



AMG REPORTS STRONG THIRD QUARTER IN FACE OF CHALLENGING ECONOMIC CONDITIONS

Key Highlights

- Revenue increased 49% in the third quarter 2008 compared to the third quarter 2007; year to date increase 40%
- EBITDA increased 121% in the third quarter 2008 when compared to the third quarter 2007; year to date increase 99%
- EPS on a fully diluted basis increased to \$0.75 compared to the third quarter 2007 to (\$0.94), EPS, excluding non-recurring charges, increased to \$1.19
- Advanced Materials' third quarter revenue and EBITDA improved by 17% and 120% compared to the third quarter of 2007
- Engineering Systems' third quarter revenue and EBITDA improved by 70% and 54% compared to the third quarter of 2007
- Timminco's third quarter revenue increased by 56% to \$66.6 million and EBITDA increased to \$7.4 million in the third quarter of 2007
- Graphit Kropfmühl contributed \$36.4 million to revenue and \$4.1 million to EBITDA during Q3 2008
- Strong balance sheet; cash on hand of \$154.2 million, net debt of \$79.6 million with no significant debt maturities until 2012; \$114.8 million year to date free cash flow ¹

Amsterdam, 12 November 2008 --- AMG Advanced Metallurgical Group N.V. ("AMG", Euronext Amsterdam: "AMG") reported third quarter 2008 revenue increased to \$437.6 million in the quarter ended 30 September 2008, from \$292.9 million in the third quarter 2007, a 49% increase.

Net income attributable to shareholders for the third quarter 2008 was \$20.8 million, or \$0.75 per fully diluted share. Excluding the non-recurring asset impairment expenses at AMG's 50.4% owned subsidiary, Timminco, and non-recurring acquisition purchase accounting at Graphit Kropfmühl, net income attributable to shareholders for the third quarter 2008 was \$32.8 million, or \$1.19 per fully diluted share. Adjusted net income was \$9.4 million or \$0.35 per fully diluted share for the third quarter 2007. EBITDA rose 121% to \$71.1 million in the third quarter 2008 compared with \$32.1 million in the third quarter 2007.

Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO, commented: "I am pleased to report our best quarter to date. Both the Advanced Materials and Engineering Systems divisions increased revenue and earnings driven by the solar, energy and superalloy end markets. AMG's majority owned subsidiary, Timminco Limited, continued to increase

¹ Free cash flow is defined as EBITDA less change in working capital and maintenance capital expenditures

production of the solar grade silicon ramp up during the third quarter, shipping 300 metric tonnes, a 36% improvement over the second quarter 2008. Through AMG's diversified business model, conservative balance sheet and significant cash position, AMG is well positioned to endure the economic fallout from the global credit crisis. Demand and pricing for some of our major products are clearly being impacted by the growing uncertainties in the global economy. We are responding to these uncertainties by adjusting production levels on some of our products and increasing our cost containment measures. AMG is focused on protecting free cash flow in 2009."

Key Figures

In 000's US Dollar

	Q3'08	Q3'07⁽¹⁾	Change
Revenue	\$437,561	\$292,897	49%
Gross profit	94,601	49,585	91%
Gross margin	21.6%	16.9%	
Operating income	47,665	23,902	99%
Operating margin	10.9%	8.2%	
Net Income attributable to shareholders	20,769	(25,630)	
EPS- Fully diluted	0.75	(0.94)	
Adjusted EPS-Fully diluted ⁽²⁾	1.19	0.35	
EBIT⁽²⁾	52,805	27,818	90%
EBITDA⁽²⁾⁽³⁾	71,118	32,119	121%
EBITDA margin	16.3%	11.0%	

Notes:

- (1) Q3 2007 Revenue has been restated due to an adjustment at Timminco
- (2) In 2008, adjusted for non-recurring, restructuring and impairment charges at Timminco and non-recurring purchase accounting at GK. In Q3 2007 adjusted for debt extinguishment
- (3) EBITDA is defined as earnings before interest, tax, depreciation and amortization and excludes nonrecurring items

Operational Review

Advanced Materials Division

	Q3'08	Q3'07	Change
Revenue	\$199,396	\$170,981	17%
Gross profit	42,702	23,426	82%
Operating income	22,621	6,701	238%
EBITDA	25,427	11,560	120%
Capital expenditures	7,643	5,684	34%

The Advanced Materials division's third quarter 2008 financial results were driven by continued strong pricing and solid volumes in ferrovanadium and certain other key products. Revenue increased by \$28.4 million or 17% to \$199.4 million. Gross profit improved by \$19.3 million or

82% to \$42.7 million. As a percentage of sales, SG&A expenses decreased despite additional corporate infrastructure. EBITDA increased by \$13.9 million, a 120% improvement over the third quarter 2007 to \$25.4 million.

Gross margins expanded from 14% in the third quarter of 2007 to 21% in third quarter of 2008. The division's secure raw material supply, particularly in ferrovanadium, enabled it to increase gross margins at a faster pace than revenue. The increase in revenue and margins was primarily driven by ferrovanadium, with reference prices increasing by 68% and volumes by 6% over third quarter 2007. Coating materials for thin film solar applications, vanadium chemicals and antimony products also delivered strong margins in the period. Ferronickel-molybdenum and chromium metal suffered significant declines in volumes during the quarter as weakness in the stainless and specialty steel markets impacted demand.

Operating income for the third quarter 2008 improved 238% to \$22.6 million, up from \$6.7 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 \$7.6 million for the quarter, 34% higher than the comparable period in 2007, as previously announced capacity expansion initiatives in ferrovanadium, tantalum and hydropower continued during the quarter.

Engineering Systems Division

	Q3'08	Q3'07	Change
Revenue	\$135,155	\$79,350	70%
Gross profit	44,326	24,207	83%
Operating income	30,836	19,781	56%
EBITDA	34,241	22,202	54%
Capital expenditures	4,392	1,775	147%

The Engineering Systems division continued its dynamic growth during the third quarter 2008. Order backlog of \$393 (€279) million as of 30 September 2008 increased 56% compared to order backlog of \$252 million as of 31 December 2007. The backlog consists primarily of solar silicon DSS furnaces and melting and remelting systems for the materials industry. Adjusting for the decrease in the value of the Euro, in which most contracts are denominated, vis-a-vis the U.S. Dollar, the backlog at 30 September is consistent as compared to 30 June 2008 backlog of €282 million.

Third quarter 2008 revenue and EBITDA increased \$55.8 million, or 70%, and \$12.0 million, or 54%, respectively, over the same period in 2007.

Sales of solar silicon melting and crystallization furnaces for the photovoltaic industry increased 147% in the third quarter 2008 compared to the same period a year ago. 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 third quarter 2008, 6 furnaces per week were produced, compared to one furnace per week at the end of the fourth quarter 2007.

Revenue from remelting systems primarily for the aerospace, materials, and specialty steel industries remained on a similar steady growth trajectory as during the second quarter. Geographically, sales to the Asia Pacific region and Europe accounted for a majority of total revenues. Almost all product lines achieved strong margins on increased volumes.

The EBITDA margin decreased to 25% during the third quarter 2008 compared to 28% for the same period in 2007. Excluding a onetime gain in the third quarter of 2007, EBITDA margin increased from 22% in the third quarter 2007 to 25% in the third quarter 2008. The one-time \$5 million gain recorded during the third quarter 2007 related to the grants earned in connection with the acquisition of the Berlin production facility. The EBITDA margin increased due to economies of scale resulting from additional sales of DSS vacuum furnace systems. The division continues to proactively address the market changes and is adjusting production capacity to reflect those changes.

In the quarter ended 30 September 2008, capital expenditures increased to \$4.4 million from \$1.8 million for the third quarter of 2007. This increase was a result of the expansion of the Berlin facility.

Timminco

	Q3'08	Q3'07	Change
Revenue	\$66,579	\$42,566	56%
Gross profit	11,796	1,952	504%
Operating income (loss)	2,055	(2,580)	N/A
EBITDA	7,393	(1,643)	N/A
Capital expenditures	24,997	7,446	236%

Timminco's revenue for the third quarter 2008 was \$66.6 million compared with \$42.6 million in the third quarter 2007, an increase of 56%. 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 third quarter 2008 was \$8.6 million or 17% of sales compared to a gross profit of \$0.2 million in the third quarter of 2007. Timminco sold 300 metric tons of solar grade silicon during the third quarter 2008 at an average price of \$53/kg. The main contributor to the increase in margin was the 36% increase in solar grade silicon volumes and a decrease of the unit production costs of solar grade silicon to \$30. Magnesium gross profit for the third quarter 2008 was \$3.2 million or 18.7% of sales compared to \$1.8 million or 11% of sales in the third quarter of 2007.

Timminco had operating income in the quarter of \$2.1 million compared to (\$2.6) million loss in the third quarter 2007, 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.

During the quarter ended 30 September 2008, Timminco continued the expansion of its solar grade silicon production capacity. This expansion is expected to bring the installed annual solar grade silicon production capacity to 14,400 metric tons, although the ramp up of this capacity will continue for six to twelve months after installation. Capital expenditures increased to \$25.0 million for the quarter from \$7.4 million in the same period 2007, as the previously announced solar grade silicon capacity expansion continued during the quarter. Sources of funding for this expansion include cash flow from operations, the Company's existing credit facilities, customer deposits and cash on hand. Customer deposits totalled \$30.1 million in the third quarter of 2008. Continued growth in solar silicon revenues and gross margin improvement are expected for the balance of 2008.

Graphit Kropfmühl

	Q3'08
Revenue	\$36,431
Gross profit*	(4,223)
Operating income*	(7,847)
EBITDA	4,057
Capital expenditures	1,727

* Gross profit and operating income include purchase accounting adjustments in the amount of \$10.2 million and \$11.0 million, respectively.

Graphit Kropfmühl ("GK") generated \$36.4 million in revenue and \$4.2 million in gross losses during the quarter ended 30 September 2008. The gross loss was caused by the \$10.2 million in purchase accounting related to the acquisition of GK by AMG. Excluding these charges, GK generated \$3.2 million in operating income. The EBITDA for the quarter was \$4.1 million or 11% of revenue, reflecting the higher average selling prices for silicon metal sales than in the second quarter 2008. GK spent \$1.7 million in capital expenditures during the quarter, primarily to begin a project that will expand the production capacity of the silicon metal operations from 30,000 tonnes to 31,000 tonnes.

Financial Review

Liquidity

	Q3'08	Q4'07	Change
Total debt	\$233,797	\$140,782	(66)%
Cash & short-term investments	154,162	187,891	(18)%
Net debt (cash)	79,635	(47,109)	(269)%

AMG had a net debt position of \$79.6 million as of 30 September 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 year-to-date \$48.3 million investment in a solar grade silicon expansion and an increased investment in working capital across all segments of the business also impacted liquidity. AMG's term debt and revolving credit facility do not mature until August 2012.

Cash Flow

	Nine months ended	
	30 September 2008	30 September 2007
Cash flows from operations	\$76,038	\$65,840
Capital expenditures	(95,262)	(33,079)
Acquisitions, net of cash	(66,484)	(49,321)
Cash flows from other investing	2,991	4,927
Cash flows used in investing activities	(158,755)	(77,473)
Cash flows generated from (used in) financing activities	73,124	186,419
Effect of exchange rates on cash held	(8,803)	14,789
Net (decrease) increase in cash and cash equivalents	(18,396)	189,575

Cash flows from operations were \$76.0 million in the year-to-date period ended 30 September 2008 as compared to \$65.8 million for the comparable period in 2007. Year to date 2008 cash flows from operations were up slightly year over year, as a result of an \$88.3 million increase in EBITDA which was offset by an \$88.4 million increase in working capital, as compared to the same period in 2007. The working capital increase is the result of higher raw material prices and inventory volumes for the Advanced Materials division's products, increased work in process inventory of solar silicon DSS furnaces in the Engineering Systems division and a build-up of silicon metal inventory at Timminco to support the ramp-up of solar silicon production.

Cash used in investing activities was \$158.8 million for the nine months ended 30 September 2008. This increase of \$81.3 million over the comparable period in 2007 is primarily related to two items; \$48.3 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 \$73.1 million, a decrease of \$113.3 million from the same period in 2007. This decrease was primarily the result of two factors, \$287.1 million generated from the AMG initial public offering in 2007, offset by the net repayment of \$183.6 million debt as compared to the 2008 borrowings 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

Despite the challenging economic conditions, AMG remains positive on long term growth prospects for the core markets of solar, fuel economy, nuclear and recycling that it serves. In the near term, however, AMG is taking cost containment steps, delaying non-essential capital projects and focusing on reducing working capital to maximize profitability and free cash flow through the current economic downturn and uncertain global markets. The impact of the current volatile economic situation makes visibility for 2009 difficult at this point; however AMG expects to substantially exceed its full year 2008 EBITDA target of 65% growth over 2007.

AMG Advanced Metallurgical Group N.V.
Interim consolidated balance sheet at 30 September 2008
In thousands of US Dollars

	30 September 2008	31 December 2007
	Unaudited	Audited
Property, plant and equipment	297,807	155,763
Intangible assets	69,863	50,291
Investments in associates	9,646	15,145
Derivative financial instruments	176	194
Deferred tax assets	31,449	34,537
Restricted cash	17,816	14,582
Notes receivable	7,397	7,068
Other assets	10,074	5,087
Total non-current assets	444,228	282,667
Inventories	330,997	186,410
Trade and other receivables	235,055	187,243
Derivative financial instruments	8,948	3,582
Prepayments and other current assets	66,197	48,754
Short term investments	-	15,333
Cash and cash equivalents	154,162	172,558
Total current assets	795,359	613,880
Total assets	1,239,587	896,547
Equity		
Issued capital	724	722
Share premium	379,325	392,304
Other reserves	(40)	(9,923)
Retained earnings (deficit)	(69,007)	(137,439)
Equity attributable to shareholders of the Company	311,002	245,664
Minority interests	67,430	64,133
Total equity	378,432	309,797
Liabilities		
Loans and borrowings	157,296	115,726
Employee benefits	119,014	102,809
Provisions	13,356	12,011
Government grants	2,408	8,585
Other liabilities	8,780	9,087
Derivative financial instruments	148	77
Deferred tax liabilities	57,380	32,112
Total non-current liabilities	358,382	280,407
Loans and borrowings	6,481	1,102
Short-term bank debt	63,147	16,202
Related party debt	6,873	7,752
Government grants	8,457	7,927
Other liabilities	54,264	42,356
Trade and other payables	186,333	126,827
Derivative financial instruments	7,182	4,994
Advance payments	100,312	74,731
Unearned revenue	37,512	-
Current taxes payable	15,589	11,496
Provisions	16,623	12,956
Total current liabilities	502,773	306,343
Total liabilities	861,155	586,750
Total equity and liabilities	1,239,587	896,547

AMG Advanced Metallurgical Group N.V.

Interim consolidated income statement for the nine months ended 30 September 2008

For the nine months ended 30 September

In thousands of US Dollars

	2008	2007
	Unaudited	Unaudited
Continuing operations		
Revenue	1,176,714	838,734
Cost of sales	922,901	690,968
Gross profit	253,813	147,766
Selling, general and administrative expenses	116,998	85,306
Restructuring expense	13,912	51
Asset impairment expense	3,652	-
Environmental expense	197	244
Other expenses	46	312
Other income	(4,944)	(7,773)
Operating profit	123,952	69,626
Loss on early extinguishment of debt	-	35,069
Interest expense	15,920	23,929
Interest income	(5,027)	(4,983)
Foreign exchange loss (gain)	3,643	(2,748)
Net finance costs	14,536	51,267
Share of loss of associates	(10,999)	(1,963)
Profit before income tax	98,417	16,396
Income tax expense	36,767	22,854
Profit (loss) for the period	61,650	(6,458)
Attributable to:		
Shareholders of the Company	68,548	(6,473)
Minority interests	(6,898)	15
	61,650	(6,458)
Earnings per share		
Basic earnings (loss) per share	2.56	(0.24)
Diluted earnings (loss) per share	2.49	(0.24)

For the three months ended 30 September*In thousands of US Dollars*

	2008	2007
	Unaudited	Unaudited
Continuing operations		
Revenue	437,561	292,897
Cost of sales	342,960	243,312
Gross profit	94,601	49,585
Selling, general and administrative expenses	44,397	31,900
Restructuring expense	666	21
Asset impairment expense	3,652	-
Environmental expense	104	42
Other expenses	-	25
Other income	(1,883)	(6,305)
Operating profit	47,665	23,902
Loss on early extinguishment of debt	-	35,069
Interest expense	6,156	6,003
Interest income	(1,611)	(2,954)
Foreign exchange loss (gain)	2,105	(1,217)
Net finance costs	6,650	36,901
Share of loss of associates	(11,717)	(877)
Profit (loss) before income tax	29,298	(13,876)
Income tax expense	13,974	11,215
Profit (loss) for the period	15,324	(25,091)
Attributable to:		
Shareholders of the Company	20,769	(25,630)
Minority interests	(5,445)	539
	15,324	(25,091)
Earnings per share		
Basic earnings (loss) per share	0.77	(0.96)
Diluted earnings (loss) per share	0.75	(0.94)

AMG Advanced Metallurgical Group N.V.

Interim condensed consolidated cash flow statement for the nine months ended 30 September

For the nine months ended 30 September

In thousands of US Dollars

	2008	2007
	Unaudited	Unaudited
Cash flows from operating activities		
Profit (loss) for the period	61,650	(6,458)
Adjustments to reconcile profit (loss) to net cash flows:		
Non-cash		
Depreciation and amortization	30,884	13,579
Restructuring expense	13,912	51
Asset impairment expense	3,652	-
Environmental expense	197	124
Net finance costs	14,536	51,267
Share of loss of associates	10,999	1,963
Equity-settled share-based payment transactions	8,189	2,635
Income tax expense	36,767	22,854
Change in working capital	(71,376)	17,014
Other	(11,351)	(12,488)
Interest paid, net	(4,707)	(15,080)
Income tax paid	(17,582)	(9,621)
Cash received from dividends	268	-
Net cash flows from operating activities	76,038	65,840
Cash flows used in investing activities		
Proceeds from sale of property, plant and equipment	469	730
Acquisitions of property, plant and equipment and intangibles	(95,262)	(33,079)
Acquisitions, net of cash	(66,484)	(49,321)
Related party loans	(5,848)	(26)
Change in short-term investments	14,884	-
Change in restricted cash	(3,866)	-
Other	(2,648)	4,223
Net cash flows used in investing activities	(158,755)	(77,473)
Cash flows from financing activities		
Proceeds from issuance of debt	79,951	91,470
Repayment of borrowings	(7,140)	(275,083)
Issuance of shares and related transaction costs	-	264,005
Capital infusion	-	106,076
Other	313	(49)
Net cash flows from financing activities	73,124	186,419
Net (decrease) increase in cash and cash equivalents	(9,593)	174,786
Cash and cash equivalents at 1 January	172,558	54,610
Effect of exchange rate fluctuations on cash held	(8,803)	14,789
Cash and cash equivalents at 30 September	154,162	244,185

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 ferrovandium, 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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Disclaimer

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