

Speech by

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Executive Board Chairman

on the occasion of the

**virtual Annual General Meeting
of Aurubis AG**

on February 11, 2021

– Check against delivery –

Focus and Forward

We are focusing on our strengths

- » the solidarity among the employees,
- » a stable business model,
- » enthusiastic customers and a global network.

At the same time, we are putting forth every effort to move forward. From the ground up, for a successful future.

- » We are growing in the recycling business
- » We are making our cost basis leaner
- » We are making Aurubis more digital, more powerful, and more interconnected.

Ladies and gentlemen, friends of the company,

welcome to this year's virtual Aurubis AG Annual General Meeting.

We have an exceptional year behind us. There's a saying in northern Germany: Headwinds build character. There were plenty of those in 2020.

The good news: Aurubis made its way through the past fiscal year robust. And the new one has had a promising start. In light of the coronavirus crisis and the dynamics of the global economy, this can't be taken for granted.

The pandemic continues – we're all aware of that fact. I would have enjoyed welcoming you in person in Hamburg today. Speaking directly with you, face to face. However, that still isn't feasible this year. Safety and health have the highest priority!

For us, a production company, this is both common practice and the greatest imperative – with or without the coronavirus. Last year, we reacted early and rigorously to the dangers of the global pandemic. Our guiding principle at all times was to give everyone working at Aurubis the best possible protection.

Today – nearly a year after the start of the pandemic – I can report a number of positive things to you.

Under the guidance of the Executive Board, our task force continuously monitors the current situation. We adjust our hygiene concept regularly – anytime the situation changes – and we do so promptly, consistently, and transparently.

Our goal: to protect our employees' health and keep the production and administrative processes up and running. Minimizing points of contact is especially important in this regard.

You can imagine that high-traffic areas such as the washrooms for our production staff have required flexible and creative solutions. It's fantastic to see how our employees – at each and every site – are handling the new situation.

2020 showed that the maxim of our company vision, “Together with you,” is everyday practice at Aurubis. And what’s more: we achieved a remarkably strong annual result under the exceptional conditions in 2020.

The Executive Board would like to express its sincerest thanks to all Aurubis employees for this dedication.

Our production runs 12 months a year, 7 days a week, 24 hours a day. It’s a matter of course that a constant supply of raw materials and ongoing product sales are crucial success factors.

Aurubis is always successful when its plants have a continuous throughput of concentrates and recycling materials. 2020 demonstrated once again that our broadly diversified network of suppliers and sales channels gives us leeway. Even when the overall economic situation gets tough.

And all of these aspects impacted our results:

At the end of the fiscal year, we had **operating earnings before taxes** of € 221 million on our books. This is an increase of 15 % compared to the previous year. Five factors made an especially positive contribution to this development:

- › First: the recycling market developed favorably – despite temporary fluctuations due to the lockdowns in Europe. We achieved higher refining charges and had a higher throughput of copper scrap and other recycling materials.
- › Second: we included Metallo’s results for the first time during the past fiscal year, for four months. The recycling materials processed at the sites in Beerse, Belgium, and Berango, Spain, contribute positively to our result.
- › Third: we achieved a higher metal result with increased metal prices. Several of the metals in our portfolio reached record high market prices in the fiscal year. We used this to our advantage. Furthermore, we sold more copper cathodes to China during times when our European customers were temporarily unable to receive any.
- › Fourth: a significantly higher concentrate throughput, especially at our Pirdop site.
- › And fifth: positive earnings contributions from our efficiency enhancement and cost reduction program

Our second control parameter – **operating ROCE**, the return on capital employed – reached 9.3 %. This was an increase of 0.7 percentage points. At the end of the previous year, this KPI was at 8.6 %.

The ROCE could have been even higher because we had more input materials “in the yard” at the balance sheet date than in the previous year. This fact dampens the ROCE – but increases the smelter network’s supply security.

I would say the third KPI is **debt coverage**. This is the ratio of net financial liabilities to operating earnings before interest, taxes, depreciation, and amortization.

A factor of 0.2 indicates that we are essentially debt-free. And this despite the fact that we issued a Schuldschein loan to finance the Metallo transaction in 2020. The financing conditions of the loan are linked to our sustainability rating from EcoVadis. This is important to us.

It allows us to demonstrate once again that we take the topic of sustainability seriously.

In addition to debt coverage, the **equity ratio** provides insights into how financially robust a company's position is. The figure at Aurubis was 49.1 %, meaning that half of our total assets are covered by equity.

Together with the **net cash flow**, which was at € 459 million in the last fiscal year, these KPIs prove that we are financially stable with high financial strength. This gives us sufficient scope for future growth.

Aurubis shareholders,

the Supervisory Board and Executive Board want to allow you to participate in this good result to an appropriate extent and in line with our dividend policy. We are therefore recommending a **dividend** of € 1.30 per share, 5 cents higher than last year.

Backed by a good performance in the turbulent year 2020 and despite further uncertainties ahead – we are convinced that Aurubis shares are and will remain a reliable investment!

We had a good start to the new fiscal year, with a strong performance in the first quarter of 2020/21. This resulted in high operating earnings of € 82 million. As a comparison: in Q1 of the previous year, earnings amounted to just € 31 million.

Significantly higher refining charges for copper scrap and other recycling materials had a positive impact in particular. Moreover, concentrate throughput increased significantly and the metal result was higher with a strong increase in metal prices. Demand for our products rose strongly across all customer segments as well.

Our Segment Flat Rolled Products also made a positive contribution to the good result, a success based on our strict cost management.

Nevertheless: we stand by our intention to sell the segment. However, as you can certainly imagine, this process of selling to a potential buyer who has to look at multiple sites in Europe and the US isn't an easy undertaking these days.

Due to the good results, we raised the forecast for the current fiscal year in mid-January.

We now expect operating earnings before taxes between € 270 million and € 330 million. We anticipate operating ROCE of between 9 and 12 %.

There were more uncertainties in December – now, we can base our current outlook on a better market perspective as well as the successful first quarter.

Our forecast is based on the following assumptions:

- › First: we expect the very good supply situation on the recycling market to continue, with refining charges at a very high level.
- › Second: we expect the high metal prices to continue, with a positive effect on our metal result.
- › Third: we expect higher revenues from concentrate processing. On the one hand, our long-term concentrate contracts with mines and traders usually depend on the so-called benchmark price. And this is US\$ 59.5/t and 5.95 cents/lb for 2021, about 6 % below the

previous year. However: we expect plant availability for 2020/21 to exceed the previous year. Overall, this will lead to higher income from copper concentrate processing. Moreover, we think that the concentrate benchmark has reached a low at the current level. More new mines will take up production in the coming years.

- › Fourth, we have kept the copper premium for 2021 stable at US\$ 96/t. At the same time, we anticipate a strong improvement in demand for our products overall.
- › Fifth: we will generate additional positive earnings contributions from our Performance Improvement Program.

Hence, there are good reasons to look to the future with a sense of optimism.

Ladies and gentlemen,

whether with planes, trains, or cars – travel is off the table right now. I'd therefore like to invite you to go on a virtual trip with us today. Through the world of metals – the world of Aurubis. It's guaranteed to comply with coronavirus regulations, so you can have a good conscience, and you don't have to pack a single suitcase.

We start our journey in **Hamburg**. The city is home to the Aurubis Group headquarters.

We are financially strong. Nevertheless, the company management has a firm focus on costs. And our costs have increased across the board. Especially here at the Hamburg site, in production, in the administrative areas, and in non-metals procurement. And meanwhile, there has also been pressure on the factors driving our earnings. I just mentioned the lower TC/RC benchmark.

We have taken action.

We will boost our company's profitability and investment strength in the long term with our efficiency improvement and cost reduction program.

We are planning a sustainable cost reduction of € 100 million per year. We will implement the necessary measures until fiscal year 2022/23.

It is clear to me that we aren't reducing costs due to the coronavirus pandemic. From our strong current position, we are now working on making Aurubis competitive for the future!

It makes me proud that our employees have identified a number of measures to make their Aurubis more efficient and "weather-resistant."

These include improvements in Group procurement. We expect about half of the cost savings from this area alone. Measures to improve throughput and optimize maintenance here in Hamburg will account for another approximately 25 %. Another key contribution will come from making the administrative area leaner. However, we can't achieve the target of € 100 million without personnel measures.

For a while now, we have only been filling positions that open up if there's a special need to do so. In this way, we reduced about 90 jobs in fiscal year 2019/20, and another 210 jobs will be cut by 2022/23. We are of course doing this in the most socially responsible manner feasible. Our approach is to avoid redundancies as much as possible, but we can't rule them out completely.

Three measures are at the forefront of the job reduction:

- › First: we won't fill positions that open up and instead re-structure the work and processes internally.
- › Second: we have created an attractive early retirement arrangement.
- › Third: we have negotiated and adopted a social plan and coordinated interests with the Works Council.

Our efficiency and cost reduction program doesn't just make Aurubis leaner, but also more interconnected and digital!

I want to emphasize that we will also add personnel in areas that are significant for the future. We have to, and we will, continue growing in areas like IT and digitalization. To us, "future" also means that we will continue investing in vocational training.

Taking Hamburg as an example: In the last fiscal year, a total of 80 young people started their apprenticeships at Aurubis. This is 13 % more than the year before. Aurubis remains one of the largest industrial training companies in Hamburg.

One thing is clear: sustainability is a significant pillar of our company strategy. And this includes environmental protection.

We produce metals just 4 kilometers, as the crow flies, from downtown Hamburg. This has helped us develop a particular sensibility and responsibility.

We are already one of the most environmentally friendly smelters worldwide. We will continue to play a pioneering role in environmental protection in Europe – this is why we put forth our utmost efforts and continue investing!

These are our sulfur dioxide emissions per ton of copper in an international comparison.

Aurubis continues to develop its technological edge in environmental protection – with one of the largest environmental protection projects since the 1980s.

We will reduce diffuse emissions of fine particulates in the primary smelter at the Hamburg plant by up to another 70 %. The project will conclude in 2023. For this purpose, our primary smelter – our central facility for primary copper production – will be equipped with what is referred to as a ridge turret suctioning system. This is like a giant exhaust duct on the roof of the primary smelter.

I first announced this investment last year. The work is now well underway. We will invest about € 100 million in this flagship project in the next two years. As a comparison, we have invested more than € 220 million in environmental protection projects in Hamburg alone since 2000.

We are convinced that modern urban development and clean copper production are not mutually exclusive!

Another topic that has generated a great deal of discussion: hydrogen.

We use natural gas when producing our copper. Among other things, it helps reduce the oxygen bound in the copper – forming CO₂ in the process. We are now testing hydrogen as a substitute for natural gas in production. This prevents CO₂ by forming steam instead of carbon dioxide. We will undertake the first tests on an industrial scale in our anode furnace until summer of this year.

This technology gives us the potential to save thousands of tons of CO₂ annually. There are also other areas where hydrogen could be used in the Group. Cost-efficiency is key.

On the topic of the environment: let's now travel to **Pirdop**, Bulgaria.

Here, we are working on a flagship project for renewable energies, focusing at all times on our stated goal of carbon-neutral production by 2050 at the latest. We will construct a photovoltaic system in this area. The power output of 10 MW-peak will supplement our plant's energy supply.

We are reducing our CO₂ footprint in Bulgaria – and in the Group.

Our goal: we will source about 20 % of the Pirdop site's energy needs from our own renewable sources by 2030, and approximately half by 2050.

Our plant in Pirdop will be the first Aurubis site to be certified in accordance with the requirements of the Copper Mark.

The Copper Mark is a new quality seal for the copper sector. It is a distinction for companies with responsible production. It comprises 32 sustainability criteria and is oriented to the United Nations framework, referred to as the Sustainable Development Goals. There are already similar standards for gold and silver, but there previously hadn't been any for copper. We support the idea of the Copper Mark. And what's more: Aurubis has helped to close this gap.

Our Bulgarian site is leading the way. The basic conditions are there. We will conclude the ongoing certification process by July this year at the latest. Other Aurubis sites will follow.

Our new site in **Beerse**, Belgium, for example. We'll travel there now.

Welcome to Beerse, the main site of the former Metallo Group. We completed the acquisition in May 2020.

It marked a milestone in Aurubis' multimetal and recycling strategy.

For Aurubis, Metallo was the missing puzzle piece in Europe. Now we can process recycling materials even with low metal contents to a great extent. Together, we exceed the 1 million ton mark for recycling throughput.

This is only the beginning!

Recycling is a megatrend. The global recycling volume is growing continuously. Society contributes to this with rising consumption. This also increases the metal supply available in scrap, including tin, lead, nickel, zinc, and copper. All of these are metals that Aurubis focuses on.

The goal of the new company group is to always generate the greatest possible value from all input materials. This now works significantly better in the expanded smelter network.

Let's take a look at this based on the example of tin. [Video]

Ladies and gentlemen,

synergies of € 10 to 15 million: this was what we had previously anticipated from the merger until 2022/23 – so in nearly three years. Today, I expect us to leverage the € 15 million in synergies by the end of the current fiscal year already. And we are optimistic and are working on more!

The integration of the Beerse and Berango sites in Aurubis' existing smelter network is progressing very well: we are on schedule.

But the merger of the two companies isn't just excellent news for us. It's good news for Europe as well!

Together, we want to invest even more in technologies. We will be able to process increasingly complex recycling materials, as well as those with low metal contents. We continue to expand the circular economy, which conserves resources. Here, in the heart of Europe. We will thus recycle even higher quantities of important metals – a growth market.

Metals that Europe doesn't have to import from other parts of the world. Metals that Europe needs so that its economy remains competitive. And – so that the energy transition works. Because demand for copper, nickel, and tin continues, and what's more: it's growing steadily.

Aurubis is taking on an active role in the circular economy. Our products, our metals create the foundation for a sustainable society!

Our next stop is the plant in **Lünen**, Germany, near Dortmund.

Lünen is another key recycling site.

We are investing about € 60 million in modernizing the tankhouse in the next three years. This is the value-added step in which Aurubis refines copper into its high-purity form, unlocking its excellent qualities.

The work on the tankhouse is extensive, but it is necessary to bring the facilities up to date. And we will expand their capacity by 10 % with the investment.

This is the first phase that has already been completed. We are carrying out the work in five phases. As a result, the facilities will be operated at 80 % capacity at all times until 2023. This investment is a clear affirmation of the Lünen site.

Now we head across the autobahn highway A2 towards **Berlin**.

Friends of the company,

digitalization is the future. This is true for Aurubis as well!

We are working especially hard on two areas:

- › First, digitalization of business models and service. Today, many order processes take place in personal discussions. In the future, we want to offer our customers new possibilities for dialogue. Offline, online, 24 hours a day.
- › Second, we are working on digitalizing production processes on the shop floor.

This is why we acquired the Berlin IT company azeti in summer 2020.

azeti develops and markets an Internet-of-Things platform that integrates, visualizes, and evaluates production data. azeti's resources, technology, and know-how allow us to better analyze the processes on the shop floor and therefore find improvement potential faster. To state it simply: we are enabling our facilities to talk to us.

Let's look at an example that demonstrates what I mean. [Video]

That's azeti. Just one example of our digitalization strategy.

We aren't losing sight of progress. We are working intensively on our company's future.

We want to become the most efficient and sustainable smelter network worldwide!

Aurubis shareholders,

we're staying close by as we continue on to **Fehrbellin** in the state of Brandenburg. Our subsidiary Cablo is located here.

Cablo specializes in recycling used cable made of copper and aluminum. It produces high-quality metal granules. Cable insulation is turned into plastic products.

In November 2020, we announced that the Cablo plant in Fehrbellin would become part of a joint venture for cable recycling. We formed this joint venture together with TSR, our long-term supplier and strong partner.

TSR is contributing its cable dismantling activities at its site in Gelsenkirchen. Furthermore, TSR has a broad network for collecting materials, as well as logistics and additional processing expertise.

TSR will hold 60 % of the company, Aurubis 40 %.

Together, we will continue to develop cable recycling. We are increasing the input volume and creating sustainable solutions for the plastic materials that accumulate. These materials are currently one of the biggest challenges in recycling cable waste.

We expect the transaction to be completed by the end of March.

The European Commission's Green Deal supports a circular economy. With our cable dismantling activities, we make an important contribution to the European circular economy!

A stable political framework in Europe is the key requirement. **Brussels** is becoming increasingly important for us. The European Parliament establishes the overarching conditions under which the industry makes investment decisions.

The latest example: the State aid eligibility of the copper industry for electricity price compensation. Brussels had called this into question. This would have endangered the entire copper industry.

The consequence: copper production migrates to places that produce well below European environmental standards. From a global perspective, this leads to an increase in CO₂ emissions – and that's exactly what we want to avoid.

With high electricity prices, projects that serve to electrify processes become less profitable. Ultimately, this means that investments in decarbonization no longer pay off.

At the political level, we advocated for the copper industry to maintain its State aid eligibility. And we were successful!

The European copper industry needs this clarity. Without it, we aren't internationally competitive anymore.

I would like to make an appeal to everyone: we have to continue to speed up decarbonization! Industry can and will play an important role in the process.

With the first phase of its Industrial Heat project, Aurubis has demonstrated how to do this. We are already heating the HafenCity East district in Hamburg – with our excess steam.

The next step: we will implement the second stage of the project by mid-2024. Hamburg's policymakers have to guarantee the overall political conditions. Aurubis will then not only supply a number of Hamburg citizens with heat, but also reduce about 140,000 tons of CO₂ emissions each year.

Metals are part of our society's sustainable future. Metals are at the start of many value chains, including those for batteries, renewable energies, clean mobility, and microelectronics.

Europe needs these metals, the European economy needs these metals. But the metal industry needs regulatory support as well.

This is why I advocate for an interplay among the policy areas addressing the climate, the circular economy, chemicals, and trade. In this way, we can make regulation predictable and ensure investment security.

Let's stay in **Europe**. Aurubis is strongly involved in the European Raw Materials Alliance, or ERMA for short. This is an initiative of Thierry Breton, European commissioner for the internal market.

ERMA's goal is to secure the quantity of raw materials Europe needs to implement the Green Deal. In the first instance, this applies to primary raw materials, so securing copper concentrates. And in this regard, too, it's possible to take positive action to reduce the CO₂ footprint.

An example: the Nussir mine in northern Norway. We are working towards a long-term contract with the mine. Over ten years, we want to buy the entire copper concentrate output from the mine. The unique aspect: production will be completely CO₂-free. And due to the short transport routes from Norway to Hamburg, we prevent additional CO₂ emissions.

With the ERMA initiative, we are expanding the circular economy and reducing barriers to recycling. As a result, metal-bearing waste won't simply be pushed out of Europe anymore.

An important feature of the initiative is that it brings the different partners to the table: metal recyclers, product manufacturers, and non-governmental organizations. Only by having a dialogue with the entire value chain will we be able to solve the challenges of the future.

Aurubis will play an important role in the process!

To conclude our journey, we will head back to **Hamburg**.

Ladies and gentlemen,

we look to the future with a sense of optimism!

Aurubis' existing foundation is strong,

our activities are maintaining their multimetal focus;

we will continue growing in recycling in particular!

For this purpose, we will refine our medium-term strategy in 2021. We will inform you about this in the summer.

We are focusing on the right initiatives.

We are mobilizing the strengths of our business model.

We are taking a big step forward.

We are enabling progress.

We are on our way to becoming the most efficient and sustainable smelter network worldwide.

Thank you for your attention.

Thank you for your trust in our company!