November 06, 2007

AGY Holding Corp. Announces 2007 Third Quarter Results and Bondholder and Investor Conference Call

AIKEN, S.C.--(BUSINESS WIRE)--AGY Holding Corp. ("AGY" or the "Company") reports 2007 third quarter results whose highlights are summarized below. Detailed financial disclosure will be available in the quarterly report that will be provided to bondholders and investors upon request to the Trustee.

Summary Financial Performance
($ in millions)

	Quarter Ending September 30,		Nine months Ended September 30,	
	2006	2007	2006	2007
Net sales	$ 42.3	$ 48.3	$ 130.1	$ 134.7
Adjusted EBITDA (1)	13.0	13.1	34.9	31.4
Adjusted EBITDA margin (2)	30.7%	27.1%	26.8%	23.3%

Net sales increased $6.0 million, or 14.2%, in the third quarter of 2007, when compared to the third quarter of 2006. The increase is primarily attributable to a favorable change in product mix associated with our advanced material and technical yarn products. Increased shipments in these product lines were the result of strong demand in several key end-markets, including aerospace, electronics and defense. This increase was partially offset by lower volumes in the construction market, which continues to experience softness in both the North American housing and commercial project driven segments. On a year-to-date basis, net sales increased by $4.6 million to $134.7 million, or 3.5%, as a result of continued strength in the defense, electronics and aerospace markets. Although first quarter sales in 2007 were lower than the comparable quarter of 2006, quarterly revenue growth experienced in the second and third quarter of 2007 exceeded prior year results by 11.5% and 14.2%, respectively.

Adjusted EBITDA for the third quarter of 2007 was $13.1 million, or a $0.1 million improvement over the comparable period of 2006. A favorable product mix, improved manufacturing efficiencies at both the Huntingdon and Aiken facilities, and lower energy costs on a year-over-year basis favorably impacted profitability. These gains were partially offset by increased labor costs as a result of the union labor agreements that became effective November 1, 2006 and increased selling, general and administrative expense reflecting higher personnel costs that has allowed us to accelerate our strategic growth initiatives. Compared to the nine months ended September 30, 2006, Adjusted EBITDA decreased $3.5 million to $31.4 million. Adjusted EBITDA margin for the nine months ended September 30, 2007 was 23.3%, compared to 26.8% for the comparable period of 2006. Improved manufacturing efficiencies, lower energy and repair costs and a favorable product mix partially offset higher labor costs associated with the union labor agreement and increased personnel costs in support of our new product development activities and strategic initiatives. Additionally, in 2007 we incurred non-recurring consulting expense associated with the implementation of our lean manufacturing program. This initiative has yielded and will continue to provide for improvements in our manufacturing efficiencies, cost structure, alloy requirements and capital spending.

The Company's cash balance as of September 30, 2007 exceeded $13.8 million and the net funded debt position has decreased by approximately $13.1 million since December 31, 2006.

On October 30th, a press release was issued indicating we completed the previously announced acquisition of Owens Corning's North American continuous filament mat (CFM) business. Under the agreement, AGY acquired Owens Corning's CFM assets located in AGY's Huntingdon, Pennsylvania facility and its marble furnace assets located in Anderson, South Carolina, which supplies the Huntingdon facility with glass marbles used in the production of CFM and in the marble melt production of glass yarn.

The acquisition of Owens Corning's CFM business will broaden AGY's product offerings and further diversify its end-customer markets and sales geography. CFM reinforcements are sold globally to the infrastructure, electrical, transportation, and consumer markets. It represents a significant step in AGY's strategy to accelerate the growth of its specialty composites business.

Summary Financial Performance
($ in millions)

	Quarter Ended September 30,		Combined Nine Months Ended September 30,	
	2006	2007	2006	2007
Net Sales	$ 42.3	$ 48.3	$ 130.1	$ 134.7
Adjusted EBITDA [1]	13.0	13.1	34.9	31.4
Adjusted EBITDA margin [2]	30.7%	27.1%	26.8%	23.3%
Net income (loss)	1.2	2.0	(12.5)	(0.3)
Interest expense (income), net	4.3	5.0	10.6	15.2
Income tax expense (benefit) [3]	0.7	1.1	(7.6)	(0.2)
Depreciation and amortization	4.5	2.4	11.8	9.5
EBITDA	10.7	10.5	2.3	24.2
Adjustments to EBITDA:				
Non cash purchase accounting inventory adjustment	-	-	3.2	-
Alloy depletion charge, net	1.8	2.1	4.1	5.6
Non-cash Porcher Equity Incentive adjustment	-	-	1.6	-
Non-cash compensation charges	0.3	0.3	18.7	0.9
Acquisition costs	-	-	4.4	-
Variable natural gas price increase	-	-	0.2	-
Management fees	0.2	0.2	0.4	0.6
Union signing bonuses [4]	-	-	-	0.3
Other	-	-	-	(0.2)
Adjusted EBITDA	$ 13.0	$ 13.1	$ 34.9	$ 31.4

(1) Adjusted EBITDA has been calculated in a manner consistent with the Company's offering memorandum dated October 20, 2006 relating to its 11% Senior Second Lien Notes due 2014, copies of which are available from the Company upon request.

(2) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by net sales.

(3) Preliminary and subject to change.

(4) Includes non-recurring signing bonuses associated with renegotiated labor agreements with each of the Company's unions in the fourth quarter of 2006.

Contact(s):
AGY Holding Corp.
Douglas Mattscheck
President/CEO
803-643-1125 office
doug.mattscheck@agy.com