



AMG EARNINGS MORE THAN DOUBLE IN THE SECOND QUARTER

Key Highlights

- Revenue increased 48% in the second quarter 2008 compared to the second quarter 2007 (YTD Increase 35%)
- EBITDA increased 97% in the second quarter 2008 when compared to the second quarter 2007 (YTD Increase 87%)
- EPS on a fully diluted basis increased 114% compared to the second quarter 2007 to \$0.92, EPS, excluding non-recurring charges, increased 170% compared to the second quarter 2007 to \$1.16
- Advanced Materials and Engineering Systems experienced robust revenue and EBITDA growth during second quarter 2008, driven primarily by improved pricing in metals and alloys and continuing demand for solar silicon DSS furnaces
- Timminco's second quarter revenue and EBITDA improved by 63% and over 600% compared to the second quarter of 2007
- Timminco shipments of solar grade silicon more than doubled to 221 MT in the second quarter
- Graphit Kropfmühl contributed \$24.6 million to revenue and \$3.0 million to EBITDA since the completion of its acquisition on 22 April 2008

Amsterdam, 12 August 2008 --- AMG Advanced Metallurgical Group N.V. ("AMG", EURONEXT AMSTERDAM: "AMG") today announced its second quarter 2008 results. The Company's revenue increased to \$413.0 million in the quarter ended 30 June 2008 from \$279.0 million in the second quarter 2007, a 48% increase.

Net income attributable to shareholders for the second quarter 2008 was \$25.3 million, or \$0.92 per fully diluted share. Excluding AMG's 50.5% portion of the non-recurring restructuring expenses at Timminco, net income attributable to shareholders for the second quarter 2008 was \$31.9 million, or \$1.16 per fully diluted share. This represents an increase of 170% compared to net income of \$11.8 million or \$0.43 per fully diluted share for the second quarter 2007. EBITDA rose 97% to \$63.4 million in the second quarter 2008 compared with \$32.1 million in the second quarter 2007.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, commented: "I am pleased to report record earnings for the second quarter and the first half of 2008. We had strong performances in both our Advanced Materials and Engineering Systems businesses. Both divisions increased revenue and earnings due to growth in the solar, steel and superalloy end markets. AMG's majority owned subsidiary, Timminco Limited, improved the quality and more than doubled the shipments of solar grade silicon during the second quarter as compared to the first quarter 2008, despite typical challenges associated with a ramp up of a new facility."

Key Figures

In 000's US Dollar

	Q2'08	Q2'07 ⁽¹⁾	Change
Revenue	\$413,005	\$279,008	48%

Gross profit	92,002	53,078	73%
Gross margin	22.3%	19.0%	
Operating income	40,879	25,133	63%
Operating margin	9.9%	9.0%	
Net Income attributable to shareholders	25,273	11,758	115%
EPS- Fully diluted	0.92	0.43	114%
Adjusted EPS-Fully diluted ⁽²⁾	1.16	0.43	170%
EBITDA ⁽³⁾	63,392	32,142	97%
EBITDA margin	15.3%	11.5%	

Notes:

(1) Q2 2007 Revenue has been restated due to an adjustment at Timminco

(2) Adjusted for non-recurring, restructuring charges at Timminco

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

Operational Review

Advanced Materials Division

	Q2'08	Q2'07	Change
Revenue	\$226,452	\$173,416	31%
Gross profit	46,860	30,444	54%
Operating income	26,858	13,403	100%
EBITDA	30,528	16,755	82%
Capital expenditures	6,005	3,579	68%

The Advanced Materials division's second quarter 2008 financial results were driven by continued strong pricing and solid volumes in ferrovanadium, chromium and certain other key products. Revenue increased by \$53.0 million or 30.6% to \$226.5 million. Gross profit improved by \$16.4 million or 53.9% to \$46.9 million. SG&A expenses increased marginally because of additional corporate infrastructure. EBITDA increased by \$13.8 million, an 82% improvement over the second quarter 2007 to \$30.5 million.

Gross margins expanded from 17.6% in the second quarter of 2007 to 20.7% in second quarter of 2008. The division's secure raw material supply enabled it to increase gross margins at a faster pace than revenue. The most notable price increases over second quarter 2007 were in ferrovanadium and chromium metal, with ferrovanadium prices increasing by 88% and chromium metal prices increasing by 42%. Coating materials for thin film solar applications, vanadium chemicals and antimony products also delivered strong margins in the period. One area of pricing weakness was in ferronickel-molybdenum as London Metal Exchange nickel prices fell approximately 47% from the same period in the prior year.

Operating income for the second quarter 2008 improved 100% to \$26.9 million, up from \$13.4 million for the comparable period in 2007. This was primarily due to the increase in gross profit offset by a marginal increase in selling, general and administrative expenses that was attributable to a build-up in corporate infrastructure.

Capital expenditures were \$6.0 million for the quarter, 67.6% higher than the comparable period in 2007, as previously announced capacity expansion initiatives in ferrovanadium, tantalum and hydropower continue to be on schedule. The division has recently approved a \$2 million capacity expansion for the production of coating materials for thin film solar applications.

Engineering Systems Division

	Q2'08	Q2'07	Change
Revenue	\$99,219	\$67,128	48%
Gross profit	30,465	20,997	45%
Operating income	20,006	14,003	43%
EBITDA	23,392	14,469	62%
Capital expenditures	6,687	3,126	114%

The Engineering Systems division continued its dynamic growth during the second quarter 2008. Order backlog of \$444 million as of 30 June 2008 increased 76% compared to order backlog of \$252 million as of 31 December 2007. The backlog primarily consists of solar silicon DSS furnaces and melting and remelting systems for the aerospace industry. The increase in the backlog is driven by a strong demand for solar silicon DSS furnaces.

Second quarter 2008 revenue and EBITDA increased \$32.1 million, or 48%, and \$8.9 million, or 62%, respectively, over the same period in 2007.

Sales in solar silicon melting and crystallization furnaces for the photovoltaic industry increased 75 % in the second quarter 2008 compared to the same period a year ago. In addition to the sales of single crucible furnaces to 18 solar customers worldwide, the division entered into a \$90 million contract with a long-term customer, the largest order ever received in the Engineering Systems division's history.

Significant capacity expansion in the Berlin production facility was essential to meet the growing global demand for solar silicon DSS furnaces. As of the end of the second quarter 2008, four furnaces per week were produced, compared to one furnace per week at the end of the fourth quarter 2007. Engineering Systems expects to produce eight furnaces per week by the fourth quarter 2008 to meet customer delivery schedules. During the quarter, the Engineering Systems division also continued to improve the efficiency of its solar furnaces by optimizing the production of ingots made from solar grade silicon at its research facility in Freiberg, Germany.

Revenue from remelting systems primarily for the aerospace, electronics, and specialty steel industries remained on the strong growth trajectory as the first quarter. Geographically, sales to the Asia Pacific region and Europe drove revenue growth. Almost all product lines achieved strong margins on increased volumes.

The EBITDA margin improved to 24% during the second quarter 2008 compared to 22% for the same period in 2007. This improved margin is a result of increased sales of vacuum furnace systems based on the division's proprietary technology and increased economies of scale. The division continues to focus on reducing lead times for key product lines in order to meet customer demands while generating margins at levels slightly in excess of 2007.

During the quarter ended 30 June 2008, capital expenditures increased to \$6.7 million, from \$3.1 million for the second quarter of 2007. The expansion of the DSS production facility as well as the building and expansion of the Mexican Own and Operate facility were the primary causes for the increase in capital spending.

Timminco

	Q2'08	Q2'07	Change
Revenue	\$62,710	\$38,464	63%
Gross profit	10,828	1,637	561%
Operating loss	(8,326)	(2,273)	(266)%
EBITDA	6,484	918	606%
Capital expenditures	12,691	4,793	165%

Timminco's revenue for the second quarter 2008 was \$62.7 million compared with \$38.5 million in the second quarter 2007, an increase of 63%. The increase is primarily attributable to the record sales of Timminco's solar grade silicon and silicon metal products. Gross profit also achieved record levels within the silicon product line due to the increased volume of solar grade silicon and higher average selling prices for silicon metal.

Silicon gross profit for the second quarter 2008 was \$8.6 million or 19.3% of sales compared to a gross profit loss of \$1.1 million in the second quarter of 2007. Timminco sold 221 metric tons of solar grade silicon during the second quarter 2008 at an average price of \$65/kg. The main contributor to the increase in margin was the increase in sales of solar grade silicon. Included in cost of sales are \$2.1 million of incremental production costs incurred in the quarter due to the continuing ramp up of the solar grade silicon facility. Magnesium gross profit for the second quarter 2008 was \$2.2 million or 12.5% of sales compared to \$2.1 million or 13.3% of sales in the second quarter of 2007.

Timminco had an operating loss in the quarter which is attributable to the one-time restructuring charge of \$13.1 million associated with the closure of the Haley, Ontario Magnesium facility. The closure of this facility is expected to result in annual cost savings of approximately \$5.0 million. Excluding this charge, operating income was \$4.8 million in the second quarter of 2008 due to higher gross profit which was partially offset by increased selling, general and administrative expenses. Higher professional fees and travel related to various strategic initiatives resulted in an increase in SG&A.

In the quarter ended 30 June 2008, Timminco began the construction of an expansion to its solar grade silicon production capacity. This expansion is expected to bring the annual solar grade silicon production capacity to 14,400 metric tons. Sources of funding for this expansion include cash on hand, cash flow from operations, the Company's existing credit facilities and customer deposits. Customer deposits totalled \$7.6 million in the second quarter of 2008. Continued growth in solar silicon revenues and gross margin improvement are expected for the balance of 2008.

Graphit Kropfmühl

	Since ownership
Revenue	\$24,624
Gross profit	3,849
Operating income	2,342
EBITDA	2,988
Capital expenditures	1,952

Since its acquisition on 22 April 2008, Graphit Kropfmühl ("GK") has generated \$24.6 million in revenue and \$3.8 million in gross profit. The EBITDA margin for the Company was a healthy 12.1%. GK has spent nearly \$2.0 million on projects to improve their production capabilities in both their graphite and silicon operations since the acquisition.

Financial Review

Liquidity

	Q2'08	Q4'07	Change
Total debt	\$219,986	\$140,782	(56.3)%
Cash & short-term investments	113,451	187,891	(39.6)%
Net debt (cash)	106,535	(47,109)	(326.1)%

AMG had a net debt position of \$106.5 million as of 30 June 2008. The increase in the Company's net debt is primarily a result of the acquisition of Graphit Kropfmühl, which used \$62.9 million of cash and included the assumption of \$27.3 million of debt. In addition, Timminco's \$25.9 million investment in a solar grade silicon expansion and an increased investment in working capital across all segments of the business also impacted liquidity.

Cash Flow

	Six months ended	
	30 June 2008	30 June 2007
Cash flows from operations	\$8,250	\$31,642
Capital expenditures	(56,504)	(18,174)
Acquisitions, net of cash	(62,854)	(836)
Cash flows from other investing	3,078	724
Cash flows used in investing activities	(116,280)	(18,286)
Cash flows generated from (used in) financing activities	43,444	8,009
Effect of exchange rates on cash held	5,390	1,402
Net (decrease) increase in cash and cash equivalents	(59,196)	22,767

Cash flows from operations were \$8.3 million in the year-to-date period ended 30 June 2008 as compared to \$31.6 million for the comparable period in 2007. The \$28.6 million increase in net income for the six months ended 30 June 2008, when compared to the period ended 30 June 2007, was offset by a working capital increase in all areas of the business. The working capital increase is the result of higher raw material prices for the Advanced Materials division's products, increased work in process inventory of solar silicon DSS furnaces required to meet increased demand in the Engineering Systems division and a build-up of inventory at Timminco to support the ramp-up of solar silicon production.

Cash used in investing activities was \$116.3 million for the six months ended 30 June 2008. This amount was significantly higher than the \$18.3 million spent in the comparable period in 2007. The increase is primarily related to two items; \$25.9 million in costs related to the expansion of the solar silicon production facility at Timminco and \$62.9 million for the purchase of approximately 79.5% of Graphit Kropfmühl.

Cash from financing activities was \$43.4 million, an increase of \$35.4 million from the same period in 2007. This increase was primarily the result of two factors, \$20.0 million borrowed on the credit facility for the acquisition of approximately 79.5% of Graphit Kropfmühl and borrowings to fund the working capital increases in Advanced Materials and Timminco.

Outlook

In the context of commenting on the first quarter 2008 results, AMG stated that the EBITDA growth 2007 versus 2006 of 65% would be achieved or exceeded for full year 2008 versus 2007. We are pleased to confirm that statement.

AMG Advanced Metallurgical Group N.V.
Interim consolidated balance sheet at 30 June 2008

In thousands of US Dollars

	30 June 2008	31 December 2007
	Unaudited	Audited
Property, plant and equipment	249,444	155,763
Intangible assets	98,468	50,291
Investments in associates	22,030	15,145
Derivative financial instruments	1,625	194
Deferred tax assets	37,724	34,537
Restricted cash	23,182	14,582
Notes receivable	4,590	7,068
Other assets	5,993	5,087
Total non-current assets	443,056	282,667
Inventories	290,996	186,410
Trade and other receivables	256,628	187,243
Derivative financial instruments	8,725	3,582
Prepayments and other current assets	62,023	48,754
Short term investments	89	15,333
Cash and cash equivalents	113,362	172,558
Total current assets	731,823	613,880
Total assets	1,174,879	896,547
Equity		
Issued capital	722	722
Share premium	376,319	392,304
Other reserves	13,882	(9,923)
Retained earnings (deficit)	(89,783)	(137,439)
Equity attributable to shareholders of the Company	301,140	245,664
Minority interests	69,749	64,133
Total equity	370,889	309,797
Liabilities		
Loans and borrowings	157,457	115,726
Employee benefits	128,941	102,809
Provisions	17,357	12,011
Government grants	5,058	8,585
Other liabilities	9,722	9,087
Derivative financial instruments	39	77
Deferred tax liabilities	47,658	32,112
Total non-current liabilities	366,232	280,407
Loans and borrowings	3,403	1,102
Short-term bank debt	52,214	16,202
Related party debt	6,912	7,752
Government grants	9,458	7,927
Other Liabilities	46,794	42,356
Trade and other payables	181,741	126,827
Deferred revenue	7,504	-
Derivative financial instruments	9,995	4,994
Advance payments	87,001	74,731
Current taxes payable	16,092	11,496
Provisions	16,644	12,956
Total current liabilities	437,758	306,343
Total liabilities	803,990	586,750
Total equity and liabilities	1,174,879	896,547

AMG Advanced Metallurgical Group N.V.
Interim consolidated income statement for the six months ended 30 June 2008

For the six months ended 30 June

In thousands of US Dollars

	2008	2007
	Unaudited	Unaudited
Continuing operations		
Revenue	739,153	545,838
Cost of sales	579,941	447,657
Gross profit	159,212	98,181
Selling, general and administrative expenses	72,601	53,406
Restructuring and asset impairment expenses	13,245	30
Environmental expense	94	202
Other expenses	81	287
Other income	(3,097)	(1,469)
Operating profit	76,288	45,725
Interest expense	9,763	17,926
Interest income	(3,416)	(2,028)
Foreign exchange (gain)/loss	1,538	(1,531)
Net finance costs	7,885	14,367
Share of profit of associates	718	(1,085)
Profit before income tax	69,121	30,273
Income tax expense	22,793	11,639
Profit for the period	46,328	18,634
Attributable to:		
Shareholders of the Company	47,782	19,158
Minority interests	(1,454)	(524)
	46,328	18,634
Earnings per share		
Basic earnings per share	1.78	0.71
Diluted earnings per share	1.74	0.71

AMG Advanced Metallurgical Group N.V.

Interim consolidated income statement for the three months ended 30 June 2008

For the three months ended 30 June

In thousands of US Dollars

	2008	2007
	Unaudited	Unaudited
Continuing operations		
Revenue	413,005	279,008
Cost of sales	321,003	225,930
Gross profit	92,002	53,078
Selling, general and administrative expenses	39,632	27,769
Restructuring and asset impairment expenses	13,118	23
Environmental expense	10	82
Other expenses	81	287
Other income	(1,718)	(216)
Operating profit	40,879	25,133
Interest expense	5,795	8,909
Interest income	(1,410)	(1,062)
Foreign exchange (gain)/loss	202	(1,895)
Net finance costs	4,587	5,952
Share of profit of associates	617	(955)
Profit before income tax	36,909	18,226
Income tax expense	14,112	6,597
Profit for the period	22,797	11,629
Attributable to:		
Shareholders of the Company	25,273	11,758
Minority interests	(2,476)	(129)
	22,797	11,629
Earnings per share		
Basic earnings per share	0.94	0.43
Diluted earnings per share	0.92	0.43

For the six months ended 30 June*In thousands of US Dollars*

	2008	2007
	Unaudited	Unaudited
Cash flows from operating activities		
Profit for the period	46,328	18,634
Adjustments to reconcile profit to net cash flows:		
Non-cash		
Depreciation and amortization	12,570	9,278
Restructuring expense and impairment losses	13,245	30
Environmental expense	94	82
Net finance costs	7,885	14,277
Share of (profit) loss of associates	(718)	1,085
Equity-settled share-based payment transactions	5,365	
Income tax expense	22,793	11,639
Change in working capital	(75,319)	4
Other	(11,368)	(1,865)
Interest received/(paid)	(3,468)	(11,823)
Income tax paid	(9,660)	(5,494)
Cash paid for dividends	503	(4,205)
Net cash flows from operating activities	8,250	31,642
Cash flows used in investing activities		
Proceeds from sale of property, plant and equipment	24	698
Acquisitions of property, plant and equipment and intangibles	(56,504)	(18,174)
Acquisitions, net of cash	(62,854)	(836)
Related party loans	(3,668)	-
Change in short-term investments	14,958	-
Change in restricted cash	(7,716)	-
Other	(520)	26
Net cash flows used in investing activities	(116,280)	(18,286)
Cash flows from financing activities		
Proceeds from issuance of debt	22,402	688
Repayment of borrowings	20,897	(19,278)
Capital infusion	(39)	26,599
Other	184	-
Net cash flows from financing activities	43,444	8,009
Net (decrease) increase in cash and cash equivalents	(64,586)	21,365
Cash and cash equivalents at 1 January	172,558	54,610
Effect of exchange rate fluctuations on cash held	5,390	1,402
Cash and cash equivalents at 30 June	113,362	77,377

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, aluminium master alloys and additives, chromium metal and ferrotitanium, used by steel, aluminium, 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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