



AMG REPORTS FIRST QUARTER RESULTS

Key Highlights

- Revenue decreased 25% in Q1 2009 compared to Q1 2008
- EBITDA¹ declined 92% Q1 2009 compared to Q1 2008
- EPS on a fully diluted basis decreased to (\$0.57) compared to Q1 2008 of \$0.82 EPS. EPS, adjusted for non-recurring items was (\$0.50) in Q1 2009
- Advanced Materials Division was particularly impacted by the global economic slowdown, resulting in a 48% decrease in revenue and a decrease in EBITDA of \$28 million compared to Q1 2008
- Engineering Systems Division delivered stable results, increasing revenue by 2% and improving EBITDA by 7% compared to Q1 2008
- Timminco's revenue declined 36% compared to Q1 2008 and EBITDA decreased to (\$12.6) million as prices and volumes declined for all products
- Graphit Kropfmühl contributed revenue and EBITDA of \$23.6 million and \$0.8 million, respectively in Q1 2009
- As of March 31, 2009 cash on hand was \$122.8 million, net debt was \$106.7 million, of which \$43.9 million related to Timminco; Q1 2009 free cash flow² was essentially flat at (\$0.8) million

Amsterdam, 13 May 2009 (Regulated Information) --- AMG Advanced Metallurgical Group N.V. ("AMG", Euronext Amsterdam: "AMG") reported first quarter 2009 revenue decreased 25% to \$246.1 million from \$326.1 million in the first quarter 2008.

Net loss attributable to shareholders for the first quarter 2009 was (\$15.4) million, or (\$0.57) per fully diluted share, compared to net income of \$22.5 million or \$0.82 per fully diluted share for the first quarter 2008. EBITDA declined 92% to \$3.3 million in the first quarter 2009 compared with \$42.6 million in the first quarter 2008.

In commenting on results, Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, said, "The first quarter 2009 was an extremely difficult operating environment. In Advanced Materials, both volumes and prices were significantly affected by the unprecedented slowdown in global industrial activity. Engineering Systems entered the year with a strong backlog, which buffered the current economic impact during the quarter. AMG is working to preserve free cash flow through reducing working capital and capital investment and rationalizing headcount to meet current demand levels."

(1) EBITDA is defined as earnings before interest, tax, depreciation and amortization and excludes nonrecurring items
(2) Free cash flow is defined as EBITDA less change in working capital and maintenance capital expenditures

He added that “AMG's majority owned subsidiary, Timminco Limited, was faced with multiple market driven and operating challenges during the quarter. Timminco is taking steps to address those issues. Graphit Kropfmühl delivered marginally profitable operations despite the difficult environment. As such, we are continuing to reduce costs, adjust capacity and decrease working capital. 2009 will continue to be a very challenging year.”

Key Figures

In 000's US Dollar

	Q1'09	Q1'08	Change
Revenue	\$246,095	\$326,148	(24.5%)
Gross profit	24,134	67,210	(64.1%)
Gross margin	9.8%	20.6%	
Operating profit	(13,959)	35,408	NA
Operating margin	(5.7%)	10.9%	
Net Income attributable to shareholders	(15,394)	22,509	NA
EPS- Fully diluted	(0.57)	0.82	NA
Adjusted EPS- Fully diluted	(0.50)	0.82	NA
EBITDA ⁽¹⁾	3,263	42,633	(92.3%)

Note:

(1) EBITDA is defined as earnings before interest, tax, depreciation and amortization and excludes nonrecurring items

Operational Review

Advanced Materials Division

	Q1'09	Q1'08	Change
Revenue	\$95,874	\$184,409	(48.0%)
Gross margin	2,892	33,466	(91.4%)
Operating Income (loss)	(12,991)	14,668	NA
EBITDA	(8,371)	19,375	NA
Capital expenditures	2,537	4,504	(43.7%)

The Advanced Materials division's first quarter 2009 revenue was impacted by weak demand for the majority of its products, most notably in the steel, superalloy and titanium markets. Revenue decreased by \$88.5 million or 48%, while gross margin decreased by \$30.6 million or 91%.

Gross margin percentage decreased from 18% of revenue in the first quarter of 2008 to 3% in first quarter of 2009. This was caused by a sharp decline in end product prices and lower volumes coupled with higher cost inventory positions as of December 31, 2008, particularly in ferrovanadium. The decrease in revenue and margins was primarily caused by ferrovanadium, with reference prices decreasing by 65% and volumes by 21% over the first quarter 2008. Titanium master alloys, vanadium chemicals, ferronickel-molybdenum, ferrotitanium and antimony products were also impacted by falling end market prices. Even

more significant were the decreased volumes as the result of inventory destocking and decreased global demand. Aluminium master alloys volumes decreased 53% and titanium master alloys volumes declined by 25% during the first quarter 2009 compared to the first quarter 2008. The global recession continued to impact industrial production across all markets.

The Advanced Materials division incurred \$6.6 million in inventory write-downs, of which approximately \$5.5 million related to vanadium and associated products. During the quarter, Advanced Materials continued its aggressive cost cutting activities. The Division reduced working capital by over \$24 million since December 31, 2008. Advanced Materials also reduced full time equivalent (FTEs) headcount by approximately 18% since September 30, 2008, exceeding its previously announced target of a 15% reduction. The total annual savings from this and other cost containment measures is expected to be in excess of \$10 million.

The first quarter 2009 EBITDA decreased by \$27.7 million because of the decrease in revenue and gross margin, which were slightly offset by a decline in SG&A and conversion expenses.

Capital expenditures were \$2.5 million for the quarter, 43.7% less than the comparable period in 2008. The Division was completing existing capital expansion programs in its tantalum and coatings businesses. No new growth capacity expansion initiatives were undertaken during the quarter as a result of the deteriorating economic conditions.

Engineering Systems Division

	Q1'09	Q1'08	Change
Revenue	\$96,229	\$94,358	2.0%
Gross margin	28,595	29,253	(2.2%)
Operating Income	19,411	20,480	(5.2%)
EBITDA	23,443	21,909	7.0%
Capital expenditures	831	9,205	(91.0%)

The Engineering Systems division delivered stable results for the first quarter 2009. Order-backlog was at \$247 million on March 31, 2009, down 26% from \$332 million on December 31, 2008. The decrease was based primarily on the decline in new orders for solar DSS furnace systems. The backlog consists primarily of melting and remelting systems for the titanium and specialty steel industries and solar silicon DSS furnaces.

First quarter 2009 revenue increased by \$1.9 million or 2%, while EBITDA was up 7% over the same period in 2008. Sales of solar silicon DSS melting furnaces for the photovoltaic industry increased 74% in the first quarter 2009 compared to the same period a year ago. During the first quarter 2009, 61% of revenue was generated by sales of solar silicon and melting furnaces, up from 36% in the same period 2008. Revenue from remelting systems primarily for the aerospace and specialty steel industries, decreased by 40% during the first quarter 2009.

Gross margin decreased 1% to 30% of revenue in the first quarter 2009 from the same period in 2008. The decrease was due to changes in product mix and lower capacity utilisation in the heat treatment facilities caused by a decrease in demand from the automotive industry.

The first quarter 2009 EBITDA increased by 7% over the same period in 2008. The EBITDA margin increased to 24% during the first quarter 2009 compared to 23% for the same period in 2008. The EBITDA margin increase was attributable to the increase in revenue, and the weaker U.S. Dollar as compared to the Euro.

In the quarter ended March 31, 2009, capital expenditures decreased to \$0.8 million from \$9.2 million for the first quarter of 2008. This decrease was a result of the completion of the expansion of the Berlin facility during 2008 and the focus on minimizing capital investment during the first quarter 2009.

Timminco

	Q1'09	Q1'08	Change
Revenue	\$30,376	\$47,381	(35.9%)
Gross Margin	(9,727)	4,491	NA
Operating Income	(20,268)	260	NA
EBITDA	(12,629)	1,349	NA
Capital expenditures	13,334	15,514	(14.1%)

Timminco's revenue for the first quarter 2009 was \$30.4 million compared with \$47.4 million in the first quarter 2008, a decrease of 36%. The decrease is primarily attributable to the sharp decline in sales of silicon metal and magnesium products. Gross margin declined due to the increased costs related to solar grade silicon production and decreased volumes of other products as compared to the first quarter 2008.

Silicon's gross margin for the first quarter 2009 was negative \$10.4 million compared to a gross profit of \$3.3 million in the first quarter of 2008. Timminco sold 131 metric tons of UMGSi during the first quarter 2009 at an average price of C\$58/kg. The main contributor to the decrease in margin was the increase in solar grade silicon production costs compared to the first quarter 2008. The costs increased due to a number of problems related to a change in carbon based raw materials used for silicon metal production and silicon metal feedstock used for UMGSi production, which were intended to reduce processing costs but presented changes that ultimately resulted in substantially lower production than in the fourth quarter 2008. Comprehensive corrective actions are currently being taken to address this situation. Magnesium gross profit for the first quarter 2009 was \$0.7 million or 6.5% of sales compared to \$1.2 million in the first quarter of 2008. As noted previously, Timminco has signed a definitive agreement to dispose all but a 20% equity interest in its magnesium business.

Timminco incurred negative EBITDA of \$12.6 million during the first quarter 2009 compared to EBITDA of \$1.3 million in the first quarter 2008, due to lower gross profit and higher selling, general and administrative expenses. The increase in SG&A is primarily a result of the increase in the non-cash stock option expense.

During the quarter ended March 31, 2009, Timminco added two production lines as part of its solar grade silicon production capacity and announced it would defer further expansion plans pending recovery of demand from its solar grade silicon customers. Capital expenditures declined slightly to \$13.3 million for the quarter from \$15.5 million in the same period 2008.

Graphit Kropfmühl

	Q1 '09
Revenue	\$23,616
Gross profit	2,374
Operating income	(111)
EBITDA	820
Capital expenditures	4,728

Graphit Kropfmühl generated \$23.6 million in revenue and \$2.4 million in gross profit during the quarter ended March 31, 2009. The gross profit was primarily generated by the silicon metal business unit. The EBITDA for the quarter was \$0.8 million or 3% of revenue. It was impacted by a decrease in silicon metal volumes and declining prices and volumes of natural graphite. GK spent \$4.7 million in capital expenditures during the quarter, primarily on the expansion of production capacity in the silicon metal operations.

Financial Review

Tax

AMG recorded a tax expense of \$4.0 million in the quarter ended March 31, 2009 as compared to a tax expense of \$8.7 million in the quarter ended March 31, 2008. A tax benefit for the pre-tax losses was not booked in the first quarter 2009 due to the losses being generated in jurisdictions where AMG already has significant net operating losses.

Liquidity

	Q1'09	Q4'08	Change
Total debt	229,521	\$232,033	(1.1%)
Cash & cash equivalents	122,773	143,473	(14.4%)
Net debt	106,748	88,560	20.5%

AMG has a net debt position of \$106.7 million as of March 31, 2009, of which \$43.9 million was attributable to Timminco. The Company's liquidity position decreased due to \$21.4 million in capital investments, partially offset by Timminco's equity offering which netted \$7.9 million of external proceeds. Timminco made \$9.7 million in capital investments for the build out of the solar silicon production line during the first quarter 2009.

Cash Flow

	Q1'09	Q1'08
Cash Flows (used in) / from Operations	\$(1,062)	\$30,352
Capital expenditures	(21,430)	(29,223)
Acquisitions, net of cash	-	(8,575)
Cash flows (used in) / from other investing	(5,001)	4,744
Cash Flows used in Investing Activities	(26,431)	(33,054)

Cash Flows generated from Financing Activities	12,918	25,951
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The decrease in net income was slightly offset by lower investments in working capital during the quarter ended March 31, 2009 resulting in negative cash flows from operations totaling \$1.1 million, down from positive operating cash flows of \$30.4 million in the first quarter 2008. The lower level of cash generation is primarily due to the reduced net income from the Advanced Materials Division and Timminco, and a lower level of advanced payments at the Engineering Systems Division.

Cash flows used in investing activities of \$26.4 million for the quarter ended March 31, 2009 was a decrease of \$6.6 million from the first quarter 2008. This is primarily due to the decrease in capital investment at the Engineering Systems Division following the completion of the Berlin manufacturing facility. Cash flows from financing activities were \$12.9 million, a decrease of \$13.0 million from cash flows from finance activities of \$26.0 million in the same period 2008. This decrease was a result of the \$20.0 million drawdown on the credit facility during the first quarter 2008 for the acquisition of Graphit Kropfmühl, offset in the first quarter 2009 by \$7.9 million of proceeds from the Timminco equity offering and a net draw down from various credit facilities.

Outlook

AMG is continuing to incur unprecedented weakness in its principle end markets, with a few exceptions. Management is proactively addressing this reality and is focused on cash preservation through reductions in working capital and capital investment and implementing cost containment programs. Given these basic market uncertainties, it is not possible to accurately provide guidance for the balance of 2009.

AMG Advanced Metallurgical Group N.V.
Interim consolidated income statements

For the three months ended March 31

In thousands of US Dollars

	2009	2008
	Unaudited	Unaudited
Continuing operations		
Revenue	246,095	326,148
Cost of sales	221,961	258,938
Gross profit	24,134	67,210
Selling, general and administrative expenses	35,894	32,969
Restructuring and asset impairment expenses	3,779	128
Environmental expense	111	84
Other income, net	(1,691)	(1,379)
Operating (loss) / profit	(13,959)	35,408
Interest expense	5,135	3,968
Interest income	(613)	(2,006)
Foreign exchange loss	426	1,336
Net finance costs	4,948	3,298
Share of (loss) / profit of associates	(787)	101
(Loss) / Profit before income tax	(19,694)	32,211
Income tax expense	4,039	8,680
(Loss) / Profit for the period	(23,733)	23,531
Attributable to:		
Shareholders of the Company	(15,394)	22,509
Minority interests	(8,339)	1,022
	(23,733)	23,531
(Loss) / Earnings per share		
Basic (loss) / earnings per share	(0.57)	0.84
Diluted (loss) / earnings per share	(0.57)	0.82

AMG Advanced Metallurgical Group N.V.

Interim consolidated balance sheet at March 31, 2009 and December 31, 2008

In thousands of US Dollars

	March 31, 2009	December 31, 2008
	Unaudited	Audited
Assets		
Property, plant and equipment	320,947	313,470
Intangible assets	47,421	47,060
Investments in associates	14,212	15,700
Deferred tax assets	33,846	29,181
Restricted cash	12,998	15,889
Notes receivable	2,037	2,132
Other assets	11,760	11,612
Total non-current assets	443,221	435,044
Inventories	274,706	318,793
Trade and other receivables	153,219	173,422
Derivative financial instruments	9,911	6,393
Other assets	45,888	52,804
Short term investments	94	95
Cash and cash equivalents	122,773	143,473
Total current assets	606,591	694,980
Total assets	1,049,812	1,130,024
Equity		
Issued capital	724	724
Share premium	379,297	379,297
Other reserves	4,277	(2,215)
Retained earnings (deficit)	(138,429)	(123,110)
Equity attributable to shareholders of the Company	245,869	254,696
Minority interests	57,485	57,115
Total equity	303,354	311,811
Liabilities		
Loans and borrowings	145,021	138,990
Employee benefits	100,302	103,176
Provisions	12,604	12,841
Government grants	234	291
Other liabilities	9,129	9,245
Derivative financial instruments	4,946	3,530
Deferred tax liabilities	51,006	56,013
Total non-current liabilities	323,242	324,086
Loans and borrowings	2,821	3,021

Short term bank debt	75,192	83,566
Related party debt	6,487	6,456
Government grants	5,991	8,360
Other liabilities	40,558	53,882
Trade and other payables	121,613	156,697
Derivative financial instruments	8,476	15,419
Advance payments	74,637	94,049
Unearned revenue	36,117	35,624
Current taxes payable	24,713	14,708
Provisions	26,611	22,345
Total current liabilities	423,216	494,127
Total liabilities	746,458	818,213
Total equity and liabilities	1,049,812	1,130,024

AMG Advanced Metallurgical Group N.V.
Interim consolidated cash flow statements

For the three months ended March 31

In thousands of US Dollars

	2009	2008
	Unaudited	Unaudited
Cash flows from operating activities		
(Loss) / Profit for the period	(23,733)	23,531
Adjustments to reconcile profit to net cash flows:		
Non-cash:		
Depreciation and amortization	7,932	5,722
Restructuring expense	3,779	128
Environmental expense	111	84
Net finance costs	4,948	3,298
Share of loss / (profit) of associates	787	(101)
Equity-settled share-based payment transactions	5,826	2,627
Income tax expense	4,039	8,680
Change in working capital and provisions	(320)	(4,771)
Other	(813)	(4,721)
Interest (paid) / received	(1,664)	566
Income tax paid	(1,954)	(4,691)
Net cash flows (used in) / from operating activities	(1,062)	30,352
Cash flows used in investing activities		
Acquisition of associates, net of cash	-	(8,575)
Acquisition of property, plant and equipment and intangibles	(21,430)	(29,223)
Change in short-term investments	(1)	9,274
Related party loans	21	(3,315)
Other	(5,021)	(1,215)
Net cash flows used in investing activities	(26,431)	(33,054)
Cash flows from financing activities		
Proceeds from issuance of debt	5,782	26,131
Repayment of borrowings	(826)	(261)
Capital infusion	7,908	11
Other	54	70
Net cash flows from financing activities	12,918	25,951
Net (decrease) / increase in cash and cash equivalents	(14,575)	23,249
Cash and cash equivalents at January 1	143,473	172,558
Effect of exchange rate fluctuations on cash held	(6,125)	6,895
Cash and cash equivalents at March 31	122,773	202,702

About AMG

AMG, incorporated in the Netherlands, is a global leader in the production of highly engineered specialty metal products and advanced vacuum furnace systems. AMG serves growing industries worldwide with its unique combination of metallurgical engineering expertise and production know-how. AMG is a market leader in many of its products and systems, which are critical to the production of key components for the aerospace, energy (including solar and nuclear), electronics, optics, chemicals, construction and transportation industries. AMG has two operating divisions of businesses, Advanced Materials and Engineering Systems, and owns majority interests in publicly-listed companies Timminco Limited (TSX: "TIM") and Graphit Kropfmühl AG (Deutsche Börse: GKR.DE).

The Advanced Materials Division develops and produces niche specialty metals and complex metals products, many of which are used in demanding, safety-critical, high-stress environments. AMG is one of a limited number of significant producers globally of niche specialty metals, such as ferrovanadium, ferronickel-molybdenum, aluminum master alloys and additives, chromium metal and ferrotitanium, used by steel, aluminum, chemical and superalloy producers for aerospace, automotive, energy, electronics, optics, chemicals, construction and other applications. Other key products produced by AMG include specialty alloys for titanium and superalloys, coating materials, tantalum and niobium oxides, vanadium chemicals and antimony trioxide.

The Engineering Systems Division designs, engineers and produces advanced vacuum furnace systems and operates vacuum heat treatment facilities. AMG is a global leader in supplying technologically-advanced vacuum furnace systems to customers in the aerospace, energy (including solar and nuclear), transportation, electronics, superalloys and specialty steel industries. Examples of furnace systems produced by AMG include vacuum remelting, solar silicon melting and crystallization, vacuum induction melting, vacuum heat treatment and high pressure gas quenching, vacuum precision casting, turbine blade coating and sintering. AMG also provides vacuum case-hardening heat treatment services on a tolling basis to customers through facilities equipped with vacuum heat treatment furnaces.

Timminco Limited is a majority controlled, publicly listed subsidiary of AMG. Timminco is a leader in the production of upgraded metallurgical silicon for the rapidly growing solar photovoltaic energy industry. Timminco also produces silicon metal and magnesium products for use in a broad range of industrial applications.

Graphit Kropfmühl AG is a majority controlled, publicly listed subsidiary of AMG. Based on its secure raw material sources in Africa, China and Europe, Graphit Kropfmühl is a specialist in the production of silicon metal and the extraction, processing and refining of natural crystalline graphite for a wide range of energy saving industrial applications.

AMG operates globally with production facilities in Germany, the United Kingdom, France, Czech Republic, the United States, Canada, Mexico, Brazil, Sri Lanka and Australia and also has sales and customer service offices in Belgium, Russia, China and Japan (website: www.amg-nv.com).

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