



AMG Advanced Metallurgical Group N.V.



Investor Presentation
HSBC SRI Conference



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 producer of silicon metal

2008 Earning Target : 2008 EBITDA target to \$175 - \$185 million or 47% - 55% growth over 2007

Business Summary

- Global economic downturn significantly affected demand during the 4th quarter
- The Advanced Material Division is implementing a reduction in staffing that will exceed 10% of its workforce
- Comprehensive working capital reduction in process
- All non-essential capital spending programs are suspended until economic conditions improve
- Market conditions are unpredictable and will be challenging in 2009
- Timminco produced 554 metric tonnes and shipped 423 metric tonnes of Upgraded Metallurgical (UMG) solar silicon during the 4th quarter 2008
 - Total production for 2008: 1,214 mt
 - Total shipments for 2008: 1,044 mt
- 4th quarter 2008 UMG solar silicon average selling price: C\$65/kg

Financial Summary YTD September 2008

- Year to date revenue rose 40% to \$1,177 million
- Year to date Adjusted EBITDA increased 99% to \$177 million
- Year to date EPS increased to \$2.49 per share from (\$0.24) in the prior year
- Year to date free cash flow⁽¹⁾ was \$114.8 million

- Strong balance sheet:
 - Cash on balance sheet of \$154.2
 - Net Debt of \$79.6; Net Debt to YTD EBITDA of 0.5x
- Capital expenditures were \$95.3 million
 - Maintenance: \$13.9 million
 - Expansion: \$81.4 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 – Solar, Fuel Economy, Recycling and Nuclear

Focus on CO₂ Technologies and Markets

Solar

- Furnace technology leadership for the production of solar silicon wafers
- Low-cost producer of UMG solar silicon based on proprietary technology
- New Timminco UMG 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 alloys

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 for the nuclear fuel cycle

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
Gross 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">▪ UMG Solar Grade Silicon▪ Silicon metal▪ DSS Vacuum furnaces▪ Coatings for thin film applications		<ul style="list-style-type: none">▪ Vacuum furnace systems for the production of high purity metals▪ VAI alloys▪ Superalloys for the Ti industry		<ul style="list-style-type: none">▪ Ferrovandium▪ Ferro nickel - molybdenum		<ul style="list-style-type: none">▪ Vacuum sintering furnace systems▪ Engineering for processing of weapons grade plutonium into MOX nuclear fuel		<ul style="list-style-type: none">▪ Chromium metal▪ Tantalum▪ Vacuum sintering furnace systems▪ Antimony trioxide▪ Natural graphite▪ Al 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
- U.S. vanadium expansion
 - Capacity expansion from 4.5 million lbs to 5.5 million lbs to be completed in 2010
- Pricing and volumes significantly impacted by economic downturn
- Consolidated supply markets

Fuel Economy & Aerospace

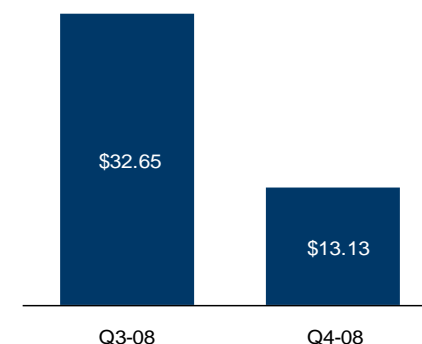
- One of a few certified aerospace alloy producers globally
- Key customers include Allegheny Technologies and Titanium Metals
- Demand affected by new aircraft delays
- Consolidated supply market

Selected Other Materials

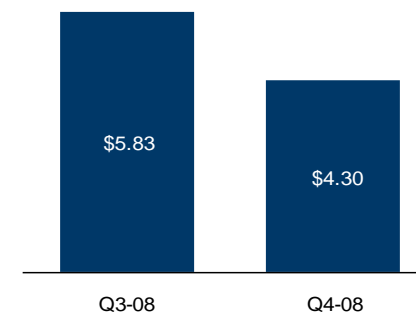
- Tantalum mine expansion completed; hydro electric expansion to be completed in Q1 2009
- High-purity chromium metal demand decreased due to weakness in specialty stainless steel

Pricing

FeV Reference pricing down 60%



Cr Metal Reference pricing down 26%



Engineering Systems Division

Market Leadership

Solar

- Demand for solar silicon melting and crystallisation furnace systems moderated
- Key customers include REC and Elkem
- Berlin facility is producing six DSS systems per week

Fuel Economy & Aerospace

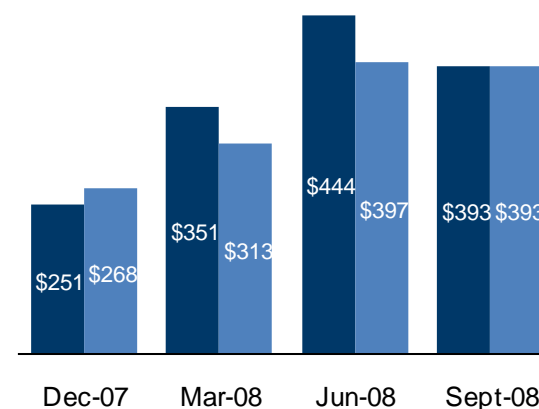
- Multi-industry demand for titanium alloys (e.g., aerospace engine and industrial gas turbine markets)
- Key customers include ThyssenKrupp, Baosteel and Allegheny Technologies

Nuclear

- Demand is driven by global specialty metals industry
- 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)
- Delays and cancellations are possible in the current economic downturn

Timminco

Market Leadership

Solar Grade Silicon

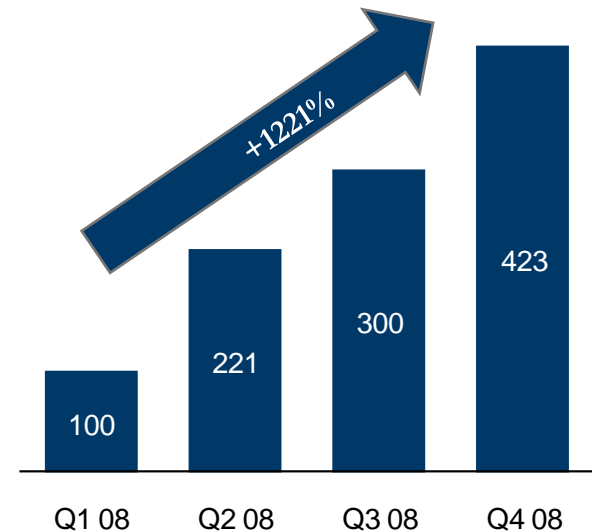
- Producer of UMG Si for the rapidly growing solar photovoltaic energy industry
- 99.999% solar silicon purity achieved with proprietary production technology
- Low boron and phosphorous levels
- 1,044 tonnes shipped in 2008
- 1,214 tonnes produced in 2008
- Expansion of capacity to 14,400 tonnes is on going
- Demand impacted by economic slowdown

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 Si shipments up 1221% 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

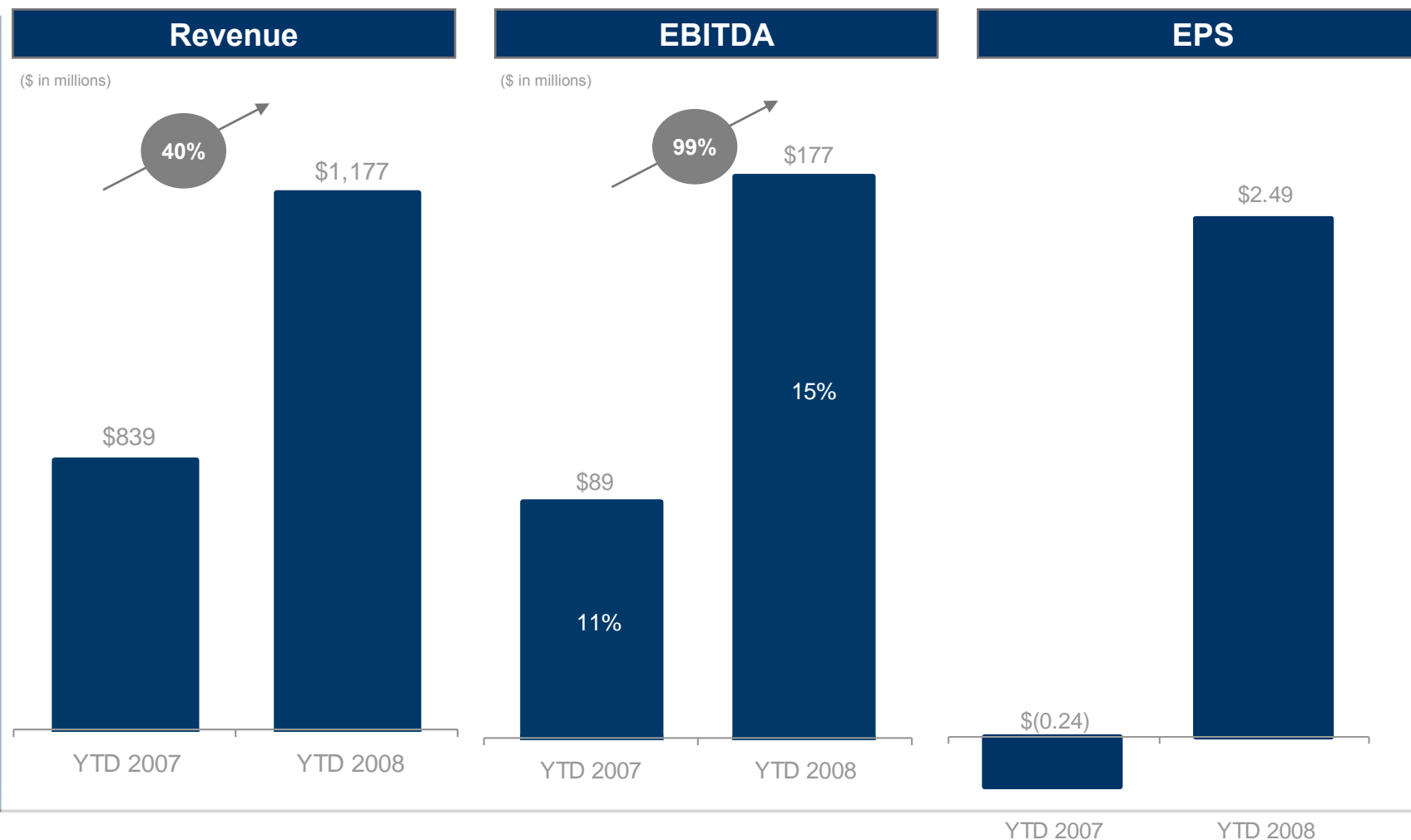
Fuel Economy & Nuclear

- 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 YTD September 2008

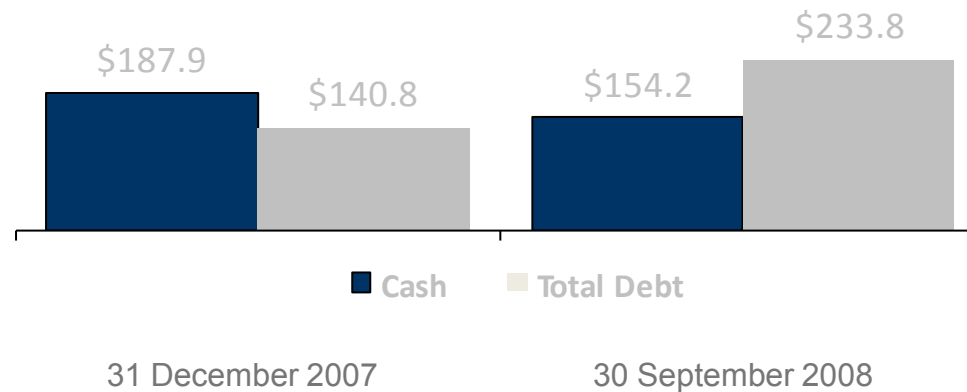


Capital Programmes

Current Capital Programmes

Product	Amount	Purpose	Timing
Silicon	\$30m	Expansion of Timminco's UMG solar silicon metal facility	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	\$15m	Maintenance of facilities and equipment	Annual basis

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

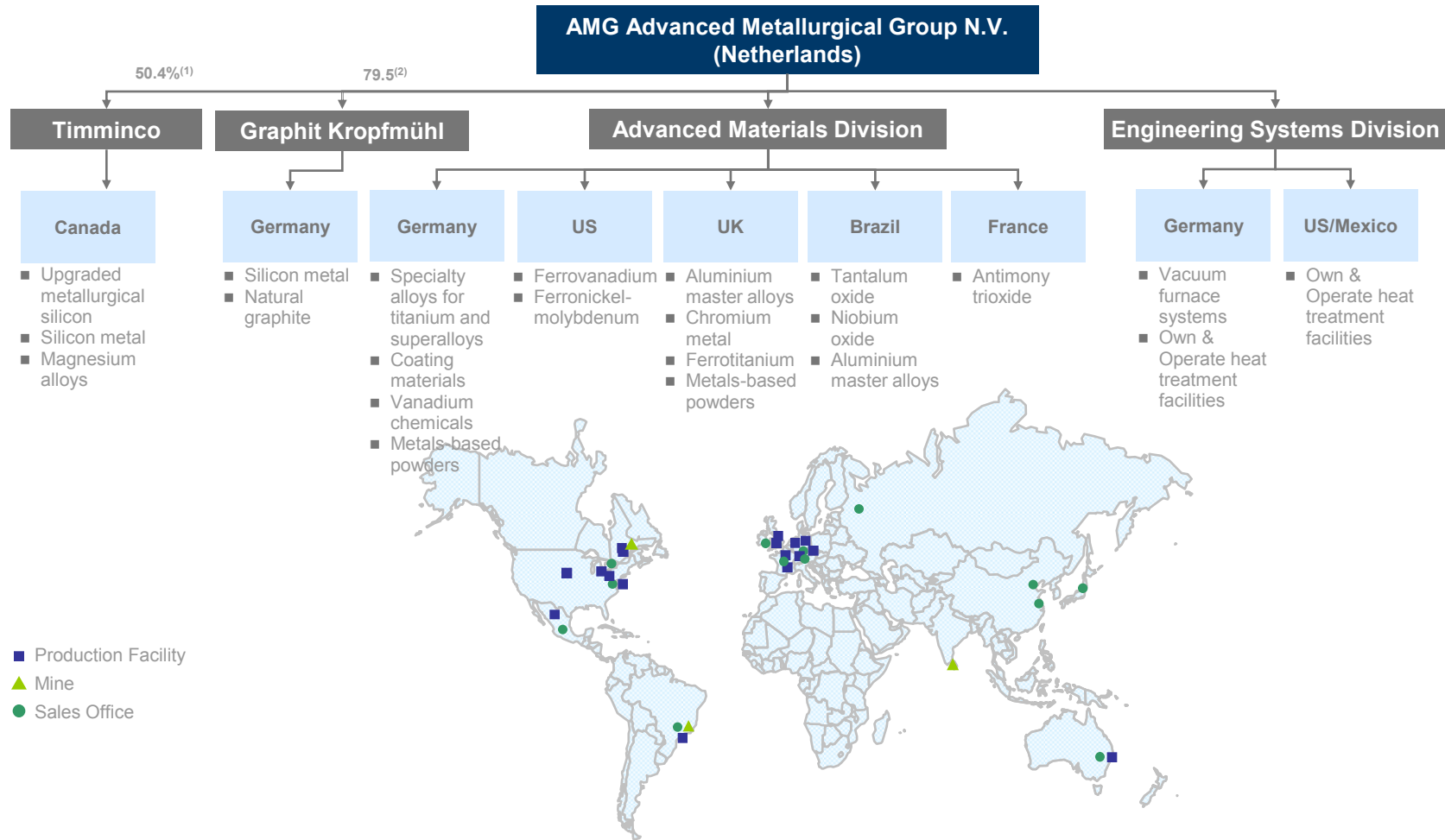
- Global demand expected to stabilize at current level due to economic uncertainty
- Significant backlog as of 30 September - 1.2x YTD September 2008 revenues
- Solar silicon furnace production ramp up: 6 systems produced per week during Q3
- Pricing remains steady
 - 2009 margin levels are expected to be consistent with 2008

Timminco

- Upgraded Metallurgical Silicon capacity expansion continuing
 - Six lines have been installed as of December 31, 2008
 - 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).

Consolidated Income Statement

\$ in thousands

	<u>Q3 2007 Actual</u>	<u>Q3 2008 Actual</u>
Total Revenue	292,897	437,561
Cost of Goods Sold	<u>243,312</u>	<u>342,960</u>
Gross Margin	49,585	94,601
Selling, General and Admin.	31,900	44,397
Impairment of Fundo	-	3,652
Other Expense (Income)	<u>(6,217)</u>	<u>(1,113)</u>
Operating Profit	23,902	47,665
Net Finance Costs	36,901	6,650
Equity Accounted Investee Profit	<u>(877)</u>	<u>(11,717)</u>
Profit before Income taxes	(13,876)	29,298
Tax Provision	<u>11,215</u>	<u>13,974</u>
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