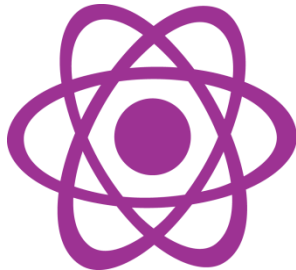




# AMG Advanced Metallurgical Group N.V.

Investor Presentation  
August 2009





THIS DOCUMENT IS STRICTLY CONFIDENTIAL AND IS BEING PROVIDED TO YOU SOLELY FOR YOUR INFORMATION BY AMG ADVANCED METALLURGICAL GROUP N.V. (THE “COMPANY”) AND MAY NOT BE REPRODUCED IN ANY FORM OR FURTHER DISTRIBUTED TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE. FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF APPLICABLE SECURITIES LAWS.

This presentation does not constitute or form part of, and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Company or any of its subsidiaries nor should it or any part of it, nor the fact of its distribution, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

This presentation has been prepared by, and is the sole responsibility of, the Company. This document, any presentation made in conjunction herewith and any accompanying materials are for information only and are not a prospectus, offering circular or admission document. This presentation does not form a part of, and should not be construed as, an offer, invitation or solicitation to subscribe for or purchase, or dispose of any of the securities of the companies mentioned in this presentation. These materials do not constitute an offer of securities for sale in the United States or an invitation or an offer to the public or form of application to subscribe for securities. Neither this presentation nor anything contained herein shall form the basis of, or be relied on in connection with, any offer or commitment whatsoever. The information contained in this presentation has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information or the opinions contained herein. The Company and its advisors are under no obligation to update or keep current the information contained in this presentation. To the extent allowed by law, none of the Company or its affiliates, advisors or representatives accept any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.

Certain statements in this presentation constitute forward-looking statements, including statements regarding the Company's financial position, business strategy, plans and objectives of management for future operations. These statements, which contain the words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "will," "may," "should" and similar expressions, reflect the beliefs and expectations of the management board of directors of the Company and are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, the achievement of the anticipated levels of profitability, growth, cost and synergy of the Company's recent acquisitions, the timely development and acceptance of new products, the impact of competitive pricing, the ability to obtain necessary regulatory approvals, and the impact of general business and global economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein.

Neither the Company, nor any of its respective agents, employees or advisors intend or have any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this presentation.

The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.

This document has not been approved by any competent regulatory or supervisory authority.



- Preeminent global specialty materials and materials technology company serving growing end-markets
- **Advanced Materials Division:** Niche and complex specialty materials
- **Engineering Systems Division:** Advanced vacuum furnace systems for high-purity metals
- **Timminco (52.2%-owned):** <sup>(1)</sup> Solar grade silicon and silicon metal
- **Graphit Kropfmühl (79.5%-owned):** Integrated miner of natural graphite and producer of silicon metal
- **2009 Q2 Results:** Revenue down 5% from Q1 to \$233.4 million and EBITDA up over 300% from Q1 to \$13.0 million

## AMG's Strategy



## Strategy in action



AMG's strategy is to increase shareholder value through focusing on global CO<sub>2</sub> reduction technologies and industries – Solar, Fuel Efficiency, Recycling and Nuclear



## Solar

- Furnace technology leadership for the production of solar silicon wafers
- Low-cost producer of UMG solar silicon based on proprietary technology
- Producer of silicon metal feedstock used to manufacture polysilicon

## Fuel Efficiency

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

## Recycling

- Spent refinery catalyst and power plant residue recycling used to produce ferrovanadium and ferronickel-molybdenum and vanadium alloys
- Long-term contract for spent catalysts supports long term capacity expansion plans

## Nuclear

- Sintering furnaces for nuclear fuel and related furnaces for the nuclear fuel cycle
- Furnaces and process technology for pebble bed reactors
- Graphite produced by GK is a critical input for nuclear components



## AMG Advanced Metallurgical Group N.V. <sup>(1)</sup>

	Solar		Fuel Efficiency		Recycling		Nuclear		Other		Total Group YTD	
	Q2 09	Q2 08	Q2 09	Q2 08	Q2 09	Q2 08	Q2 09	Q2 08	Q2 09	Q2 08	Q2 09	Q2 08
Revenue	84	100	62	124	18	55	3	0	66	134	233	413
Gross Margin	20	28	5	27	(2)	19	1	1	7	18	32	93
Margin %	24%	28%	8%	22%	-11%	35%	45%	N/A	11%	13%	14%	22%
	<ul style="list-style-type: none"><li>▪ UMG Solar Grade Silicon</li><li>▪ Silicon metal</li><li>▪ DSS Vacuum furnaces</li><li>▪ Coatings for thin film applications</li></ul>		<ul style="list-style-type: none"><li>▪ Vacuum furnace systems for the production of high purity metals</li><li>▪ VAl alloys</li><li>▪ Superalloys for the Ti industry</li></ul>		<ul style="list-style-type: none"><li>▪ Ferrovandium</li><li>▪ Ferro nickel - molybdenum</li></ul>		<ul style="list-style-type: none"><li>▪ Vacuum sintering furnace systems</li><li>▪ Engineering for processing of weapons grade plutonium into MOX nuclear fuel</li></ul>		<ul style="list-style-type: none"><li>▪ Chromium metal</li><li>▪ Tantalum</li><li>▪ Vacuum sintering furnace systems</li><li>▪ Antimony trioxide</li><li>▪ Natural graphite</li><li>▪ Al master alloys</li></ul>			
	<ul style="list-style-type: none"><li>▪ World's largest producer of UMG Si for solar applications</li></ul>		<ul style="list-style-type: none"><li>▪ Petrol prices drive growth in specialty metals to improve fuel economy</li></ul>		<ul style="list-style-type: none"><li>▪ Secondary business model enables unique low cost feedstock</li></ul>		<ul style="list-style-type: none"><li>▪ Acquired remaining 50% of nuclear joint venture</li></ul>		<ul style="list-style-type: none"><li>▪ Portfolio of diverse metals based businesses</li></ul>			

A focus on global CO<sub>2</sub> reduction technologies and industries

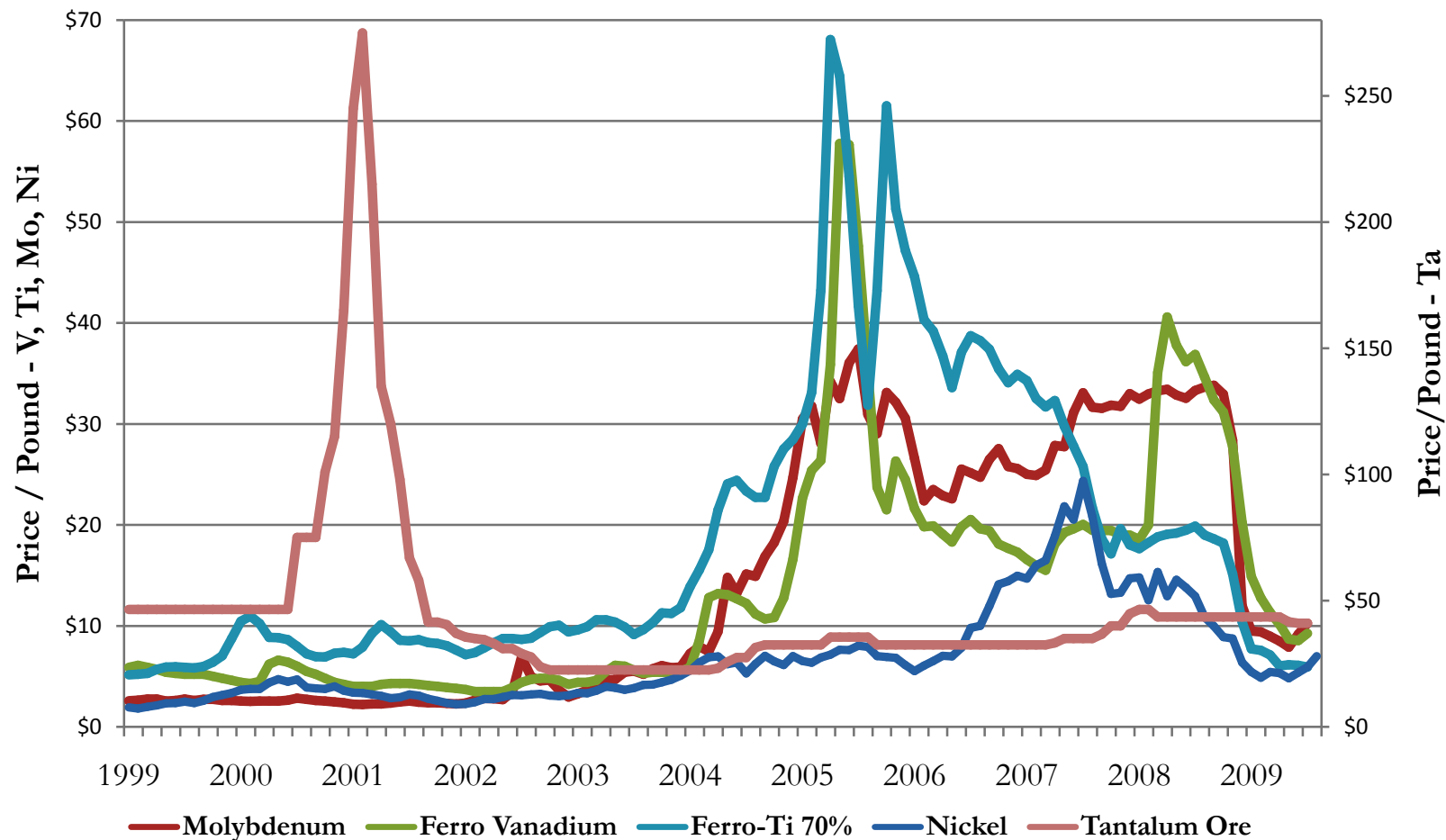


- Market conditions continued to be challenging in Q2 2009
- Advanced Materials volume and price declines slowed during Q2; certain product volumes and prices showed signs of a bottom
- Engineering Systems produced solid Q2 results; the backlog declined 10% amid global reductions in capital investment
- Timminco UMG Si and silicon metal customers postponed deliveries; Timminco temporarily idled its three silicon metal furnaces
- GK maintained profitability despite lower silicon and graphite pricing and increased energy costs





## AMG significant specialty metals price trends: last 10 years

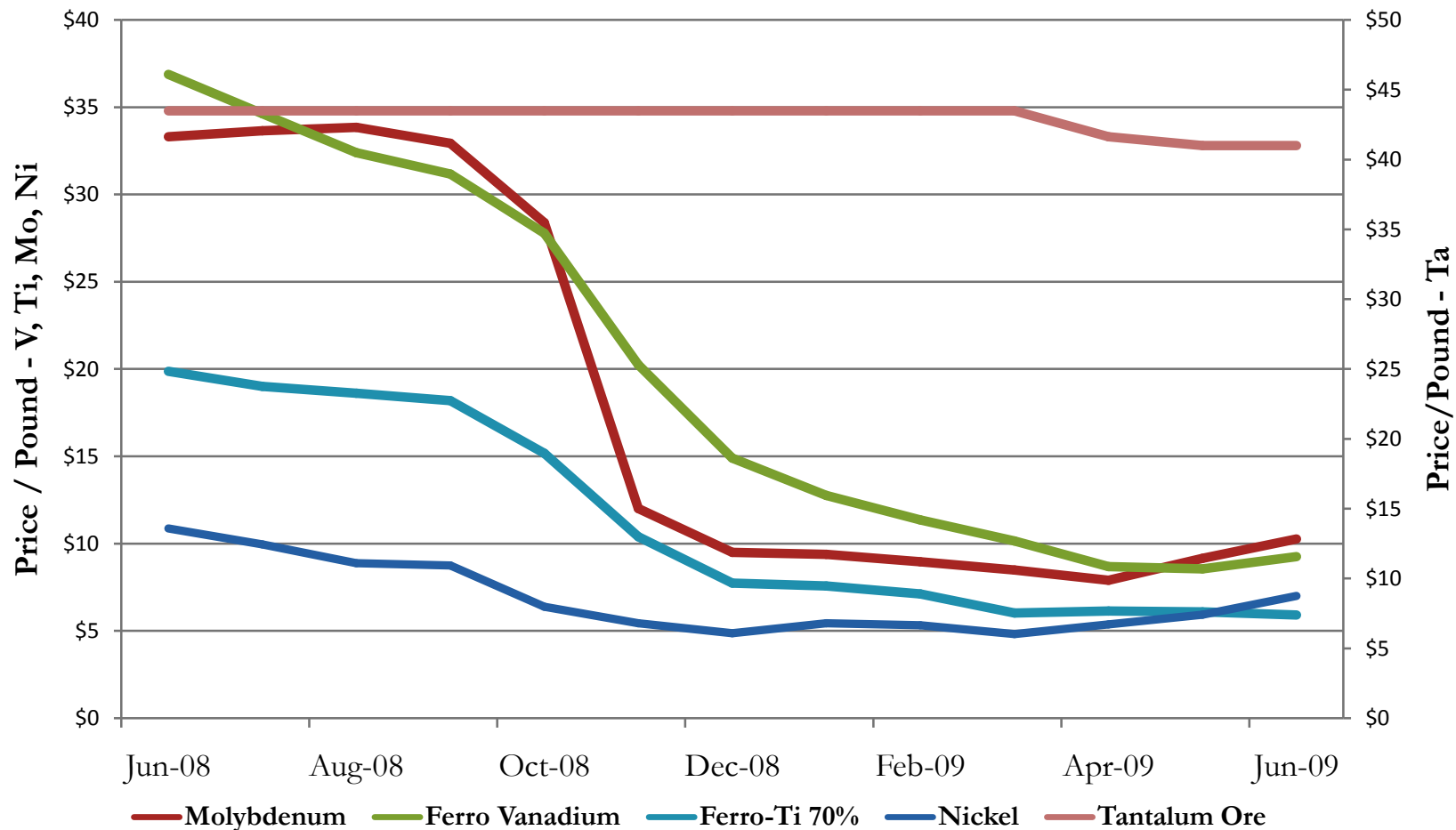


Specialty metals prices are at 5 year lows





## AMG significant specialty metals price trends: LTM Prices



Prices appear to have reached a bottom during Q2 2009



- Q2 Revenue: \$233.4 million
  - Q2 revenue excluding Timminco: \$214.9 million
  - H1 2009 revenue: \$479.5 million
- Q2 EBITDA: \$13.0 million
  - EBITDA excluding Timminco: \$22.2 million
  - H1 2009 EBITDA excluding Timminco: \$38.0 million
- Cash of \$110.1 million and debt at \$249.3 million at June 30, 2009
  - Net debt of \$139.2 million at June 30, 2009
  - Excluding Timminco, net debt was \$85.1 million, 0.9x TTM June 2009 EBITDA

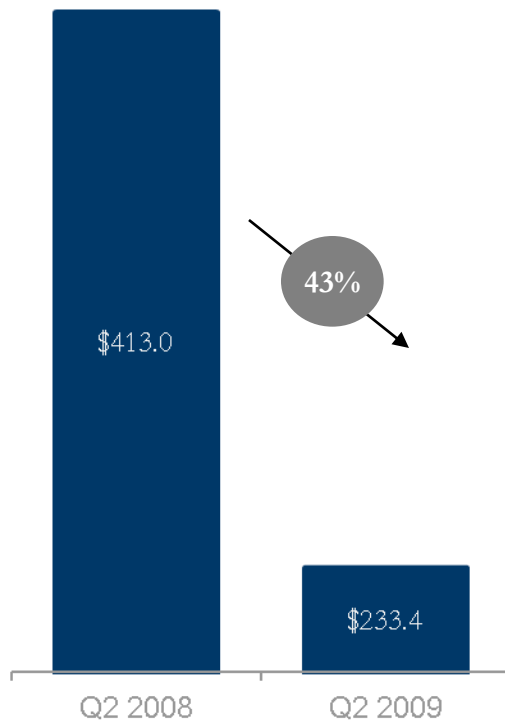


# Results for Q2 2009



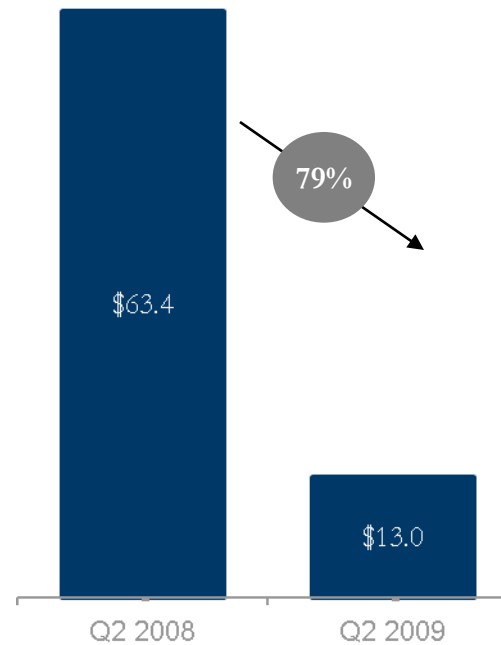
## Revenue

(\$ in millions)



## EBITDA

(\$ in millions)

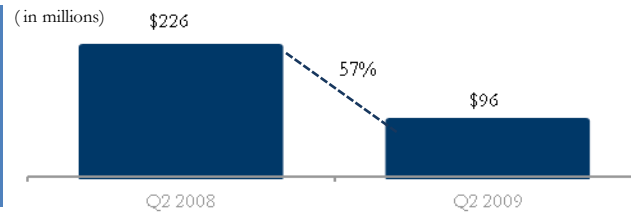


## EPS

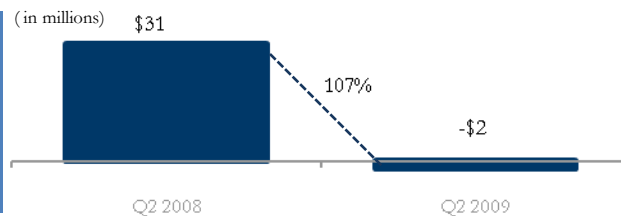


## Q2 2009 Financial Summary

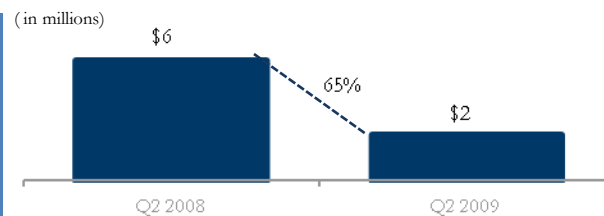
### Revenue



### EBITDA



### Capital Expenditure

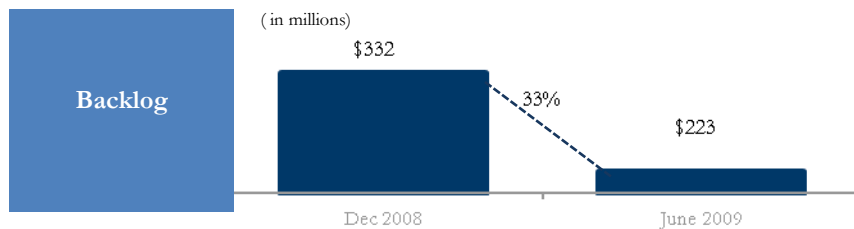
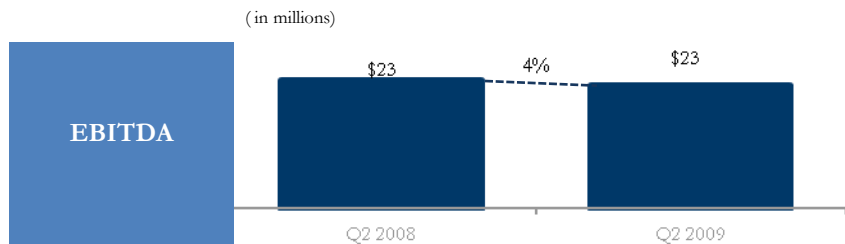
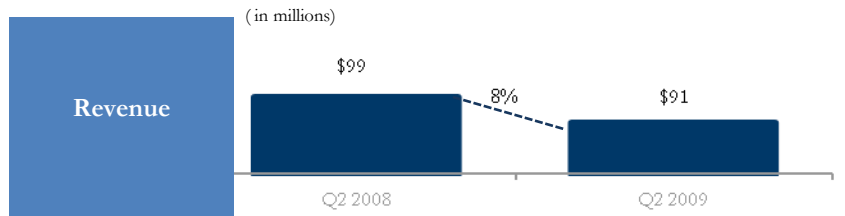


## Highlights

- FeV reference prices declined 74% and FeV volumes declined 5% year over year impacting both revenue and EBITDA
- Demand remained soft due to lower structural steel production levels
- FTE headcount reduction of 20% from September 30, 2008
- Capital expansion limited to completion of projects in process and essential maintenance capital



## Q2 2009 Financial Summary

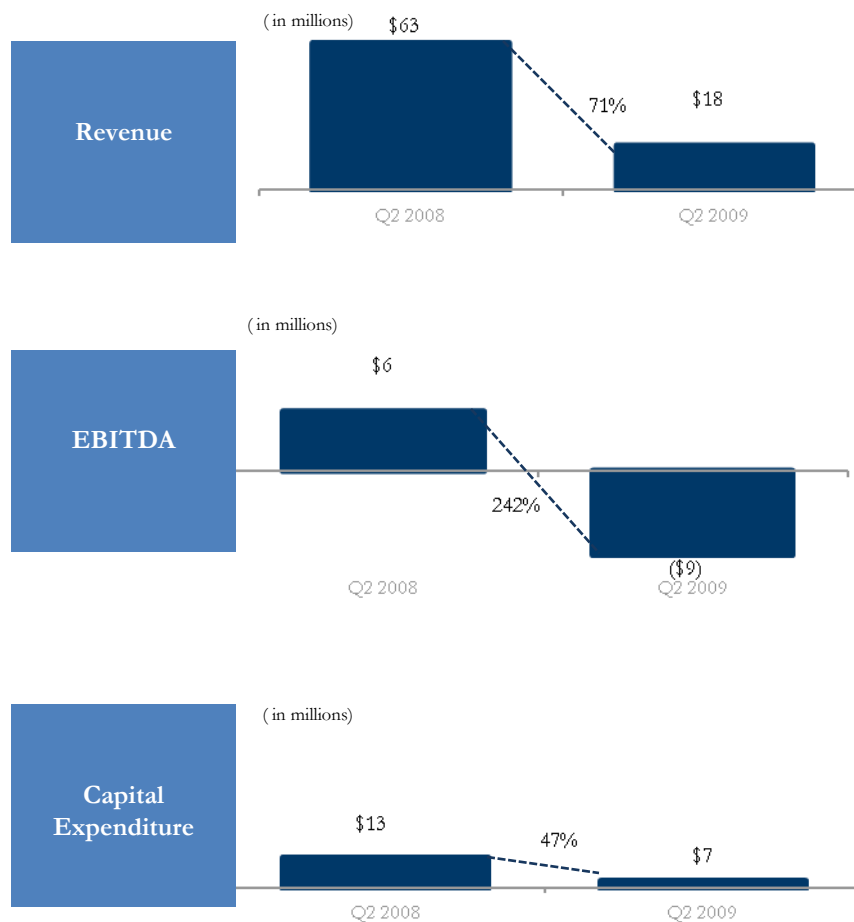


## Highlights

- Revenue decreased 8% to \$91 million
  - Solar silicon DSS furnace revenues increased 64% in Q2 09 as compared to Q2 08
- EBITDA was strong at \$23 million
- Backlog declined from \$332 million at December 31 2008 to \$223 million at June 30, 2009
  - Order backlog is now primarily comprised of furnaces sold to fuel efficiency end market
- H2 2009 EBITDA is expected to trail H1 due to the decline in backlog

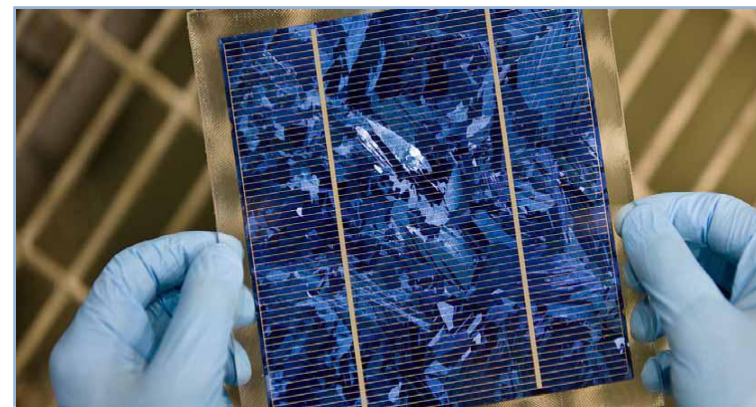


## Q2 2009 Financial Summary



## Highlights

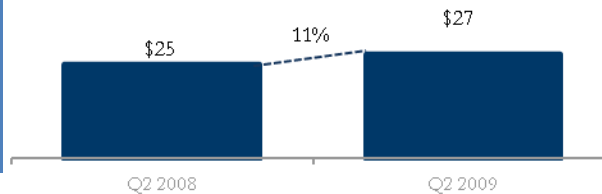
- Revenue decline due to lower silicon metal prices and stagnant UMG Si orders
- UMG Si pricing declined substantially due to excess capacity for polysilicon in the solar market
- EBITDA negatively impacted by lower volumes as well as production inefficiencies
- Future capital expenditures for the UMG Si line have been deferred until orders rebound
- Magnesium spin off completed during July of 2009



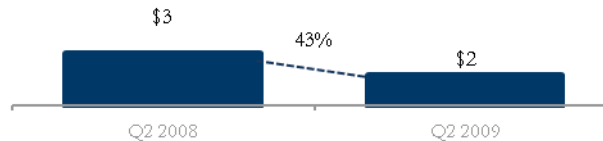


## Q2 2009 Financial Summary

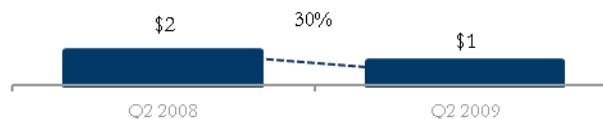
### Revenue



### EBITDA



### Capital Expenditure



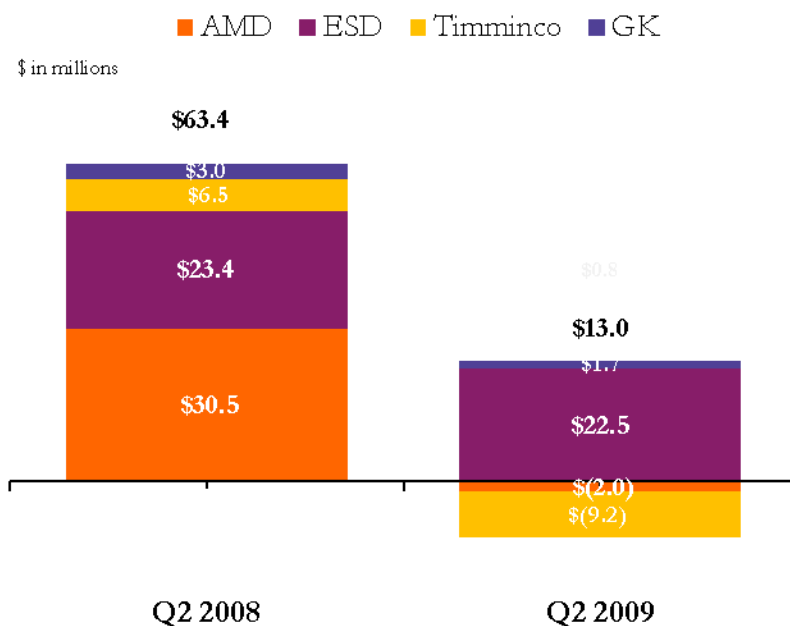
## Highlights

- AMG acquired GK in April of 2008 – Q2 2008 data is two months while Q2 2009 data is three months
- Revenues for GK were negatively impacted by a decline in silicon metal volumes and declining graphite volumes and pricing
- EBITDA was approximately \$1.7 million which was higher than EBITDA achieved in Q109 due to cost containment measures
- Capital expenditures spent primarily on the expansion of the production capacity in the silicon metal operations which was initiated in 2008
- Future expansion capital spending has been delayed until market improves





## Total EBITDA



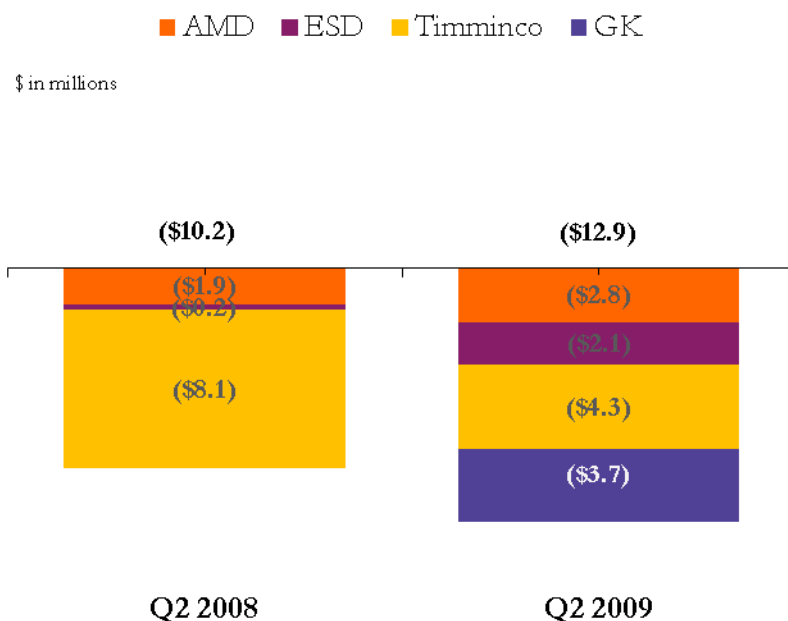
## EBITDA

\$ in millions	Q2 2008	Q2 2009
Operating Profit	40,879	(6,763)
+ Depreciation / Amortization	6,849	9,435
+ / - FX income (loss)	(202)	3,243
+ Restructuring and Impairment	13,118	311
+ Environmental	10	195
+ Stock Option Expense	2,738	6,581
Adjusted EBITDA	63,392	13,002
Adjusted EBITDA excluding Timminco	56,908	22,202

- Non-recurring items in Q2 2009 include:
  - Restructuring completed at Timminco and in Advanced Materials to further reduce headcount
  - Q2 2008 restructuring and asset impairment included write down of Fundo investment



## Total Free Cash Flow



## Free Cash Flow

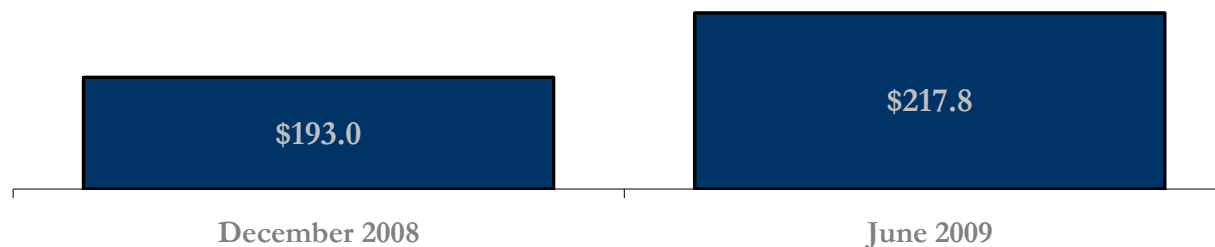
\$ in millions	Q2 2008	Q2 2009
Adjusted EBITDA	60,404	13,002
+ / - Change in working capital	(65,614)	(24,442)
- Maintenance capital	(4,955)	(1,490)
Free Cash Flow	(10,165)	(12,930)
Free Cash Flow excluding Timminco	(2,073)	(8,665)

- Reduction in free cash flow primarily due to EBITDA decline
  - Decline in EBITDA which was more than offset by less investment in working capital and less capital expenditures
  - Working capital increased in the quarter primarily due to an decline in advanced payments at ALD

Note : Q2 2008 Free cash flow calculations exclude impact of GK acquisition



\$ in millions



METRIC		December 2008	June 2009
Trade and other receivables	days of sales	44	56
Inventories	days of COGS	100	128
Trade and other payables	days of COGS	64	73
Advance Payments	days of sales	25	18
Net Working Capital	days of sales	56	92
Net Working Capital	% of TTM sales	12.6%	17.3%



- Advanced Materials
  - Prices for specialty metals appear to have bottomed
  - Ferrovandium reference prices up 36% since June 30 (at August 12)
  - Demand increasing for many products, albeit from a low level
  - Annual cost reductions of over \$15 million implemented in H1
- Engineering Systems
  - Q2 order intake up 82% over Q1 2009
  - H2 2009 EBITDA will be less than H1 due to lower backlog as of June 30
- Timminco
  - Restarted 2 of 3 silicon metal furnaces to meet market demand
  - UMG Si demand and pricing visibility remains poor
  - Working to make UMG Si indistinguishable from polysilicon
- Graphit Kropfmühl
  - Silicon metal prices and demand have remained constant
  - Natural graphite demand remains challenging

# Appendix



# Consolidated Balance Sheet



\$ in thousands

December 31, 2008

June 30, 2009

Fixed Assets	313,470	337,770
Goodwill and Intangibles	47,060	51,193
Other non-current assets	74,514	69,651
Inventories	318,793	273,491
Receivables	173,422	150,251
Other current assets	59,292	54,316
Cash	<u>143,473</u>	<u>110,080</u>
<b>TOTAL ASSETS</b>	<b><u>1,130,024</u></b>	<b><u>1,046,752</u></b>
<b>TOTAL EQUITY</b>	311,811	311,636
Long-term Debt	138,990	162,631
Pension Liabilities	103,176	107,423
Other long-term liabilities	81,920	80,932
Current Debt	93,043	86,683
Accounts Payable	156,696	117,739
Advance Payments	94,049	46,912
Unearned Revenue	35,624	21,120
Accruals	53,882	44,389
Other current liabilities	60,833	67,287
<b>TOTAL LIABILITIES</b>	<b><u>818,213</u></b>	<b><u>735,116</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>1,130,024</u></b>	<b><u>1,046,752</u></b>

# Consolidated Income Statement



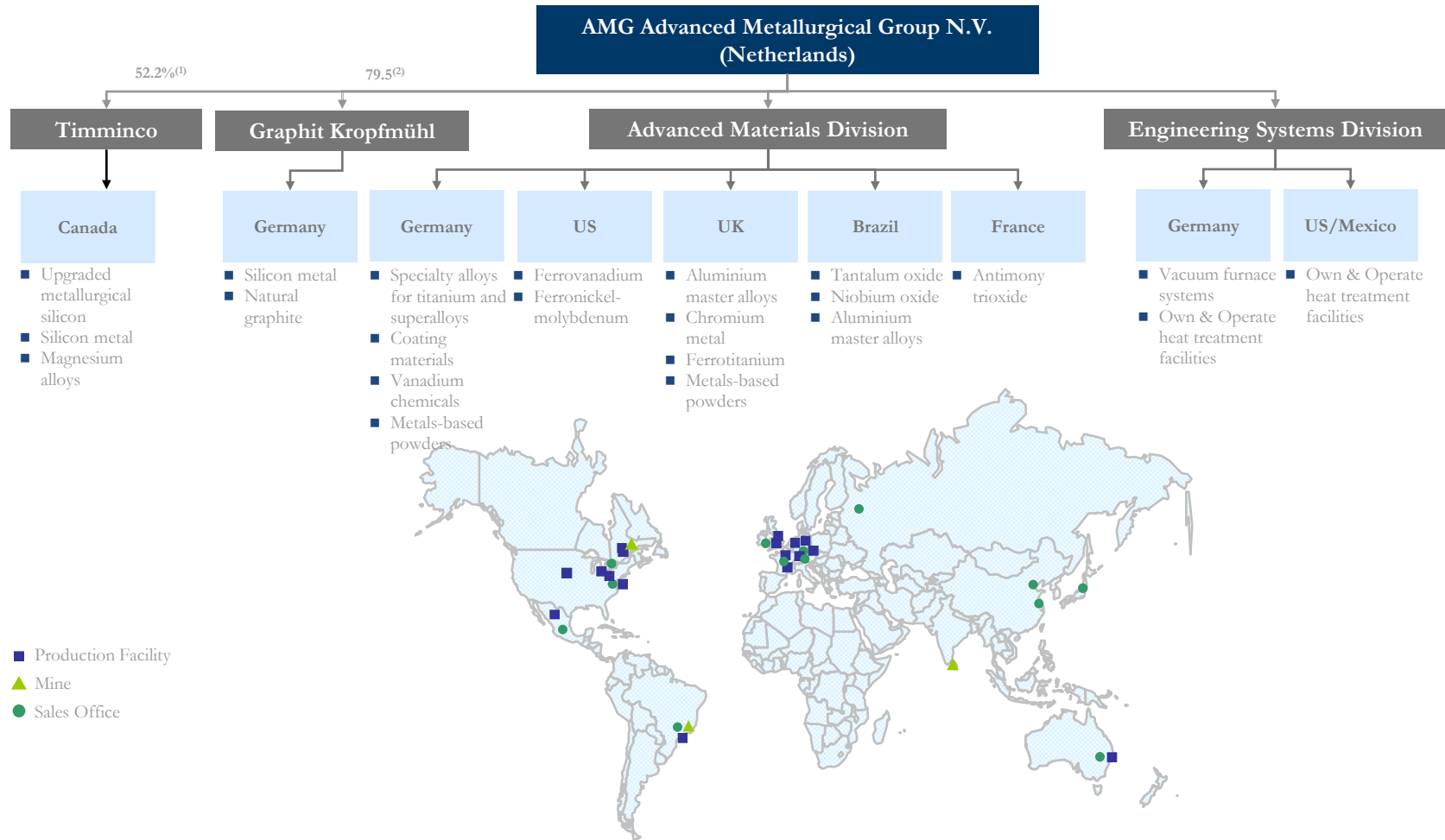
\$ in thousands

	Q2 2008	Q2 2009
Total Revenue	413,005	233,370
Cost of Goods Sold	321,003	199,829
Gross Margin	92,002	33,541
Selling, General and Admin.	39,632	41,189
Asset impairment and restructuring	13,118	311
Environmental	10	196
Other Expense (Income)	(1,637)	(1,392)
Operating Profit	40,880	(6,763)
Net Finance Costs	4,588	1,974
Equity Accounted Investee Profit	617	(613)
Profit before Income taxes	36,909	(9,350)
Tax Provision	14,112	9,395
Profit for the Quarter	22,797	(18,745)
Attributable to:		
Shareholders of the Company	25,273	(9,718)
Minority Interest	(2,476)	(9,027)

# Consolidated Cash Flows



\$ in thousands	Q2 2008	Q2 2009
Cash Flows from Operations	8,250	(1,138)
Capital Expenditures	(56,504)	(33,318)
Other Investing Activities	(59,776)	(9,228)
Cash Flows from Investing Activities	(116,280)	(42,546)
Cash Flows from Financing Activities	43,444	8,172
Net increase (decrease) in cash	(64,586)	(35,512)
Beginning Cash	172,558	143,473
Effects of exchange rates on cash	5,390	2,119
Ending Cash	113,362	110,080
Approximate availability under AMG lines of credit	69,444	80,000
Total Liquidity	182,806	190,080





# AMG Advanced Metallurgical Group N.V.

Investor Presentation  
August 2009

