

Aurubis' 2015/16 result confirms company and market expectations

Hamburg, December 14, 2016 – **The Aurubis Group (Aurubis) generated a result that was within the company's and the market's expectations, achieving operating earnings before taxes (EBT) of € 213 million in fiscal year 2015/16 (previous year: € 343 million). Operating return on capital employed (ROCE) amounted to 10.9 % (previous year: 18.7 %).**

The Executive Board and Supervisory Board will recommend the payout of a dividend of € 1.25 per share at the Annual General Meeting on March 2, 2017 (previous year: € 1.35). The payout ratio is therefore 46 % related to the unappropriated earnings of Aurubis AG (previous year: 53 %). The dividend yield on the basis of the XETRA closing price of € 49.88 as at September 30, 2016 is 2.5 % (previous year: 2.4 %).

The result was impacted by significantly reduced refining charges for copper scrap accompanied by a lower copper scrap supply, as well as significantly weaker sales prices for sulfuric acid due to a surplus. A lower metal gain accompanied by decreased metal prices, a lower cathode premium and the scheduled shutdown in Pirdop, Bulgaria, with a lower resultant throughput also negatively impacted profits.

Higher treatment and refining charges for copper concentrates with an improved input mix, stable sales volumes for continuous cast wire rod and shapes and the strong US dollar had a positive effect.

*"The earnings developed as we anticipated in our forecast at the start of the fiscal year: overall, we generated significantly lower operating EBT and significantly lower operating ROCE. That isn't enough for us, even though there are understandable reasons for this development!" explained **Jürgen Schachler, Chief Executive Officer of Aurubis AG**. "We are especially proud of how the large-scale shutdown in Pirdop went. We invested about € 44 million there and, in just 54 days, carried out the largest maintenance and repair shutdown that had ever taken place at the smelter, strictly adhering to the budget."*

The Aurubis Group's revenues decreased by € 1,520 million to € 9,475 million during the reporting period (previous year: € 10,995 million). This development is primarily due to the lower average copper price compared to the previous year. Operating ROCE decreased from 18.7 % to 10.9 % in the fiscal year reported due to the lower operating result. This KPI is therefore within the expectations outlined in the Forecast Report at the start of the fiscal year.

The IFRS consolidated earnings before taxes (EBT) were € 159 million (previous year: € 170 million). In contrast to operating earnings, IFRS earnings include measurement effects due to copper price fluctuations and other factors. Therefore, the operating earnings are decisive for Aurubis in assessing the business performance and managing the company.

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Outlook

Uncertainties in the overall economic development and on the markets relevant for Aurubis will continue to influence fiscal year 2016/17.

Procurement markets

Positive factors include the good ongoing supply of copper concentrates, as well as a relatively high level of treatment and refining charges. The situation on the copper scrap market has also improved slightly, as the copper prices increased after the end of fiscal year 2015/16. Nevertheless, business in this area is conducted with short timelines, and is therefore difficult to forecast.

A reliable overall assessment of the copper scrap supply in 2017 isn't possible. Likewise, it isn't possible to make a long-term statement about the possibilities of using blister copper as a substitute. Due to its presence on the markets and its good supplier relationships, Aurubis is nevertheless confident that it will be able to secure the supply of copper scrap and blister copper. With the closing-the-loop approach, which Aurubis expanded steadily in the previous fiscal year, the company wants to utilize product customers as suppliers of production scrap. The Group will continue to pursue this approach in 2017.

Sales markets

The sub-markets for copper products are mixed. Adequate statements about the development of the copper product business in the new fiscal year are only possible to a limited extent since the negotiation season for 2017 hasn't ended yet. Aurubis reduced the cathode premium for long-term contracts with European customers from US\$ 92/t to US\$ 86/t for calendar year 2017. This takes expected customer demand into account. Aurubis expects satisfactory contracts in the negotiation season for copper products.

Sulfuric acid sales are also dependent on short-term developments. The pressure on the sulfuric acid prices continued at the start of the new fiscal year; spot prices remained stable at a low level. Improvement isn't foreseeable at the moment.

Fluctuating business performance

Overall, there could be differences in the business performance from quarter to quarter due to seasonal factors, but also as a result of disruptions in equipment or operating processes. The first quarter of a fiscal year in particular regularly reflects a weaker business performance. Furthermore, the result of Q1 2016/17 will be negatively impacted by a three-week maintenance shutdown carried out in Hamburg in October/November 2016. This shutdown is legally mandated every three years. However, Aurubis expects high plant availability for the rest of the fiscal year.

Initiatives for long-term improvement of results

With a series of internal projects and initiatives to improve its product offering and processes, Aurubis is currently creating the conditions to maintain and expand its position as market leader in a number of areas in the long term.

Aurubis expects positive contributions from the Results Improvement Program, which was transferred to a Continuous Improvement Program at the start of the new fiscal year. It will lead to additional optimizations at all of the sites.

In the FCM (Future Complex Metallurgy) project, Aurubis will continuously develop its unique expertise in processing complex materials. In Hamburg, Aurubis has started the MSO (Metallurgical Slag Optimization) project with the goal of reducing unwanted elements in the iron silicate with an additional preparation stage. Another objective of the project is to expand the company's granulation capacities.

In order to analyze the administrative and production-related work processes and to identify additional potential for improvement, Aurubis started three key initiatives in the second half of 2016:

- 1) An opinion survey distributed to more than 1,000 employees
- 2) A diagnostic process based on financial and operating KPIs (key performance indicators), central processes, organizational structures and existing IT systems
- 3) Projects for in-depth continuous improvement.

Aurubis will present the results and implications of these initiatives at its Annual General Meeting on March 2, 2017 and as the first half of 2017 goes on.

Conclusion

“Overall, we expect significantly higher operating EBT and slightly higher operating ROCE for the Group in fiscal year 2016/17 compared to the reporting year,”

Jürgen Schachler stated, summarizing the expectations for the current fiscal year.

You can find the complete Annual Report 2015/16 at www.aurubis.com.

At a Glance

Key Aurubis Group figures		Q4			Fiscal year		
		2015/16	2014/15	Change	2015/16	2014/15	Change
Revenues	€m	2,399	2,528	-5 %	9,475	10,995	-14 %
Gross profit	€m	282	135	> 100 %	1,004	1,009	0 %
Operating gross profit	€m	284	288	-1 %	1,050	1,173	-10 %
Personnel expenses	€m	112	102	10 %	449	431	4 %
Depreciation and amortization	€m	37	34	9 %	135	136	-1 %
Operating depreciation and amortization	€m	36	33	9 %	129	130	-1 %
EBITDA	€m	102	(32)	> 100 %	312	336	-7 %
Operating EBITDA	€m	104	121	-14 %	358	500	-28 %
EBIT	€m	65	(66)	>100 %	177	200	-12 %
Operating EBIT	€m	68	88	-23 %	229	370	-38 %
EBT	€m	61	(75)	> 100 %	159	170	-6 %
Operating EBT*	€m	65	81	-20 %	213	343	-38 %
Consolidated net income/(loss)	€m	52	(48)	> 100 %	124	134	-7 %
Operating consolidated net income	€m	56	61	-8 %	165	257	-36 %
Earnings per share	€	1.13	(1.08)	> 100 %	2.71	2.95	-8 %
Operating earnings per share	€	1.24	1.33	-7 %	3.64	5.68	-36 %
Dividend per share**	€	-	-	-	1.25	1.35	-7 %
Net cash flow	€m	191	17	> 100 %	236	365	-35 %
Capital expenditure (excl. financial fixed assets)	€m	37	42	-13 %	143	112	28 %
Operating ROCE*	%	-	-	-	10.9	18.7	-
Copper price (average)	US\$/t	4,772	5,259	-9 %	4,767	5,933	-20 %
Copper price (balance sheet date)	US\$/t	-	-	-	4,832	5,093	-5 %
Employees (average)		6,408	6,301	2 %	6,355	6,317	1 %

* Corporate control parameters.

** 2015/16 figure is the proposed dividend.

This report may include slight deviations in the totals due to rounding.

Production output/throughput		Q4			Fiscal year		
		2015/16	2014/15	Change	2015/16	2014/15	Change
BU Primary Copper							
Concentrate throughput	1,000 t	584	563	3.7 %	2,156	2,295	-6.1 %
Copper scrap/blister scrap input	1,000 t	29	23	26.1 %	108	119	-9.2 %
Sulfuric acid output	1,000 t	565	534	5.8 %	2,068	2,200	-6.0 %
Cathode output	1,000 t	146	156	-6.4 %	584	615	-5.0 %
BU Copper Products							
Copper scrap/blister scrap input	1,000 t	78	59	32.2 %	311	289	7.6 %
KRS throughput	1,000 t	66	67	-1.5 %	254	269	-5.6 %
Cathode output	1,000 t	124	127	-2.4 %	500	523	-4.4 %
Wire rod output	1,000 t	170	194	-12.4 %	758	764	-0.8 %
Shape output	1,000 t	40	41	-2.4 %	172	170	1.2 %
Flat rolled products and specialty wire output	1,000 t	54	53	1.9 %	218	216	0.9 %

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Certain prior-year figures have been adjusted.

Company profile

In 2016, Aurubis is celebrating the 150th anniversary of the company's founding (as Norddeutsche Affinerie on April 28, 1866) under the motto "150 Years of the Future".

Today, Aurubis is the leading integrated copper group and the largest copper recycler worldwide. We produce more than 1 million t of copper cathodes annually and from them a variety of copper products. Production expertise is our strength and the driving force of our success.

Aurubis has more than 6,400 employees, production sites in Europe and the USA and an extensive service and sales system for copper products in Europe, Asia and North America.

Thanks to our wide range of services, we rank among the global leaders in our industry. Our core business is the production of marketable copper cathodes from copper concentrates, copper scrap and other recycling raw materials. These are processed within the Group into continuous cast wire rod, shapes, rolled products and strip, as well as specialty wire and profiles made of copper and copper alloys. Precious metals and a number of other products, such as sulfuric acid and iron silicate, round off our product portfolio.

Customers of Aurubis include companies in the copper semis industry, the electrical engineering, electronics and chemical industries, as well as suppliers of the renewable energies, construction and automotive sectors.

Aurubis is oriented to growth and to increasing corporate value: the main focuses of our strategy are on expanding our leading market position as an integrated copper producer, utilizing growth opportunities and practicing a responsible attitude when dealing with people, resources and the environment.

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

Further information at www.aurubis.com