



AMG Advanced Metallurgical Group N.V.

Investor Presentation
ING Benelux Conference
9 September 2009



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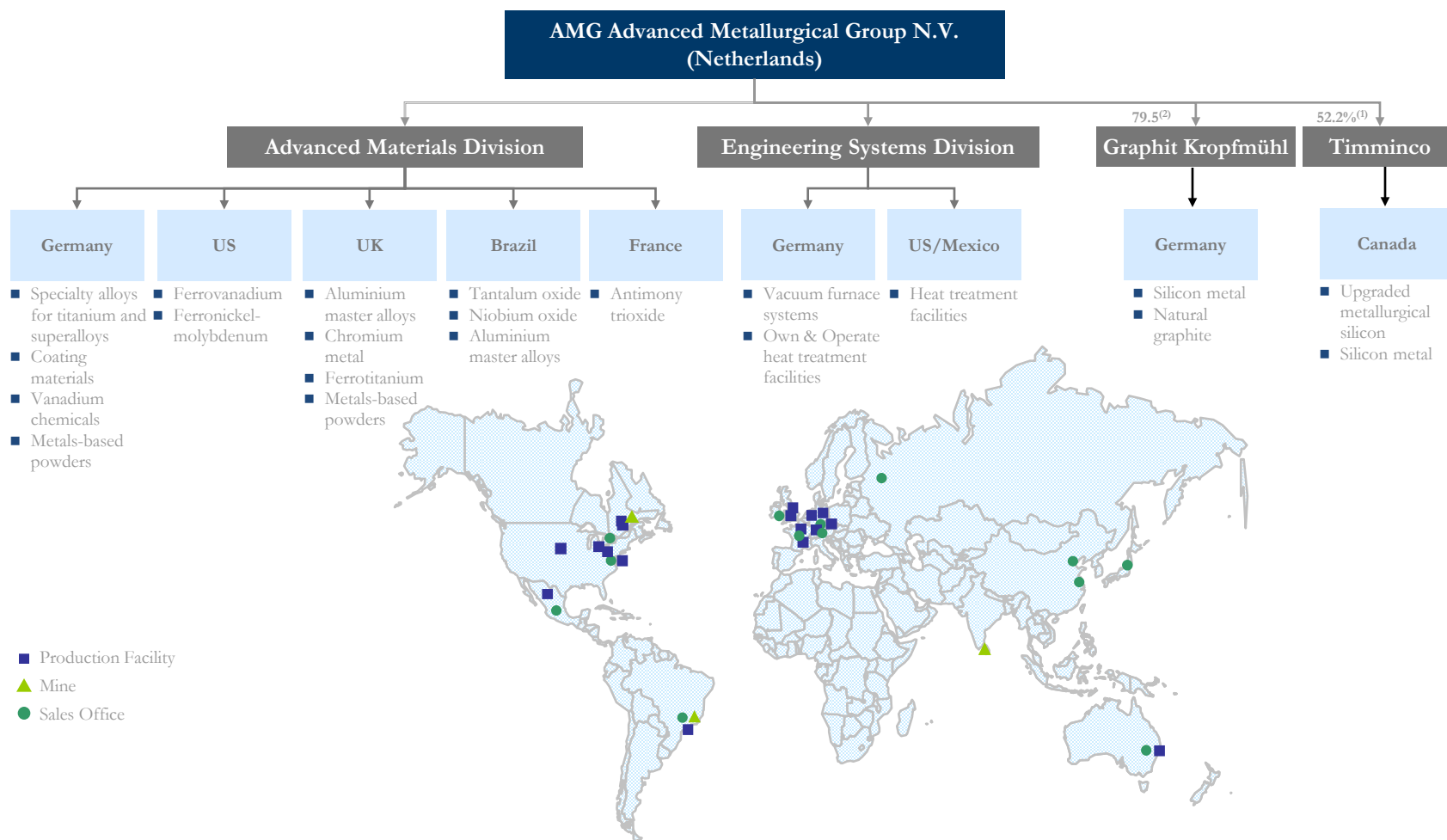
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- Highlights and Operational Review
- Market Overview
- Financial Review
- Outlook
- Appendix





- 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
- Publicly listed subsidiaries:
 - **Timminco (52.2%-owned):** Silicon metal and solar grade silicon
 - **Graphit Kropfmühl (79.5%-owned):** Natural graphite and silicon metal
- **2009 Q2 Results:** Revenue down 5% from Q1 to \$233.4 million and EBITDA up over 300% from Q1 to \$13.3 million



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).

AMG's Strategy



Strategic Priorities



AMG's strategy is to increase shareholder value through focusing on clean energy technologies and industries – Solar, Fuel Efficiency, Recycling and Nuclear

- Q2 Revenue: \$233.4 million
 - Q2 revenue excluding TIM: \$214.9 million
 - H1 2009 revenue excluding TIM: \$430.7 million
- Q2 EBITDA: \$13.0 million
 - EBITDA excluding TIM: \$22.2 million
 - H1 2009 EBITDA excluding TIM: \$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
 - Total liquidity \$190.1 million
 - Net debt was \$85.1 million excluding TIM, 0.9x TTM June 2009 EBITDA

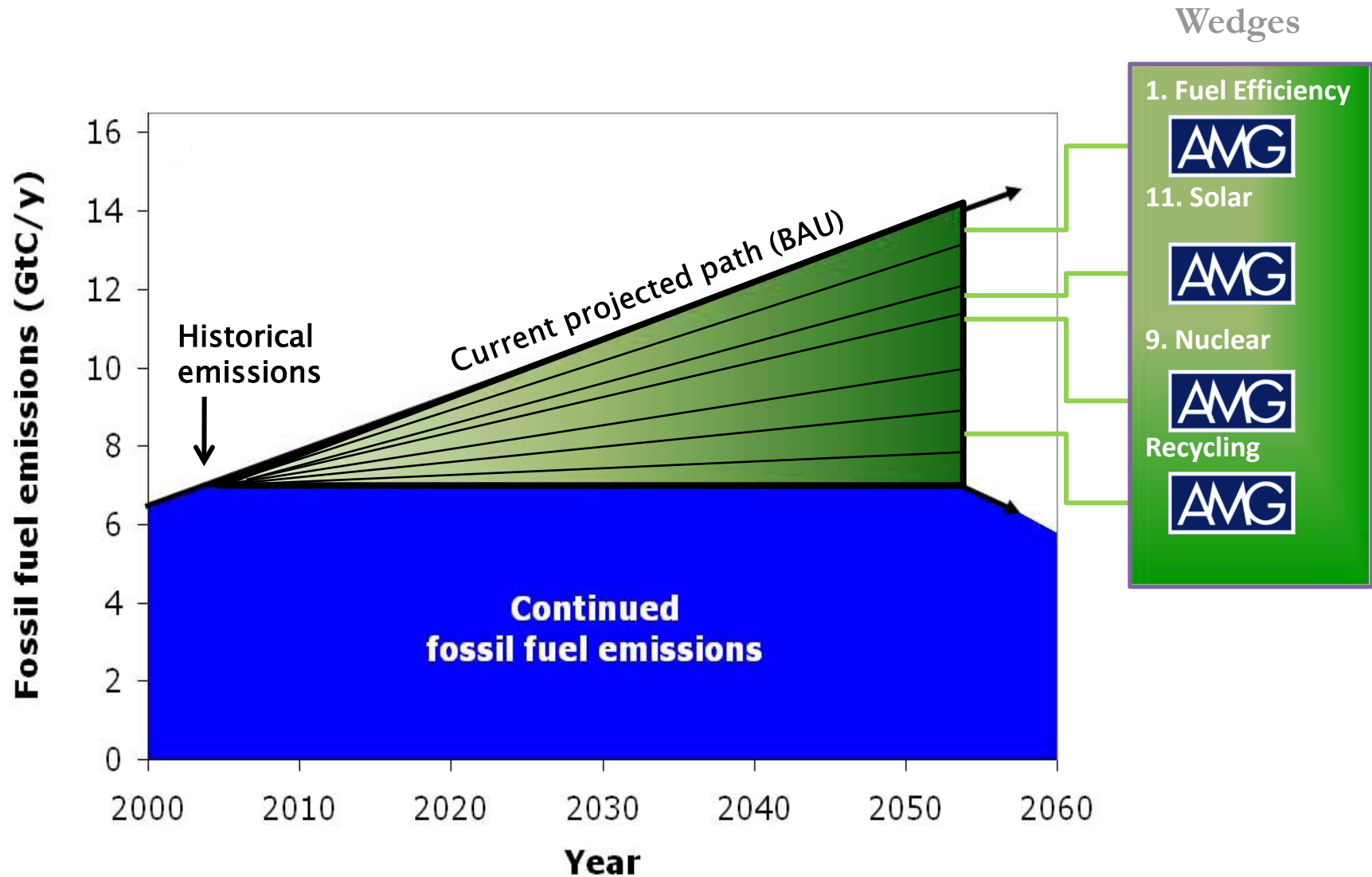


- Advanced Materials volume and price declines slowed during Q2; some product volumes showed signs of a bottom
- Engineering Systems produced solid Q2 results; the backlog declined amid global reductions in capital investment
- Publicly listed subsidiaries:
 - Timminco UMG Si and silicon metal customers postponed deliveries; temporarily idled its silicon metal furnaces
 - GK maintained profitability despite lower silicon and graphite pricing and increased energy costs



Market Overview

Stabilization Wedges - AMG





Fuel Efficiency

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

Solar

- Crystallisation and purification vacuum furnace technology
- Low-cost producer of UMG solar silicon based on proprietary technology
- Producer of silicon metal feedstock used to manufacture polysilicon

Recycling

- Recycling of spent refinery catalysts and power plant residues 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 cycle
- Annealing furnaces for production of nuclear fuels
- Vacuum furnace technology for pebble bed reactors
- Storage technology for nuclear waste

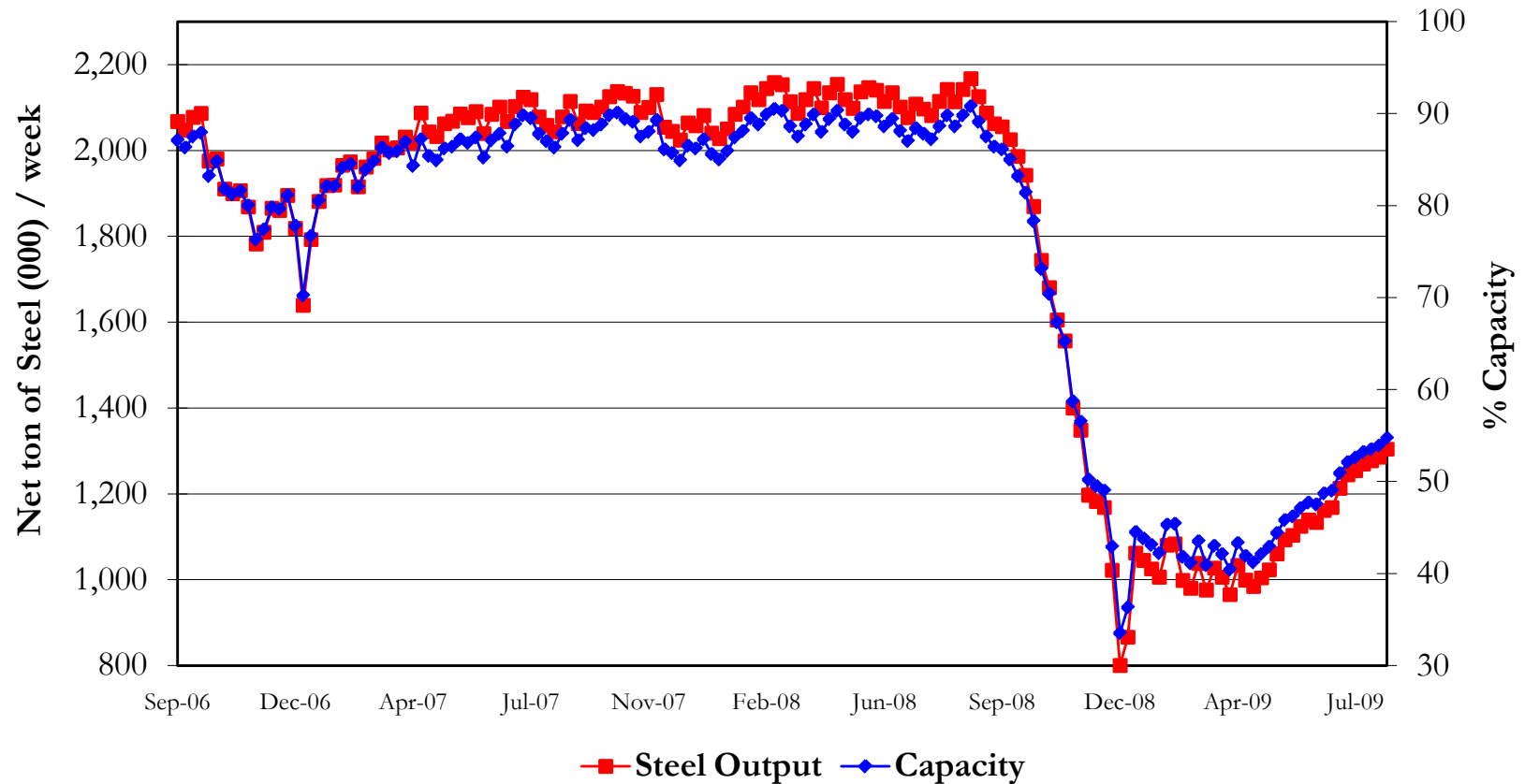
AMG Advanced Metallurgical Group N.V. ⁽¹⁾

Revenue Gross Margin Margin %	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
	84	100	62	124	18	55	3	0	66	134	233	413
	20	28	5	27	(2)	19	1	1	7	18	32	93
	24%	28%	8%	22%	-11%	35%	45%	N/A	11%	13%	14%	22%
	<ul style="list-style-type: none">▪ UMG Solar Grade Silicon▪ Silicon metal▪ DSS Vacuum furnaces and other solar furnaces▪ Coatings for thin film applications		<ul style="list-style-type: none">▪ Vacuum furnace systems for the production of high purity metals▪ VAl 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">▪ 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">▪ Expanding nuclear technologies portfolio and expertise		<ul style="list-style-type: none">▪ Portfolio of diverse metals based businesses			

A focus on global clean energy technologies and industries



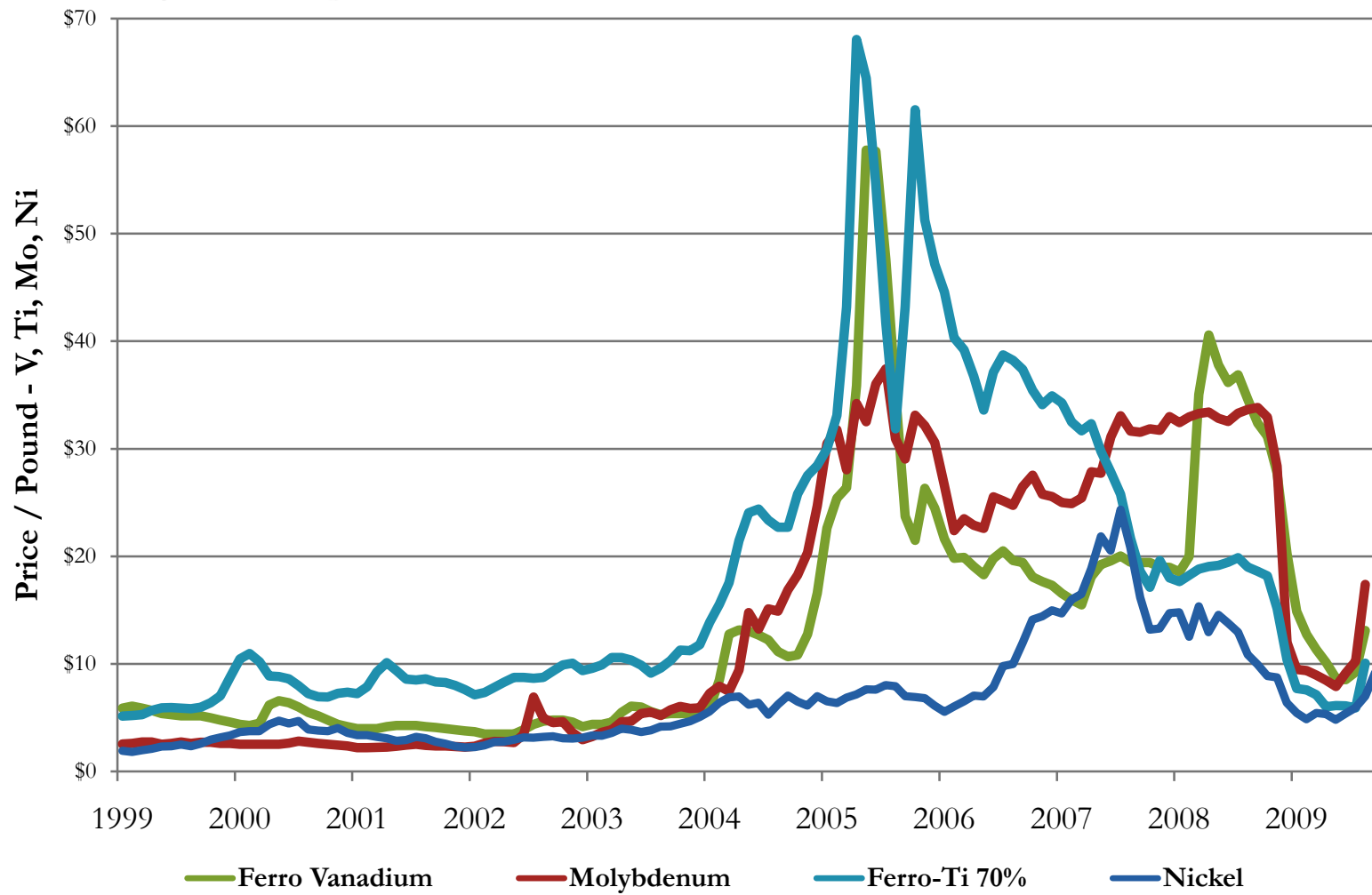
North American Steel Capacity Utilization



Capacity utilization is improving



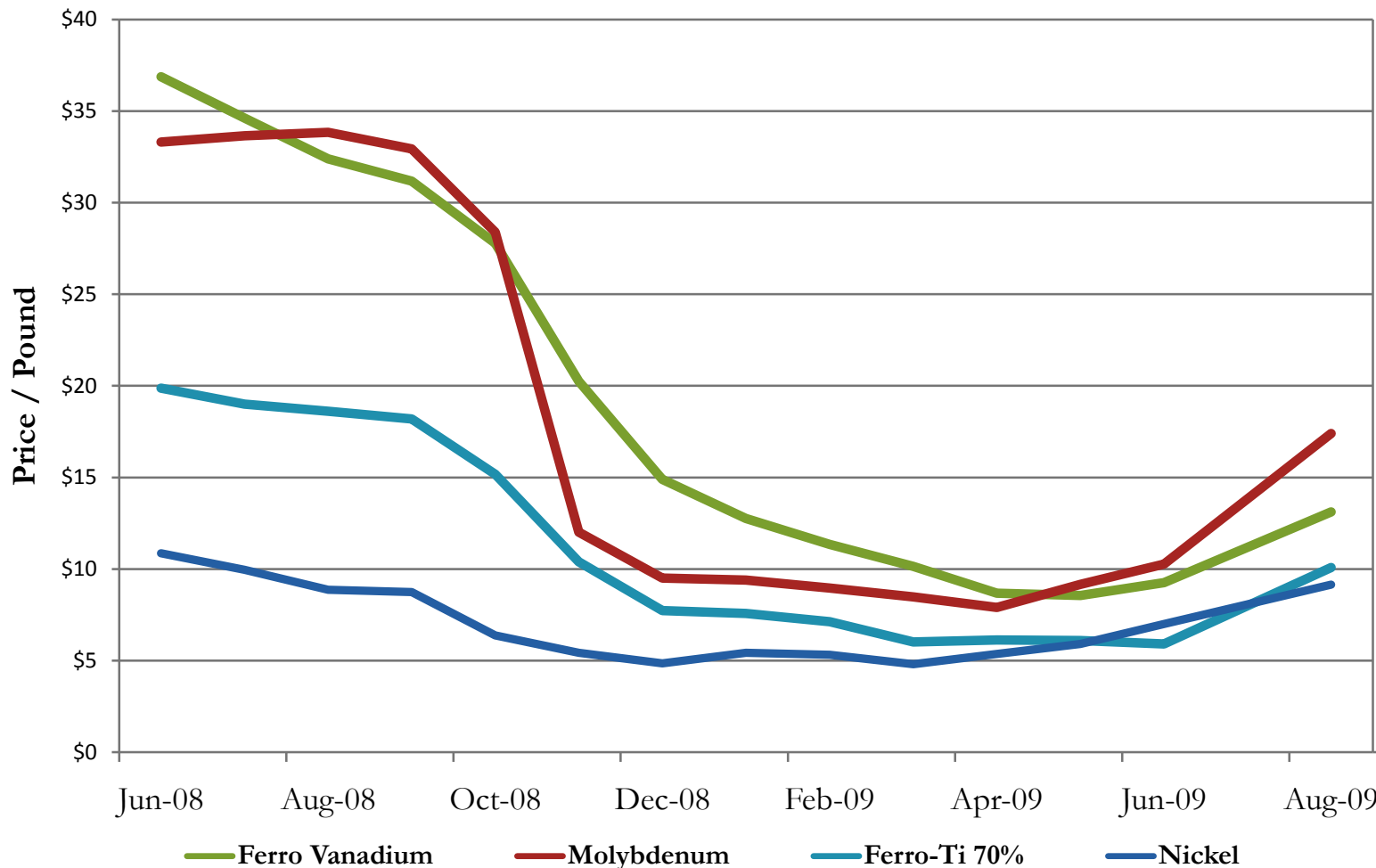
AMG significant price trends – 10 years



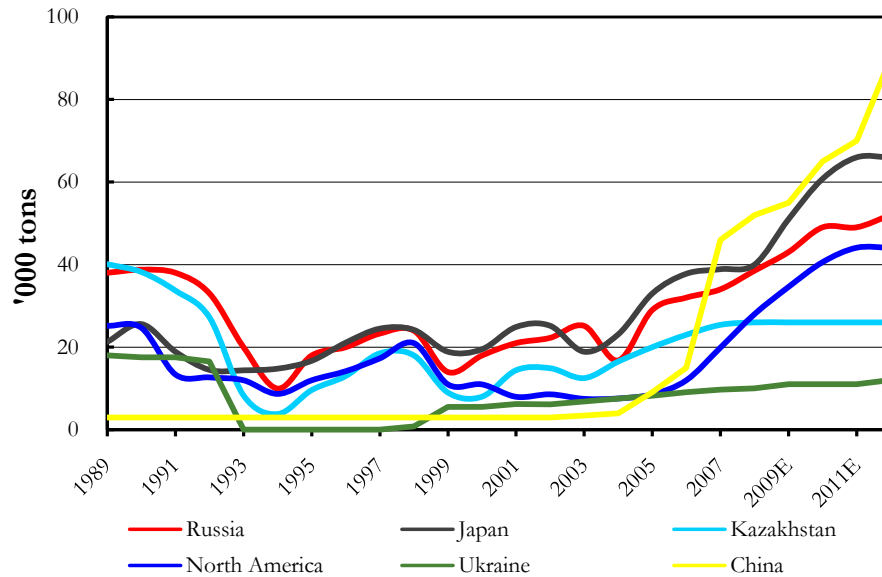
Prices are still below pre-crisis levels



AMG significant price trends – 1 year



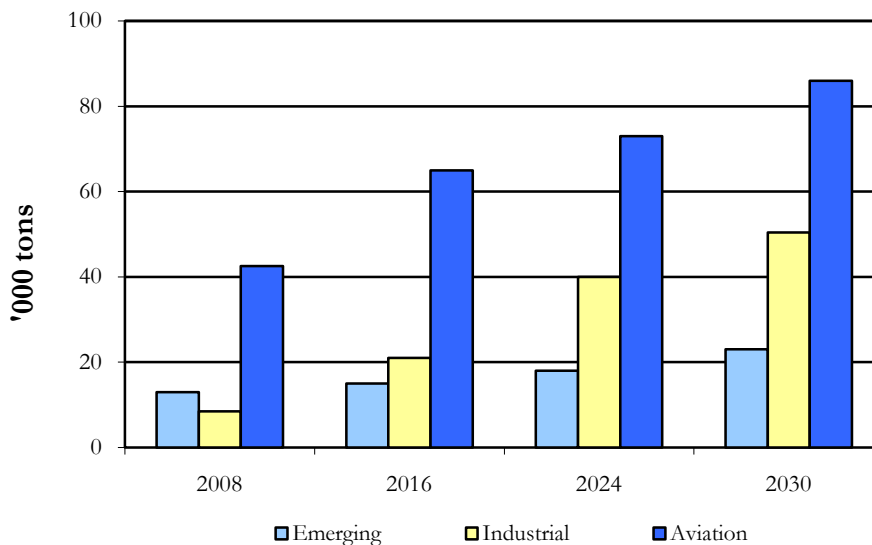
Prices have rebounded slightly in Q3 2009



Source: UKTMP

Titanium Sponge Production by Country

- China production has surpassed other countries and will continue to lead in sponge
- Russia, Ukraine, Kazakhstan have become major producers of titanium sponge



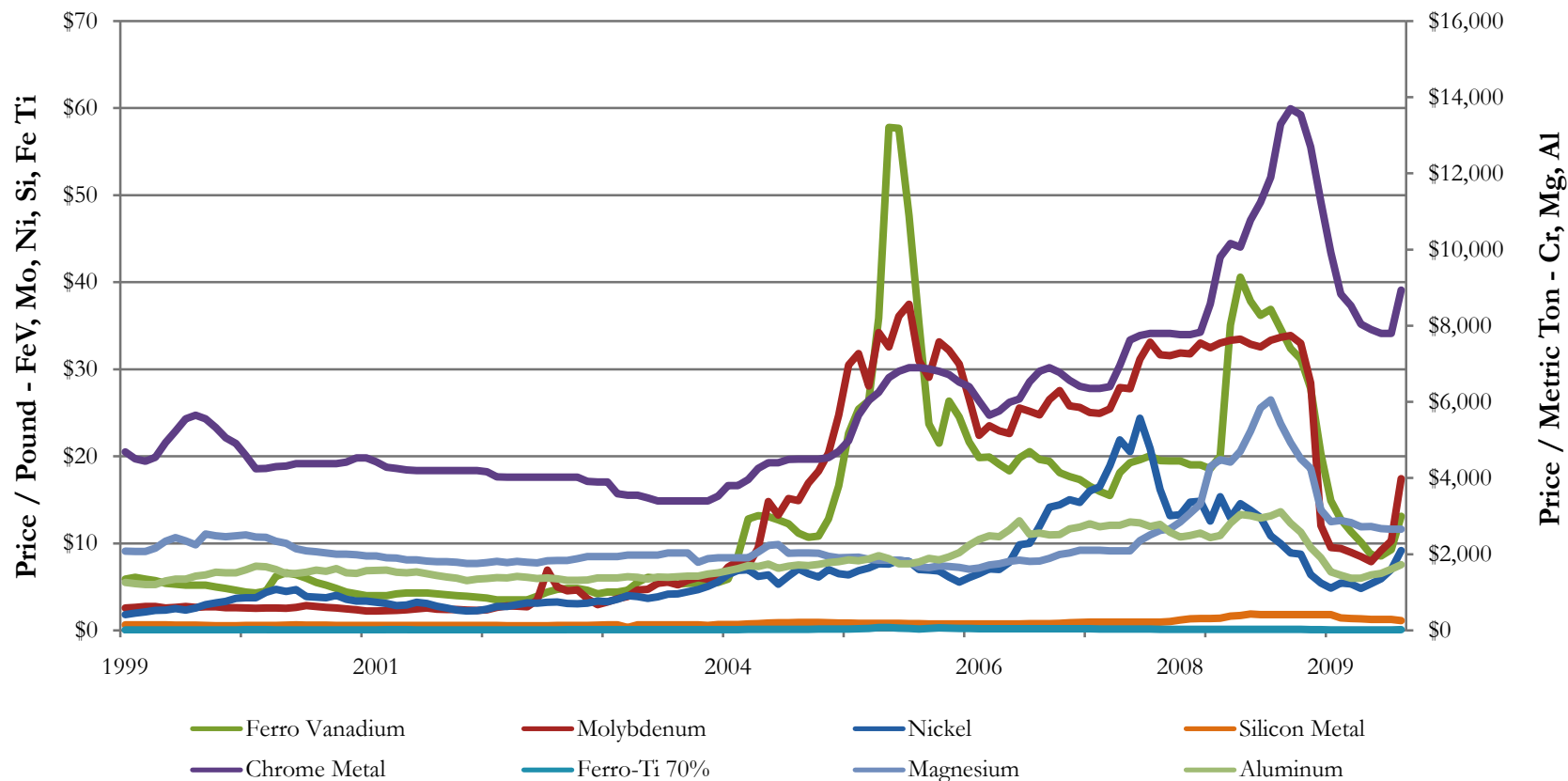
Source: UKTMP

Titanium Metal Demand by Segment

- Despite recent market turmoil, titanium metal will continue to grow substantially for the next 20 years
- Aviation and industrial will be the key markets



AMG significant price trends – 10 years



Prices are still below historical norms



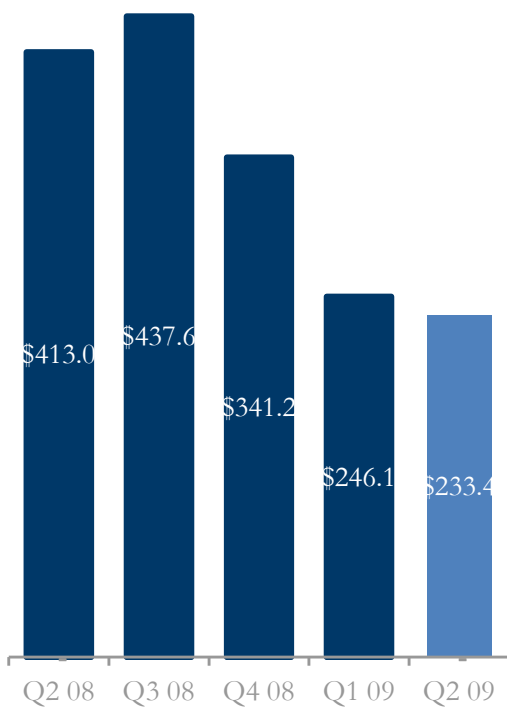
Financial Review

Financial Highlights



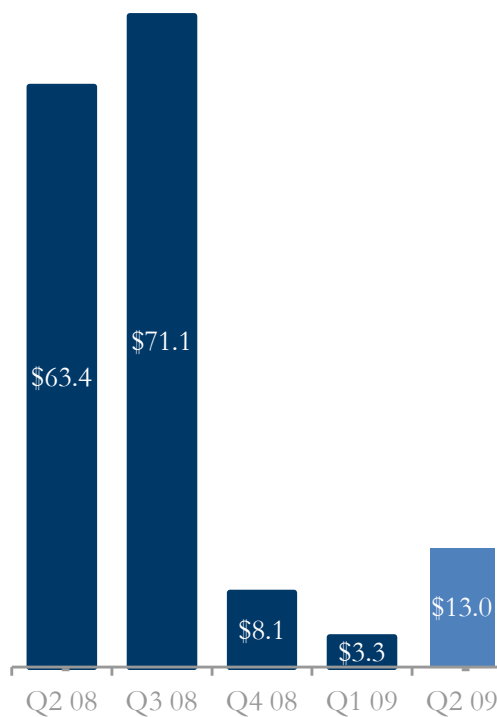
Revenue

(\$ in millions)



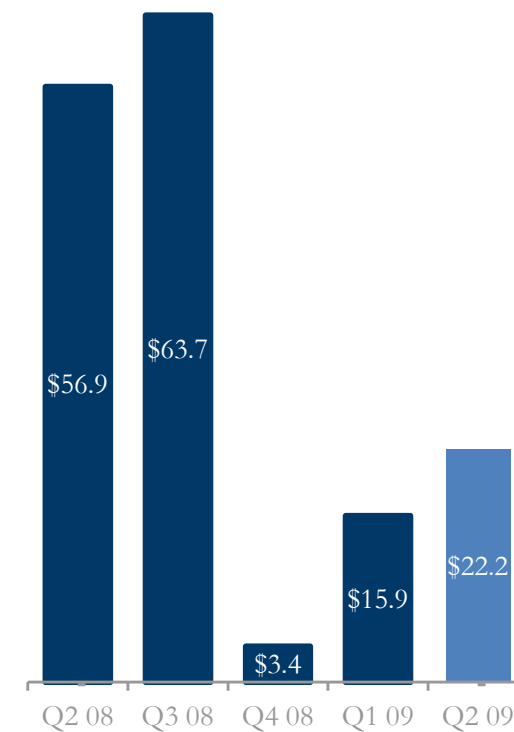
EBITDA

(\$ in millions)



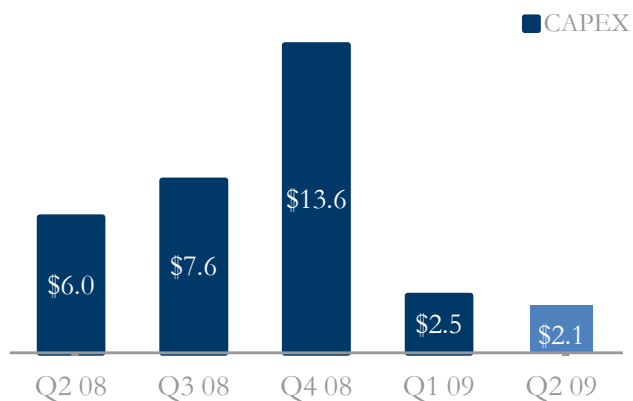
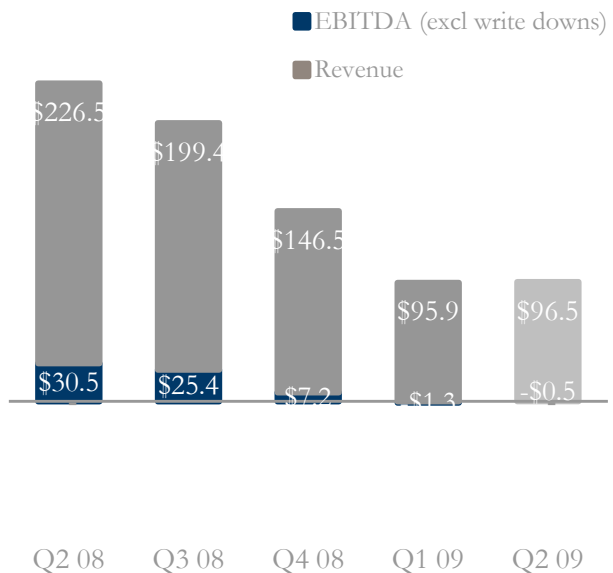
EBITDA (excluding TIM)

(\$ in millions)



Financial Summary

(in millions)



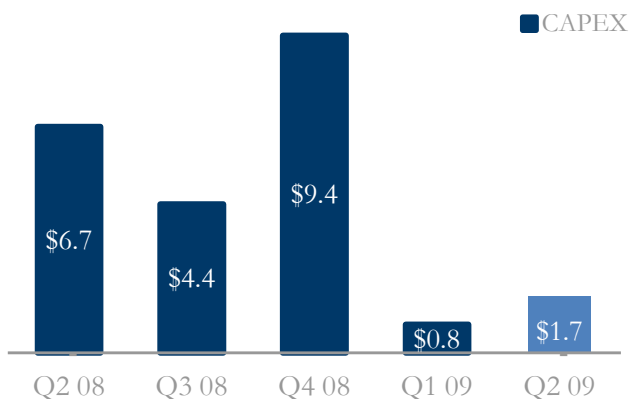
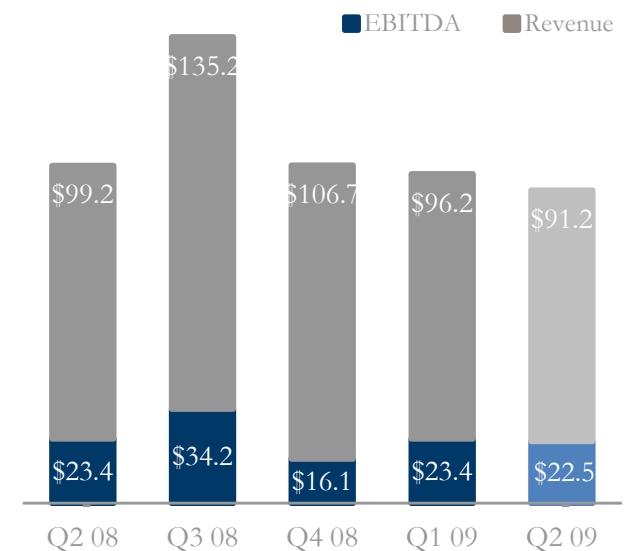
Highlights

- 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



Financial Summary

(in millions)



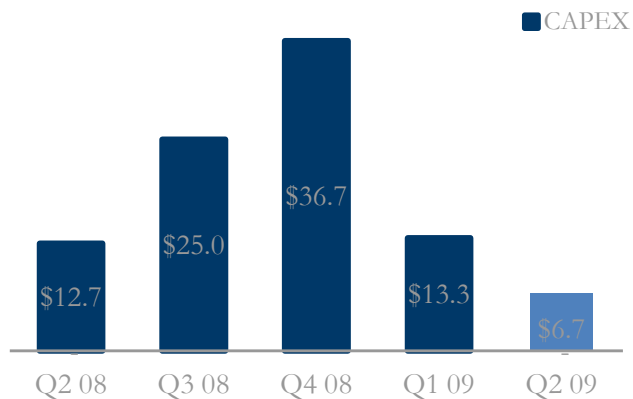
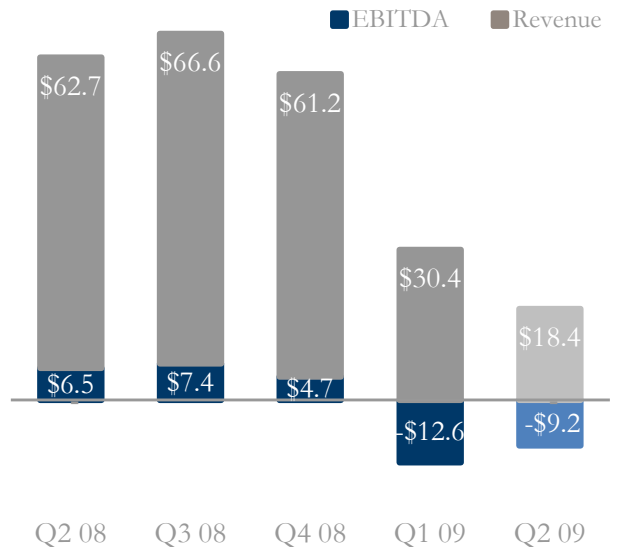
Highlights

- 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 be lower than H1 due to the decline in backlog



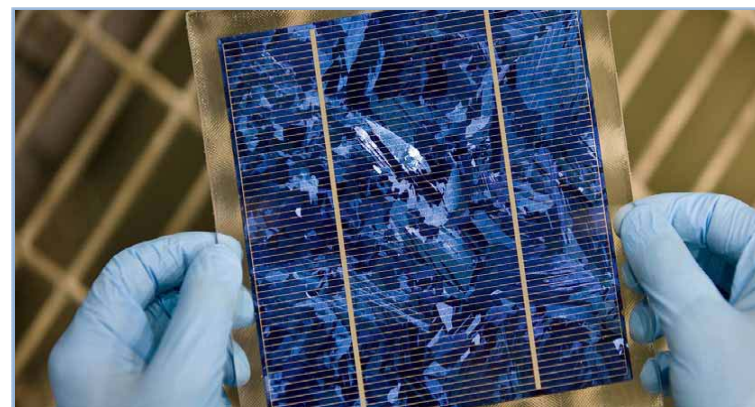
Financial Summary

(in millions)



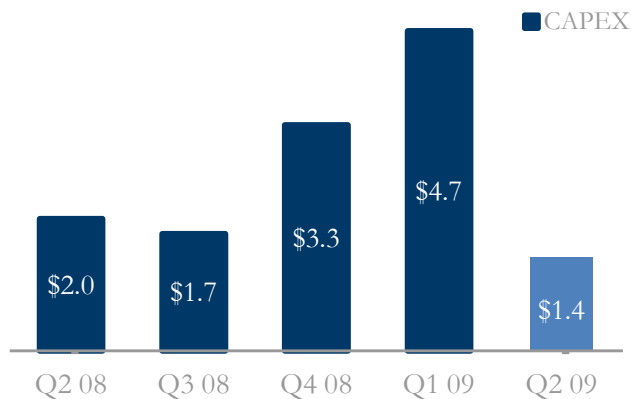
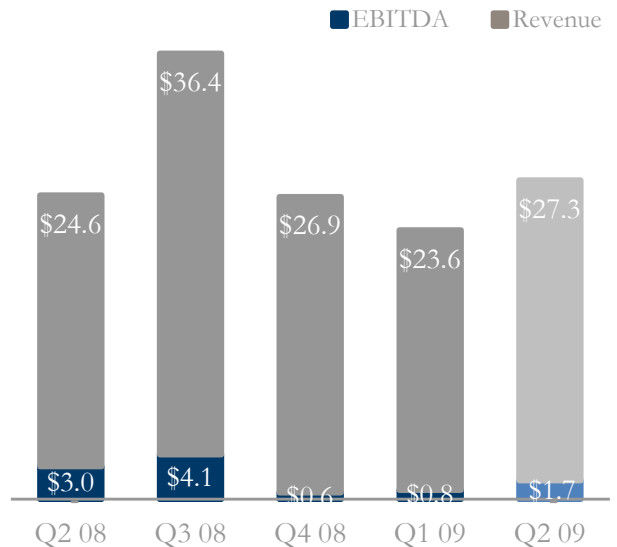
Highlights

- 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



Financial Summary

(in millions)



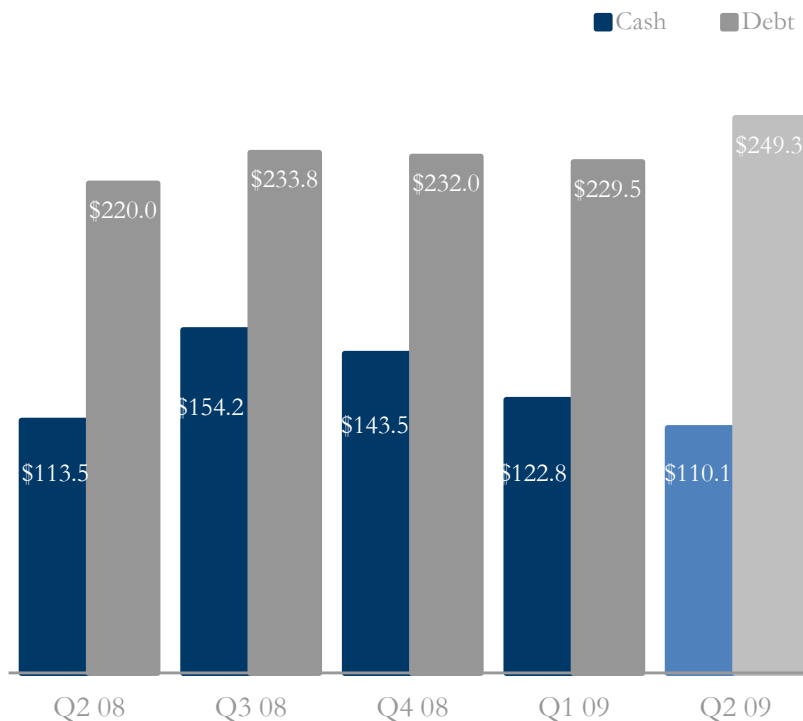
Highlights

- AMG acquired GK in April of 2008 – Q2 2008 data is two months while Q2 2009 data is three months
- Revenues were negatively impacted by a decline in silicon metal volumes and declining graphite volumes and pricing
- EBITDA of \$1.7 million, increased from Q1 2009 due to cost containment measures
- CAPEX was primarily for the expansion of silicon metal production capacity, continued from 2008 initiatives
- Future expansion capital spending has been delayed until market improves



Cash and Debt

(in millions)



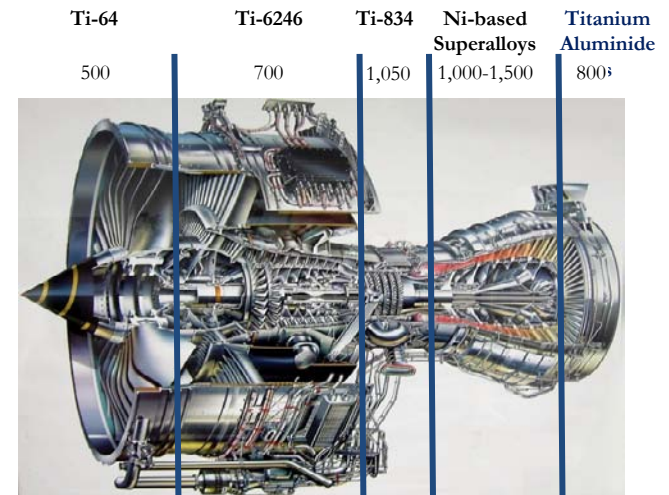
Note: Cash includes short term investments

Highlights

- Cash of \$110.1 million at 30 June 2009
- Total debt \$249.3 million at 30 June 2009
- Net debt of \$139.2 million at 30 June 2009
 - Excluding Timminco, net debt was \$85.1 million, 0.9x TTM June 2009 EBITDA
- Total liquidity \$190.1 million at 30 June 2009

e.g.

Operating temperature [°C]



- Advanced Materials
 - First signs of pricing stabilization occurring in Q3 2009
 - Return to historical levels will take some time
- Engineering Systems
 - Q2 2009 order intake better than Q1 2009
 - Lower order backlog entering Q3 2009 will affect H2 revenues and EBITDA compared to H1 2009
 - Q3 is seasonally slow due to holiday period
- Timminco
 - Weak demand for UMG Si continues; Si metal demand marginally improving
 - Focus on capital preservation
- Graphit Kropfmühl
 - H2 2009 silicon metal and graphite demand consistent with H1 2009 demand



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>
TOTAL ASSETS	<u>1,130,024</u>	<u>1,046,752</u>
TOTAL EQUITY	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
TOTAL LIABILITIES	<u>818,213</u>	<u>735,116</u>
TOTAL LIABILITIES AND EQUITY	<u>1,130,024</u>	<u>1,046,752</u>

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



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