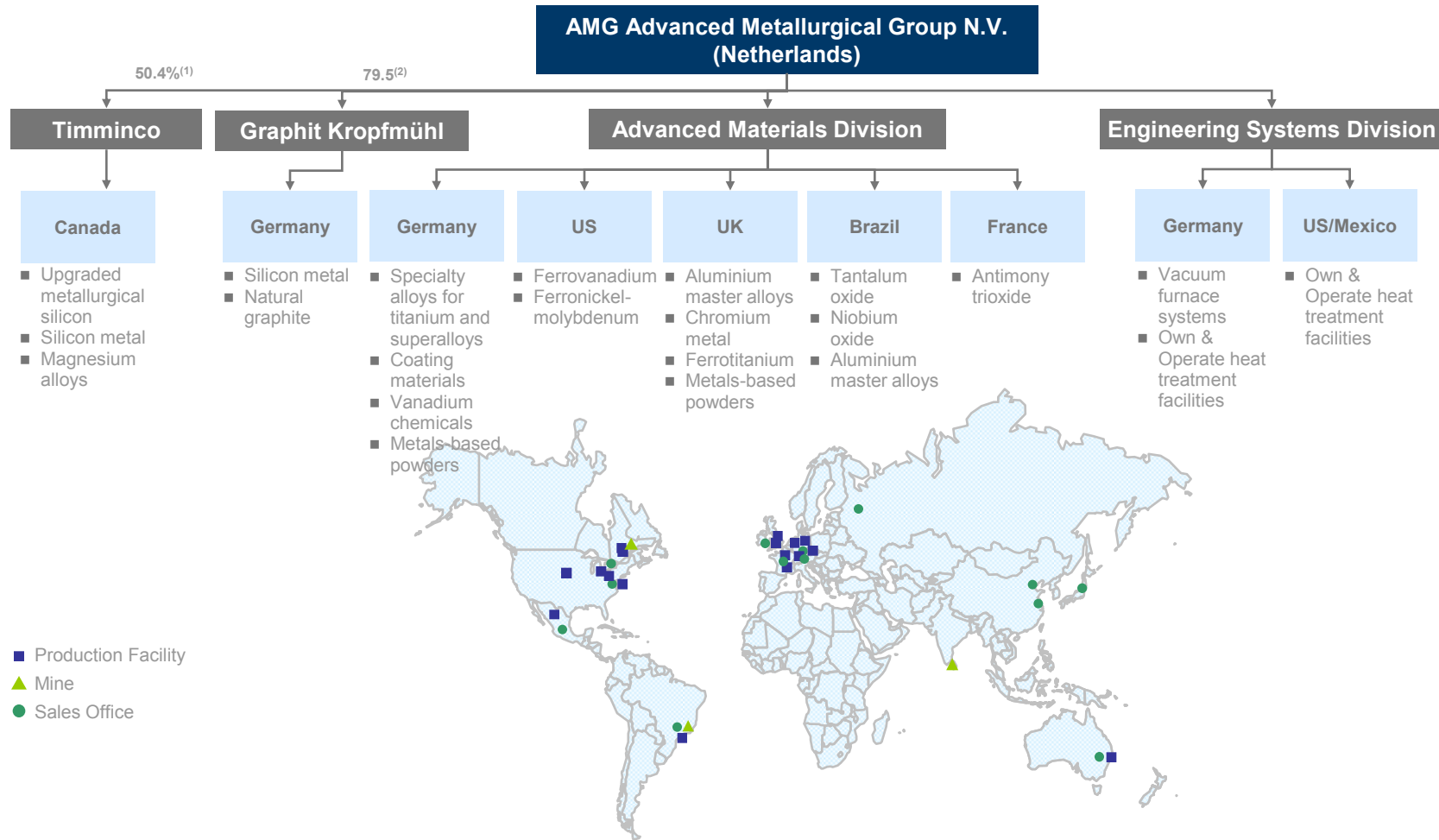
- Global demand expected to stabilize at current level due to economic uncertainty
- Backlog is solid as of 30 September
- Solar silicon furnace production ramp up: 6 systems produced per week during Q3
- Pricing remains steady
 - 2009 margin levels are expected to be consistent with 2008

Timminco

- 2008 guidance of at least 1,200 tonnes of Upgraded Metallurgical Silicon shipments
- Upgraded Metallurgical Silicon capacity expansion continuing
 - One line has been installed
 - Additional line installations expected to continue through mid 2009
- While difficult to be definitive on the UMG Si ramp up schedule, Timminco is working toward substantially increasing production in 2009
- UMG Si forecast for 2009 at a price of \$50kg-\$55kg

Appendix

Global Operations



Global presence enables access to key growth markets

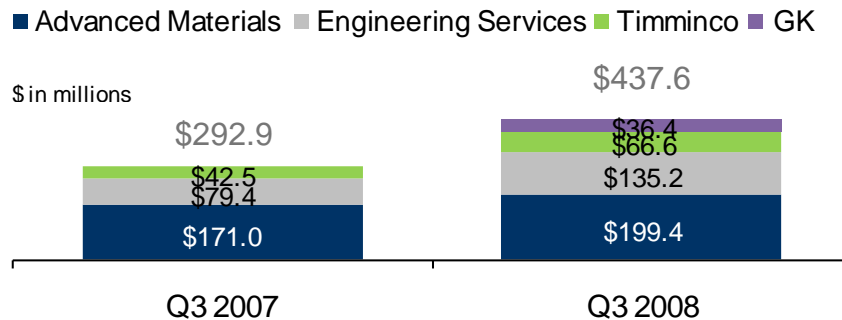
Note: This chart is a simplified depiction of AMG's organisational structure.

(1) Timminco Limited is listed on the Toronto stock exchange (TIM CN / TIM.TO).

(2) Graphit Kropfmühl AG ("GK") is listed on the Frankfurt stock exchange (GKRG.DE / GKR GR).

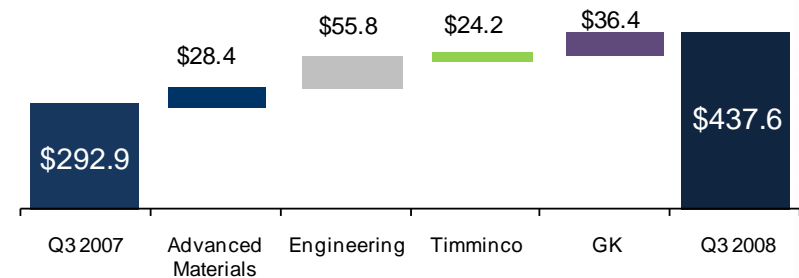
Revenue

Revenue and Revenue Growth



Revenue Bridge

Q3 2007 versus Q3 2008



Significant Trends

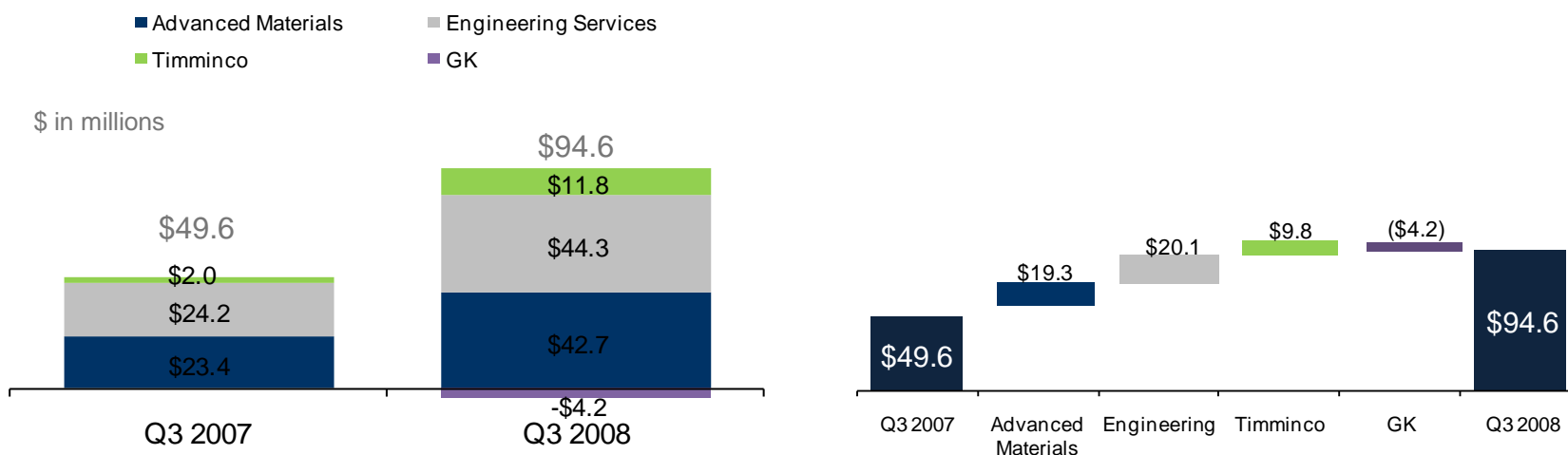
- Strong FeV and specialty alloys prices and volumes contributed to the strength of Advanced Materials
- Timminco sold 300 MT of solar-grade silicon in the quarter
- Continued strong demand for sales of solar and remelting furnaces

Gross Profit

Gross Profit

Gross Profit Bridge

Q3 2007 versus Q3 2008

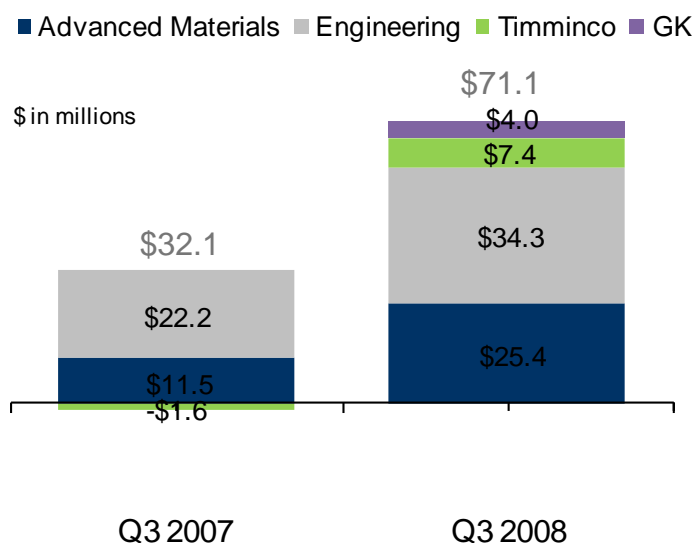


Significant Trends

- FeV and specialty alloys gross profit increased, driving growth in Advanced Materials
- Improved silicon metal pricing and more volume of UMG increased Timminco gross profit
- DSS furnace systems revenues and economies of scale increased Engineering Systems gross profit
- Graphit Kropfmühl gross profit was negative due to the impact of one-time purchase accounting adjustments

EBITDA

Total EBITDA

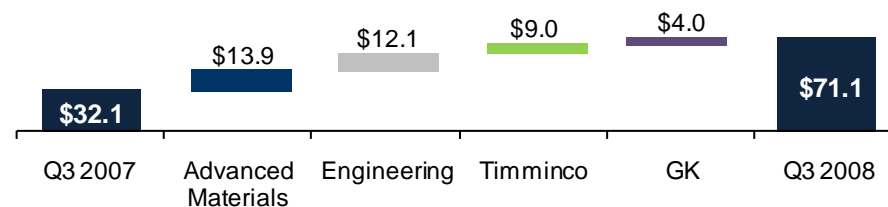


EBITDA

| \$ in millions | Q3 2007 | Q3 2008 |
|--------------------------------|---------|---------|
| Operating Profit | 23,902 | 47,665 |
| + Depreciation / Amortization | 4,302 | 18,313 |
| + / - FX income (loss) | 1,217 | (2,105) |
| + Restructuring and Impairment | 21 | 4,318 |
| + Environmental | 42 | 104 |
| + Stock Option Expense | 2,635 | 2,823 |
| Adjusted EBITDA | 32,119 | 71,118 |

EBITDA BRIDGE

Q3 2007 versus Q3 2008



Consolidated Income Statement

\$ in thousands

| | Q3 2007 Actual | Q3 2008 Actual |
|----------------------------------|----------------|----------------|
| Total Revenue | 292,897 | 437,561 |
| Cost of Goods Sold | 243,312 | 342,960 |
| Gross Margin | 49,585 | 94,601 |
| Selling, General and Admin. | 31,900 | 44,397 |
| Impairment of Fundo | - | 3,652 |
| Other Expense (Income) | (6,217) | (1,113) |
| Operating Profit | 23,902 | 47,665 |
| Net Finance Costs | 36,901 | 6,650 |
| Equity Accounted Investee Profit | (877) | (11,717) |
| Profit before Income taxes | (13,876) | 29,298 |
| Tax Provision | 11,215 | 13,974 |
| Profit for the Year | (25,091) | 15,324 |
| Attributable to: | | |
| Shareholders of the Company | (25,630) | 20,769 |
| Minority Interest | 539 | (5,445) |

Consolidated Balance Sheet

| \$ in thousands | December 31, 2007 Actual | September 30, 2008 Actual |
|-------------------------------------|--------------------------|---------------------------|
| Fixed Assets | 155,763 | 297,807 |
| Goodwill and Intangibles | 50,291 | 69,863 |
| Other non-current assets | 76,613 | 76,558 |
| Inventories | 186,410 | 330,997 |
| Receivables | 187,243 | 235,055 |
| Other current assets | 52,336 | 75,145 |
| Cash | 187,891 | 154,162 |
| TOTAL ASSETS | 896,547 | 1,239,587 |
| TOTAL EQUITY | 309,797 | 378,432 |
| Long-term Debt | 115,726 | 157,296 |
| Pension Liabilities | 102,809 | 119,014 |
| Other long-term liabilities | 61,872 | 82,072 |
| Current Debt | 25,056 | 76,501 |
| Accounts Payable | 126,827 | 186,333 |
| Advance Payments | 74,731 | 100,312 |
| Accruals | 42,356 | 54,264 |
| Other current liabilities | 37,373 | 85,363 |
| TOTAL LIABILITIES | 586,750 | 861,155 |
| TOTAL LIABILITIES AND EQUITY | 896,547 | 1,239,587 |

Consolidated Cash Flows

| \$ in thousands | <u>Q3 2007 Actual</u> | <u>Q3 2008 Actual</u> |
|----------------------------------------------------|-----------------------|-----------------------|
| Cash Flows from Operations | 34,054 | 67,788 |
| Capital Expenditures | (14,905) | (38,758) |
| Other Investing Activities | <u>(44,282)</u> | <u>(3,717)</u> |
| Cash Flows from Investing Activities | (59,187) | (42,475) |
| Cash Flows from Financing Activities | 178,409 | 29,680 |
| Net increase (decrease) in cash | 153,276 | 54,993 |
| Beginning Cash | 77,377 | 113,362 |
| Effects of exchange rates on cash | <u>13,532</u> | <u>(14,192)</u> |
| Ending Cash | 244,185 | 154,162 |
| Approximate availability under AMG lines of credit | | 21,944 |
| Total Liquidity | | 176,106 |