

Aurubis AG: Extraordinary inventory completed and new forecast for 2022/23 fiscal year

- » Precious metal shortfall of € 185 million identified
- » Forecast for operating result in current fiscal year adjusted to € 310 to € 350 million
- » Task force working on measures to increase security level and provide protection against criminal activities
- » Germany's State Office of Criminal Investigation still investigating

Hamburg, September 19, 2023 – Today, Aurubis AG announced the results of the extraordinary inventory that was carried out on August 31, 2023 in the aftermath of the theft and fraud cases. According to the results, the value of the precious metal shortage, which will negatively impact operating earnings before taxes (op. EBT) for fiscal year 2022/23, amounts to € 185 million. This confirms the company's predictions stated in an ad hoc release at the end of August. The multimetal provider expects to claim insurance payouts amounting to around € 30 million and seize assets from the criminals involved, which could partially compensate for the negative effect on earnings. The effects of the metal shortage will be recorded in the 2022/23 fiscal year results.

Based on these losses and the economic trend expected in Q4 2022/23, Aurubis has adjusted its forecast. For the current 2022/23 fiscal year, the company anticipates an operating result between € 310 and € 350 million. The company had already retracted the previous operating result forecast of € 450 to € 550 million in the ad hoc release dated August 31. The company anticipates an operating ROCE (return on capital employed) of between 8 and 12 % (previously: 14 and 18 %)

“Occupational safety and plant security are our highest priorities. We are working closely with the investigative authorities and at full speed to get to the bottom of the criminal activities. We have pulled all of the necessary internal resources together and are using external forensic specialists,” Aurubis CEO Roland Harings said. “At the same time, based on the findings of the investigation, we are immediately and comprehensively improving the level of protection against professional crime. Process improvements and additional security measures will be established. Our goal is to raise the level of security high enough to make theft and fraud impossible.”

During routine inspections of the metal inventory, Aurubis discovered significant deviations from the expected inventory and discrepancies in special samples of specific shipments of input materials in the recycling area. It is now clear that shipments and samples of input materials in the recycling area with high contents of valuable metals were manipulated to Aurubis' detriment. The shipments did not contain the metals in the amounts expected based on the manipulated samples, and inflated invoices were paid as a result. It was apparently possible to manipulate these input materials despite the high security standards, customary for the industry, in place at Aurubis.

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Immediately after the first indications came to light, Aurubis set up a task force with the participation of external experts. The team is working on further improving the security concepts and therefore the overall security level in the Group. Based on initial recommendations, immediate measures were implemented in multiple focus areas: additional restrictions on access authorizations for sensitive areas, particularly sampling, increased checks of individuals and vehicles, and more extensive surveillance.

The working group is also responsible for further developing conditions at the sites and establishing additional permanent improvements. The Aurubis AG Supervisory Board formed a special “Security and Safety” committee, which will monitor progress on all measures at short intervals. Renowned law firm Hengeler Mueller will support the Supervisory Board in its investigation.

Aurubis can rule out that customers, and particularly deliveries to customers, have been affected by this fraud case. At the moment, the company cannot yet make any statements about which suppliers this will impact. This is part of the ongoing investigation.

“The implementation of our growth strategy remains unaffected by current developments because Aurubis is in a financially robust position with sufficient liquidity. Recycling is the core of our strategy, along with expanding the circular economy as a significant contribution to conserving resources. So we will do everything in our power to ensure the recycling industry as a whole is not undermined,” Roland Harings stated.

The 2022/23 consolidated result and the 2023/24 full-year forecast will be released as part of the publication of the consolidated financial statements on December 6, 2023.

Aurubis - Metals for Progress

Aurubis AG is a leading global provider of non-ferrous metals and one of the largest copper recyclers worldwide. The company processes complex metal concentrates, scrap metals, organic and inorganic metal-bearing recycling materials, and industrial residues into metals of the highest quality. Aurubis produces more than 1 million tons of copper cathodes annually, and from them a variety of products such as wire rod, continuous cast shapes, profiles, and flat rolled products made of copper and copper alloys. Aurubis produces a number of other metals as well, including precious metals, selenium, lead, nickel, tin, and zinc. The portfolio also includes additional products such as sulfuric acid and iron silicate.

Sustainability is a fundamental part of the Aurubis strategy. “Aurubis responsibly transforms raw materials into value” – following this maxim, the company integrates sustainable conduct and business activities into the corporate culture. This involves a careful approach to natural resources, responsible social and ecological conduct in everyday business, and sensible, healthy growth.

Aurubis has around 7,100 employees, production sites in Europe and the US, and an extensive distribution network around the world.

Aurubis shares are part of the Prime Standard Segment of the German Stock Exchange and are listed in the MDAX, the Global Challenges Index (GCX), and the STOXX Europe 600.

More information at www.aurubis.com