Report on first nine months of 2018/19: Aurubis generates operating result of € 125 million and invests in sites

- **Maintenance shutdowns and additional expenses following halt of Future Complex Metallurgy project weigh on Q3 result**
- **Metallo Group acquisition a key building block in Aurubis' consistent further development of integrated smelter network**
- **Aurubis continues to invest in plant availability and environmental protection at all sites**

Hamburg, August 8, 2019 – Aurubis is continuing its multi-metal strategy. The acquisition of the Belgian-Spanish Metallo Group for a purchase price of € 380 million, which is being financed without a capital increase, is an important building block in the implementation of this strategy. With its attractive growth potential, the recycling and refining company expands Aurubis' multi-metal portfolio, especially with the metals nickel, tin, zinc, and lead. The approval of the transaction by the relevant antitrust authorities is expected by the end of the year.

At € 8,681 million, the Aurubis Group generated revenues at prior-year level during the first nine months of fiscal year 2018/19. Operating earnings before taxes (EBT) were € 125 million (previous year: € 264 million). A significantly lower concentrate throughput, with lower treatment and refining charges at the same time, impacted the result in particular.

Unplanned shutdowns had already had a negative effect of approximately € 25 million on earnings in Q1 of the current fiscal year; a scheduled maintenance shutdown at the site in Pirdop, Bulgaria, had an additional negative effect of about € 15 million on earnings. Furthermore, expenses due to the halt of the internal investment project Future Complex Metallurgy (FCM) amounted to about € 30 million.

Other factors that led to the lower result included significantly lower refining charges for copper scrap compared to the previous year, with a good supply; higher energy costs; and weaker demand for shapes and flat rolled products.

Aurubis AG Executive Board Chairman Roland Harings remarked: "Our result in Q3 was strained by several extraordinary factors. In addition to one-time expenses from the halt of the FCM project, the operating performance of our large production units fell below expectations. The decline in demand on the product markets negatively impacted our earnings in May and June."

Operating EBT in the first nine months was supported by higher sulfuric acid revenues first and foremost. The good price level more than compensated for the lower production volumes due to the shutdowns. Sales of copper rod were also robust in the first nine months of fiscal year 2018/19.

Aurubis generated an EBT of € 135 million from continuing operations on an IFRS basis (previous year: € 313 million).* Operating return on capital employed (ROCE) was 7.1 % (previous year: 14.6 %). Operating ROCE was at half the prior-year

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level due to lower quarterly results, with significantly higher inventories to prepare for scheduled maintenance shutdowns at the same time.

Investment in sites, continuation of strategy

Executive Board Chairman Roland Harings affirmed: “Our multi-metal strategy remains in place. We will be able to apply some of the plans and plant configurations developed during the FCM project and use them to carry out the strategy in the future. Furthermore, the acquisition of the Belgian-Spanish Metallo Group will help Aurubis process valuable, marketable products from materials with low metal contents, thus making an important contribution to the circular economy and sustainability.”

On its ongoing path to becoming an integrated smelter network, the company will continue investing strongly in its sites in the last quarter of fiscal year 2018/19 and at the start of the new fiscal year 2019/20. After Pirdop successfully carried out legally mandated maintenance activities in its production facilities in May, additional measures are now scheduled in Lünen (25 days in September) and Hamburg (36 days in October/November). These will have an impact of about € 3 million and € 30 million on operating EBIT, respectively, but will optimize the sites’ plant availability and modernize their environmental protection. Moreover, investments were made in a new Innovation and Training Center in Hamburg, which will be officially inaugurated in early September.

Forecast for the current fiscal year, market outlook

Aurubis corrected its forecast with the publication of the half-year result and still expects operating EBT for the current fiscal year to be significantly below the previous year. Consequently, the company also anticipates a significantly lower operating ROCE compared to the previous year.

Because of shutdowns and investment measures at the sites, Aurubis expects plant availability to be lower and thus the volume of copper concentrates processed during the current fiscal year to be significantly lower than the previous year. Cathode output is also expected to be lower than the prior-year volume.

Aurubis expects satisfactory treatment and refining charges for concentrates until the end of the fiscal year. Because Aurubis is sufficiently supplied with concentrates from existing contracts for the current fiscal year, the company doesn’t have to purchase concentrates at spot market conditions, which are weaker at the moment. On the copper scrap market, too, the company continues to expect a stable supply with a good ongoing price level. The Group’s facilities are supplied at good conditions in Q4.

Aurubis anticipates weaker demand for copper rod from cable producers and considerably lower demand for copper shapes compared to the previous year. Demand for flat rolled products, especially in the European automotive sector, has been declining since fall 2018. This is expected to continue for the rest of the fiscal year. Overall, for fiscal year 2018/19, Aurubis expects the demand and sales situation to be significantly below the very good previous year.

The sales market for sulfuric acid, which is difficult to predict, recorded a significant price decrease at the end of Q3 2018/19; current information indicates that the price level will be lower in Q4 as well.

Aurubis set the copper premium at US$ 96/t for calendar year 2019 (previous year: US$ 86/t). For the most part, the Group expects to be able to implement this premium for its products.

* Because the IFRS result includes measurement effects due to metal price fluctuations and other factors, Aurubis discloses an operating result (EBT) that differs from the IFRS result. The operating result largely eliminates the effects of metal price fluctuations and thus allows for a more realistic assessment of the business performance. Operating EBT is used for control purposes within the Group.

Segment FRP will continue to be classified as discontinued operations pursuant to IFRS 5. The intended sale of the segment does not affect the operating reporting, however.

The complete Quarterly Report on the First 9 Months 2018/19 is available at www.aurubis.com

At a Glance

Key Aurubis Group figures Operating		Q3			9M		
		2018/19	2017/18	Change	2018/19	2017/18	Change
Revenues	€m	3,021	2,977	1 %	8,681	8,747	-1 %
Gross profit	€m	283	307	-8 %	835	929	-10 %
Depreciation and amortization	€m	35	33	6 %	102	98	4 %
EBITDA**	€m	61	113	-46 %	234	367	-36 %
EBIT	€m	26	80	-68 %	132	269	-51 %
EBT*	**€m**	**22**	**78**	**-72 %**	**125**	**264**	**-53 %**
Consolidated net income	€m	17	60	-72 %	95	201	-53 %
Earnings per share	€	0.38	1.33	-71 %	2.10	4.46	-53 %
Net cash flow	€m	94	132	-29 %	-240	-100	> 100 %
Capital expenditure (including finance leases)	€m	50	37	36 %	143	116	24 %
ROCE*	**%**	**-**	**-**	**-**	**7.1**	**14.6**	**-**

* Corporate control parameters.
** EBITDA (operating EBITDA) is determined from EBIT (operating EBIT) plus depreciation and amortization (operating depreciation and amortization).

Key Aurubis Group figures IFRS from continuing operations		Q3			9M		
		2018/19	2017/18	Change	2018/19	2017/18	Change
Revenues	€m	2,723	2,626	4 %	7,805	7,787	0 %
Gross profit	€m	213	285	-25 %	703	837	-16 %
Personnel expenses	€m	93	91	3 %	275	266	4 %
Depreciation and amortization	€m	32	30	5 %	93	89	4 %
EBITDA	€m	34	139	-76 %	237	411	-42 %
EBIT	€m	2	109	-98 %	144	322	-55 %
EBT	€m	-1	106	< -100 %	135	313	-57 %
Consolidated net income/loss	€m	-1	81	< -100 %	102	239	-57 %
Earnings per share	€	-0.02	1.82	< -100 %	2.26	5.31	-57 %

General Aurubis Group figures		Q3			9M		
		2018/19	2017/18	Change	2018/19	2017/18	Change
Copper price (average)	US$/t	6,113	6,872	-11 %	6,167	6,880	-10 %
Copper price (period end date)	US$/t	-	-	-	5,972	6,646	-10 %
Employees (average)		6,804	6,603	3 %	6,803	6,544	4 %

Aurubis Group output/throughput		Q3			9M		
		2018/19	2017/18	Change	2018/19	2017/18	Change
Concentrate throughput	1,000 t	477	618	-23 %	1,659	1,913	-13 %
Copper scrap/blister copper input	1,000 t	117	118	0 %	343	314	9 %
KRS throughput	1,000 t	68	73	-7 %	186	211	-12 %
Sulfuric acid output	1,000 t	437	575	-24 %	1,557	1,826	-15 %
Cathode output	1,000 t	268	290	-8 %	818	876	-7 %
Rod output	1,000 t	213*	205	4 %	620*	595	4 %
Shapes output	1,000 t	46	52	-12 %	142	151	-6 %
Flat rolled products and specialty wire output	1,000 t	53	62	-14 %	163	178	-8 %

* Taking the full integration of Deutsche Giessdraht GmbH into account.

Aurubis - Metals for Progress
Aurubis AG is a leading global provider of non-ferrous metals and the largest copper recycler worldwide. The company processes complex metal concentrates, scrap metals, and metal-bearing recycling materials into metals of the highest quality.

Its main area of expertise is the processing of concentrates and recycling raw materials with complex qualities. With its range of services, Aurubis is a forerunner in the industry. The group of companies is oriented towards growth, efficiency, and sustainability. The main components of the strategy are the expansion of the leading market position as an integrated copper producer, entering new markets in industries of the future, the highly efficient and optimal recovery of additional metals and by-products from complex raw materials, and practicing a responsible attitude when dealing with people, resources, and the environment.

Aurubis produces more than 1 million t of copper cathodes annually, and from them a variety of copper products such as wire rod, continuous cast shapes, rolled products, and strip, as well as specialty wire and profiles made of copper and copper alloys. Precious metals, selenium, lead, nickel, and a number of other products such as sulfuric acid and iron silicate also belong to the product portfolio.

Aurubis has about 6,700 employees, production sites in Europe and the US, and an extensive service and distribution system in Europe, Asia, and North America.

Aurubis' customers include companies in the semis industry; the electrical, electronics, and chemical industries; and suppliers of the renewable energies, construction, and automotive sectors.

Aurubis shares are part of the Prime Standard Segment of the German Stock Exchange and are listed in the MDAX and the Global Challenges Index (GCX).

Further information at www.aurubis.com