# Quarterly Report First 3 Months 2016/17

October 1, 2016 to December 31, 2016

Aurubis

# At a Glance

| Key Aurubis Group figures | | Q1 2016/17 | Q1 2015/16 | Q1 Change |
|---|---|---|---|---|
| Revenues | €m | 2,462 | 2,398 | 3 % |
| Gross profit | €m | 315 | 174 | 81 % |
| Operating gross profit | €m | 230 | 241 | -5 % |
| Personnel expenses | €m | 117 | 110 | 6 % |
| Depreciation and amortization | €m | 33 | 32 | 3 % |
| Operating depreciation and amortization | €m | 32 | 30 | 7 % |
| EBITDA** | €m | 139 | 4 | > 100 % |
| Operating EBITDA** | €m | 54 | 71 | -24 % |
| EBIT | €m | 106 | -28 | > 100 % |
| Operating EBIT | €m | 22 | 41 | -46 % |
| EBT | €m | 102 | -34 | > 100 % |
| **Operating EBT*** | **€m** | **18** | **36** | **-50 %** |
| Consolidated net income/loss | €m | 78 | -25 | > 100 % |
| Operating consolidated net income | €m | 14 | 26 | -46 % |
| Earnings per share | € | 1.73 | -0.56 | > 100 % |
| Operating earnings per share | € | 0.30 | 0.58 | -48 % |
| Net cash flow | €m | -42 | -23 | -88 % |
| Capital expenditure (excl. financial fixed assets) | €m | 79 | 34 | > 100 % |
| **Operating ROCE*** | **%** | **9.5** | **17.5** | **-** |
| Copper price (average) | US$/t | 5,277 | 4,892 | 8 % |
| Copper price (balance sheet date) | US$/t | 5,501 | 4,702 | 17 % |
| Employees (average) | | 6,457 | 6,316 | 2 % |

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

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

| Production output/throughput | | Q1 2016/17 | Q1 2015/16 | Q1 Change |
|---|---|---|---|---|
| **BU Primary Copper** | | | | |
| Concentrate throughput | 1,000 t | 544 | 601 | -9 % |
| Copper scrap/blister copper input | 1,000 t | 27 | 29 | -7 % |
| Sulfuric acid output | 1,000 t | 529 | 576 | -8 % |
| Cathode output | 1,000 t | 152 | 150 | 1 % |
| **BU Copper Products** | | | | |
| Copper scrap/blister copper input | 1,000 t | 91 | 67 | 36 % |
| KRS throughput | 1,000 t | 65 | 70 | -7 % |
| Cathode output | 1,000 t | 129 | 130 | -1 % |
| Rod output | 1,000 t | 163 | 178 | -8 % |
| Shape output | 1,000 t | 43 | 38 | 13 % |
| Flat rolled products and specialty wire output | 1,000 t | 53 | 50 | 6 % |

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# Highlights

The Aurubis Group generated operating earnings before taxes (EBT) of € 18 million in the first three months of fiscal year 2016/17 (previous year: € 36 million). The operating result was primarily influenced by temporary measurement effects and a scheduled shutdown in Hamburg. The operating return on capital employed (ROCE) was 9.5 % (previous year: 17.5 %).

EBT on an IFRS basis amounted to € 102 million in the first three months (previous year: € -34 million).

The Aurubis Group (Aurubis) generated revenues of € 2,462 million in the first three months of fiscal year 2016/17, similar to the prior-year level (€ 2,398 million). This development is primarily due to higher metal prices and slightly lower sales volumes. Operating EBT was € 18 million (previous year: € 36 million). This figure included negative measurement effects of € 26 million in connection with inventories at higher metal prices. We expect these measurement effects to neutralize as the fiscal year goes on.

In addition to the measurement effects, the development of operating EBT was influenced by

- A lower concentrate throughput due to a scheduled, legally mandated maintenance shutdown in Hamburg,
- Weaker sulfuric acid revenues due to a surplus on the global markets,
- Improved revenues from copper scrap input resulting from higher throughputs with lower refining charges,
- A higher metal gain with increased metal prices,
- The lower cathode premium,
- Generally weaker product markets at the end of the calendar year,
- The strong US dollar.

Operating ROCE (taking the operating EBIT of the last 12 months into consideration) was 9.5 % (previous year: 17.5 %). EBT on an IFRS basis amounted to € 102 million (previous year: € -34 million). The net cash flow was € -42 million (previous year: € -23 million) and was particularly influenced by the result and the inventory build-up.

In the first three months of fiscal year 2016/17, Business Unit (BU) Primary Copper generated operating earnings of € 34 million (previous year: € 28 million), which included negative measurement effects of € 3 million. Furthermore, a scheduled, legally mandated maintenance shutdown at our Hamburg site negatively influenced earnings by € 15 million. A higher metal yield with increased metal prices had a positive impact.

At € -9 million, the operating EBT of BU Copper Products was below the prior-year level of € 17 million and included negative measurement effects of € 23 million. Moreover, lower demand towards the year-end due to seasonal factors had a negative impact on the result in the product business.

At the start of the reporting year, the copper price was US$ 4,807/t (LME settlement) and rose to US$ 5,936/t by the end of November. It later declined again and ended the quarter with an LME settlement price of US$ 5,501/t on December 30, 2016 (previous year: US$ 4,702/t). The average copper price in Q1 2016/17 was US$ 5,277/t (previous year: US$ 4,892/t). The average price in euros increased to € 4,898/t (previous year: € 4,465/t).

On the international copper concentrate market, treatment and refining charges (TC/RCs) in spot business decreased in Q1 2016/17 due to Chinese smelters' increased purchasing activity. The first contract between a large mining company and a larger Chinese copper smelter for the year 2017 was entered into at lower TC/RCs than expected and established itself as a benchmark for the market. With a high mine output, Aurubis was able to continue procuring a good supply of copper concentrates, which allowed for higher TC/RCs owing to their complex qualities.

The copper price climbed during the course of the quarter and positively influenced copper scrap availability, leading to higher refining charges. However, these won't impact our result until the second quarter.

Due to a surplus in the supply of sulfuric acid, price levels on overseas spot markets were lower during the quarter reported. Demand in Europe remained stable, but prices in this region were also slightly under pressure.

Demand on cathode markets was low due to seasonal factors. Business activities primarily focused on concluding annual contracts for 2017.

*Jürgen Schachler, Executive Board Chairman:*
*"The first quarter is traditionally our weakest due to lower product demand resulting from seasonal effects. The scheduled shutdown in Hamburg was also a burden this year. In addition, the significant increase in the copper price this quarter led to temporary measurement effects on our earnings, which will neutralize as the year continues.*

*We therefore confirm our forecast for the full year and expect significantly higher operating EBT and slightly higher operating ROCE in fiscal year 2016/17 compared to the previous year."*

# Economic Development First 3 Months 2016/17

## Results of Operations, Net Assets and Financial Position

In order to portray the Aurubis Group's operating success independently of measurement influences for internal management purposes, the presentation of the results of operations, net assets and financial position is supplemented by the results of operations and net assets explained on the basis of operating values.

Measurement influences include effects from the use of the average cost method for inventory measurement purposes in accordance with IAS 2, from copper price-related measurement effects on inventories and from the impact of purchase price allocations, primarily on property, plant and equipment, from fiscal year 2010/11 onwards.

The following table shows how the operating result for the first three months of fiscal year 2016/17 and for the comparative prior-year period have been determined.

**Reconciliation of the consolidated income statement** (in € million)

| | 3M 2016/17 IFRS | 3M 2016/17 adjustment* | 3M 2016/17 operating | 3M 2015/16 IFRS | 3M 2015/16 adjustment* | 3M 2015/16 operating |
|---|---|---|---|---|---|---|
| Revenues | 2,462 | 0 | 2,462 | 2,398 | 0 | 2,398 |
| Changes in inventories of finished goods and work in process | 64 | -20 | 44 | 69 | 38 | 107 |
| Own work capitalized | 3 | 0 | 3 | 2 | 0 | 2 |
| Other operating income | 14 | 0 | 14 | 16 | 0 | 16 |
| Cost of materials | -2,228 | -65 | -2,293 | -2,311 | 29 | -2,282 |
| **Gross profit** | **315** | **-85** | **230** | **174** | **67** | **241** |
| Personnel expenses | -117 | 0 | -117 | -110 | 0 | -110 |
| Depreciation and amortization of intangible assets and property, plant and equipment | -33 | 1 | -32 | -32 | 2 | -30 |
| Other operating expenses | -59 | 0 | -59 | -60 | 0 | -60 |
| **Operational result (EBIT)** | **106** | **-84** | **22** | **-28** | **69** | **41** |
| Result from investments measured using the equity method | 2 | 0 | 2 | 0 | 1 | 1 |
| Interest income | 1 | 0 | 1 | 1 | 0 | 1 |
| Interest expenses | -7 | 0 | -7 | -7 | 0 | -7 |
| **Earnings before taxes (EBT)** | **102** | **-84** | **18** | **-34** | **70** | **36** |
| Income taxes | -24 | 20 | -4 | 9 | -19 | -10 |
| **Consolidated net income/loss** | **78** | **-64** | **14** | **-25** | **51** | **26** |

* Adjustment for measurement effects deriving from the use of the average cost method in accordance with IAS 2, from copper price-related measurement effects on inventories and for impacts from purchase price allocations, primarily on property, plant and equipment, from fiscal year 2010/11 onwards.

### Results of operations (operating)

The Aurubis Group generated operating consolidated net income of € 14 million in the first three months of fiscal year 2016/17 (previous year: € 26 million).

The operating consolidated net income in the first three months was burdened by measurement effects of € 26 million connected with inventories. We expect these measurement effects to neutralize as the fiscal year goes on.

IFRS earnings before taxes, which amounted to € 102 million (previous year: € -34 million), were adjusted for inventory measurement effects of € -85 million (previous year: € 68 million), as well as for impacts of € 1 million (previous year: € 2 million) deriving from the allocation of the purchase price for the former Luvata RPD (Rolled Products Division), resulting in operating earnings before taxes of € 18 million (previous year: € 36 million).

At a level of € 2,462 million, the Group's revenues were similar to those of the prior year (€ 2,398 million). This development was primarily due to higher metal prices and slightly lower sales volumes.

The inventory change of € 44 million (previous year: € 107 million) was particularly due to a build-up of copper and silver products.

In a manner corresponding to the development for revenues, the cost of materials increased from € 2,282 million in the previous year to € 2,293 million.

After taking own work capitalized and other operating income into account, the residual gross profit was € 230 million (previous year: € 241 million).

Personnel expenses increased by € 7 million to € 117 million (previous year: € 110 million). This was due in particular to wage tariff increases and a higher number of employees.

Depreciation and amortization of fixed assets amounted to € 32 million and was therefore slightly above the previous year (€ 30 million).

At a level of € 59 million, other operating expenses were similar to the prior year (€ 60 million).

Operating earnings before interest and taxes (EBIT) therefore amounted to € 22 million (previous year: € 41 million).

At € 6 million, the net interest expense was at the prior-year level.

After taking the financial result into account, operating earnings before taxes (EBT) were € 18 million (previous year: € 36 million). In addition to measurement effects, the following significant factors were relevant for the development when compared to the previous year:

- A lower concentrate throughput due to a scheduled, legally mandated maintenance shutdown in Hamburg,
- Weaker sulfuric acid revenues owing to a surplus on the global markets,
- Improved revenues from copper scrap input resulting from higher throughputs with lower refining charges,
- A higher metal gain with increased metal prices,
- The lower cathode premium,
- Generally weaker product markets at the end of the calendar year,
- The continued strength of the US dollar.

Operating consolidated net income of € 14 million remained after tax (previous year: € 26 million). Operating earnings per share amounted to € 0.30 (previous year: € 0.58).

## Results of operations (IFRS)

The Aurubis Group generated a consolidated net income of € 78 million in the first three months of fiscal year 2016/17 (previous year: € -25 million).

At a level of € 2,462 million, the Group's revenues were similar to the prior year (€ 2,398 million). This development was primarily due to higher metal prices and slightly lower sales volumes.

The inventory change of € 64 million (previous year: € 69 million) was particularly due to a build-up of copper and silver products accompanied by higher copper prices.

The cost of materials decreased slightly by € 83 million, from € 2,311 million in the previous year to € 2,228 million.

After taking own work capitalized and other operating income into account, the residual gross profit was € 315 million (previous year: € 174 million).

In addition to the effects on earnings already described in the explanation of the operating results of operations, the change in gross profit was also due to metal price developments. Use of the average cost method leads to metal price valuations that are close to market prices. Metal price volatility therefore has direct effects on changes in inventories/the cost of materials and hence on the IFRS gross profit. This is independent of the operating performance and is not relevant to the cash flow.

Personnel expenses increased by € 7 million to € 117 million (previous year: € 110 million). This was due in particular to wage tariff increases and a higher number of employees.

At a level of € 33 million, depreciation and amortization of fixed assets was similar to the prior year (€ 32 million).

At a level of € 59 million, other operating expenses were also similar to the prior year (€ 60 million).

Earnings before interest and taxes (EBIT) therefore amounted to € 106 million (previous year: € -28 million).

At € 6 million, the net interest expense was at the prior-year level.

After taking the financial result into account, earnings before taxes were € 102 million (previous year: € -34 million). Consolidated net income of € 78 million remained after tax (previous year: € -25 million). Earnings per share amounted to € 1.73 (previous year: € -0.56).

## Net assets (operating)

The table on the next page shows the derivation of the operating statement of financial position as at December 31, 2016, as compared to the situation at September 30, 2016.

Total assets increased from € 3,823 million as at September 30, 2016 to € 3,953 million as at December 31, 2016, particularly due to higher inventories.

The Group's equity increased by € 45 million, from € 1,829 million as at the end of the previous fiscal year to € 1,874 million as at December 31, 2016. This was largely due to the operating consolidated net income of € 14 million and positive effects with no impact on profit or loss deriving from the remeasurement of pension obligations that were related to interest rate changes. Overall, the operating equity ratio (the ratio of equity to total assets) was 47.4 % compared to 47.8 % as at the end of the previous fiscal year.

**Reconciliation of the consolidated statement of financial position** (in € million)

| | 12/31/2016 IFRS | 12/31/2016 adjustment* | 12/31/2016 operating | 9/30/2016 IFRS | 9/30/2016 adjustment* | 9/30/2016 operating |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Fixed assets | 1,504 | -46 | 1,458 | 1,450 | -46 | 1,404 |
| Deferred tax assets | 11 | 32 | 43 | 10 | 48 | 58 |
| Non-current receivables and other assets | 27 | 0 | 27 | 26 | 0 | 26 |
| Inventories | 1,921 | -288 | 1,633 | 1,700 | -206 | 1,494 |
| Current receivables and other assets | 450 | 0 | 450 | 369 | 0 | 369 |
| Cash and cash equivalents | 342 | 0 | 342 | 472 | 0 | 472 |
| **Total assets** | **4,255** | **-302** | **3,953** | **4,027** | **-204** | **3,823** |
| **Equity and liabilities** | | | | | | |
| Equity | 2,100 | -226 | 1,874 | 1,991 | -162 | 1,829 |
| Deferred tax liabilities | 176 | -76 | 100 | 151 | -42 | 109 |
| Non-current provisions | 336 | 0 | 336 | 386 | 0 | 386 |
| Non-current liabilities | 345 | 0 | 345 | 357 | 0 | 357 |
| Current provisions | 39 | 0 | 39 | 32 | 0 | 32 |
| Current liabilities | 1,259 | 0 | 1,259 | 1,110 | 0 | 1,110 |
| **Total equity and liabilities** | **4,255** | **-302** | **3,953** | **4,027** | **-204** | **3,823** |

* Adjustment for measurement effects deriving from the use of the average cost method in accordance with IAS 2, from copper price-related measurement effects on inventories and for impacts from purchase price allocations, primarily on property, plant and equipment, from fiscal year 2010/11 onwards.

At a level of € 489 million, total borrowings as at December 31, 2016 were similar to those at the previous fiscal year-end (€ 494 million). The following table shows the development of borrowings as at December 31, 2016 and September 30, 2016:

| (in € million) | 12/31/2016 | 9/30/2016 |
|---|---|---|
| Non-current bank borrowings | 320 | 321 |
| Non-current liabilities under finance leases | 15 | 16 |
| **Non-current borrowings** | **335** | **337** |
| Current bank borrowings | 152 | 155 |
| Current liabilities under finance leases | 2 | 2 |
| **Current borrowings** | **154** | **157** |
| **Total borrowings** | **489** | **494** |

## Return on capital (operating)

The return on capital employed (ROCE) shows the return on the capital employed in the operating business or for an investment.

Operating ROCE (taking the operating EBIT of the last 12 months into consideration) was 9.5 % due to the lower operating result, compared to 17.5 % in the comparative period.

| (in € million) | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Fixed assets excl. financial assets and investments measured using the equity method | 1,393 | 1,331 |
| Inventories | 1,633 | 1,482 |
| Trade accounts receivable | 293 | 241 |
| Other receivables and assets | 227 | 146 |
| - Trade accounts payable | -930 | -692 |
| - Provisions and other liabilities | -388 | -444 |
| **Capital employed as at the balance sheet date** | **2,227** | **2,063** |
| Earnings before taxes (EBT) | 195 | 340 |
| Financial result | 16 | 22 |
| **Earnings before interest and taxes (EBIT)** | **211** | **361** |
| **Return on capital employed (operating ROCE)** | **9.5 %** | **17.5 %** |

## Net assets (IFRS)

Total assets increased from € 4,027 million as at the end of the previous fiscal year to € 4,255 million as at December 31, 2016, due in particular to higher inventories.

The Group's equity increased by € 109 million, from € 1,991 million as at the end of the last fiscal year to € 2,100 million as at December 31, 2016. This was largely due to the consolidated net income of € 78 million and positive effects with no impact on profit or loss deriving from the remeasurement of pension obligations that were related to interest rate changes. Overall, the equity ratio of 49.4 % on December 31, 2016 was at the level of the previous fiscal year-end.

At a level of € 489 million as at December 31, 2016, total borrowings were similar to those at the previous fiscal year-end (€ 494 million). The following table shows the development of borrowings as at December 31, 2016 and September 30, 2016:

| (in € million) | 12/31/2016 | 9/30/2016 |
|---|---|---|
| Non-current bank borrowings | 320 | 321 |
| Non-current liabilities under finance leases | 15 | 16 |
| **Non-current borrowings** | **335** | **337** |
| Current bank borrowings | 152 | 155 |
| Current liabilities under finance leases | 2 | 2 |
| **Current borrowings** | **154** | **157** |
| **Total borrowings** | **489** | **494** |

### Return on capital (IFRS)

The operating result is used for control purposes within the Group. The operating ROCE is explained in the section “Return on capital (operating)”.

### Financial position and capital expenditure

The net cash flow as at December 31, 2016 was € -42 million (previous year: € -23 million) and was particularly influenced by the result and the inventory build-up.

Investments in fixed assets (including financial fixed assets) totaled € 79 million in the reporting period (previous year: € 34 million). The largest individual investment was connected to our long-term electricity supply agreement. Due to this individual investment, we reduced the ongoing costs of long-term electricity consumption and secured the electricity supply planning for our German production sites.

After deducting investments in fixed assets from the net cash flow, the free cash flow amounts to € -121 million (previous year: € -57 million). The cash outflow from investing activities totaled € 79 million (previous year: € 33 million).

The cash outflow from financing activities amounted to € 9 million (previous year: € 6 million).

Cash and cash equivalents of € 342 million were available to the Group as at December 31, 2016 (€ 472 million as at September 30, 2016).

# Business Unit Primary Copper

Business Unit (BU) Primary Copper produces high-purity copper and precious metals from raw materials such as copper concentrates, copper scrap and blister copper. Various recycling materials and intermediates from other smelters are also used as input materials. The BU's main product is copper cathodes, which are produced at the sites in Hamburg (Germany) and Pirdop (Bulgaria). Sulfuric acid and iron silicate stone are two of the BU's by-products.

At a level of € 34 million, operating EBT in Q1 2016/17 was up on the Q1 2015/16 figure of € 28 million and included negative measurement effects of € 3 million in connection with inventories at higher metal prices.

In October/November 2016, a scheduled, legally mandated shutdown at our Hamburg site lasted three weeks. Income from treatment charges declined due to the lower concentrate throughput resulting from the shutdown. Sulfuric acid revenues were below those of Q1 2015/16 due to the shutdown and market conditions. Overall, the negative effect deriving from the shutdown amounted to roughly € 15 million. A higher metal gain accompanied by higher metal prices, as well as the ongoing strength of the US dollar, impacted the result positively.

The decrease in operating ROCE (taking the operating EBIT of the last 12 months into consideration) to 17.0 % (previous year: 29.6 %) resulted from lower contributions to earnings during the last four quarters compared to the previous year, as well as from an increase in capital employed due to temporarily higher inventories.

### Raw materials

On the international copper concentrate market, treatment and refining charges (TC/RCs) in spot business decreased in Q1 2016/17 due to Chinese smelters' increased purchasing activity. The first contract between a large mining company and a larger Chinese copper smelter for the year 2017 was entered into at lower TC/RCs than expected and established itself as a market benchmark at US$ 92.5/t and 9.25 cents/lb (previous year: US$ 97.5/t and 9.75 cents/lb). With a high mine output, Aurubis was able to continue procuring a good supply of copper concentrates, which allowed for higher TC/RCs owing to their complex qualities.

The copper price climbed in the course of the quarter and positively influenced copper scrap availability, leading to higher refining charges. However, these won't impact our result until the second quarter.

### Sulfuric acid

Due to a surplus in the supply of sulfuric acid, price levels on overseas spot markets were lower during the quarter reported. Demand in Europe remained stable, but prices in this region were also slightly under pressure.

### Production

At a level of 544,000 t, the concentrate throughput was below that of Q1 2015/16 (601,000 t) due to the overhaul of the waste heat boiler in Hamburg, while ongoing production in Pirdop continued. The use of input materials with higher levels of precious metals led to a silver output that was 40 t higher than the previous year's output of 218 t, as well as a gold output that was at prior-year level (10 t).

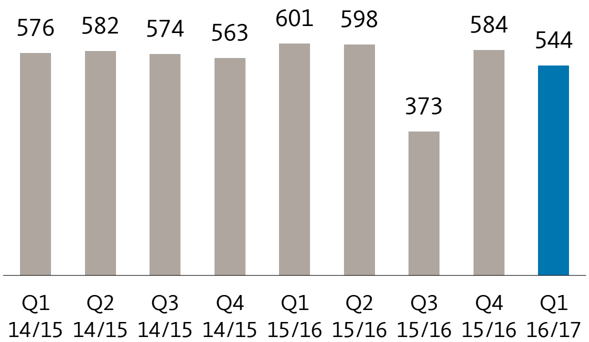
### Capital expenditure

Capital expenditure in BU Primary Copper amounted to € 60 million (previous year: € 17 million). The main individual investments were connected to the long-term electricity supply and the shutdown in Hamburg.

| BU Primary Copper | | Q1 | | |
|---|---|---|---|---|
| | | 2016/17 | 2015/16 | Change |
| Revenues | €m | 1,328 | 1,365 | -3 % |
| Operating EBIT | €m | 36 | 30 | 20 % |
| Operating EBT | €m | 34 | 28 | 21 % |
| Operating ROCE (rolling EBIT for the last 4 quarters) | % | 17.0 | 29.6 | - |
| Concentrate throughput | 1,000 t | 544 | 601 | -9 % |
| Hamburg | 1,000 t | 217 | 294 | -26 % |
| Pirdop | 1,000 t | 327 | 307 | 7 % |
| Copper scrap/blister copper input | 1,000 t | 27 | 29 | -7 % |
| Sulfuric acid output | 1,000 t | 529 | 576 | -8 % |
| Hamburg | 1,000 t | 194 | 267 | -27 % |
| Pirdop | 1,000 t | 335 | 309 | 8 % |
| Cathode output | 1,000 t | 152 | 150 | 1 % |
| Hamburg | 1,000 t | 93 | 93 | 0 % |
| Pirdop | 1,000 t | 59 | 57 | 4 % |
| Gold | t | 10 | 10 | 0 % |
| Silver | t | 258 | 218 | 18 % |
| Gold (average) | US$/kg | 39,240 | 35,576 | 10 % |
| | €/kg | 36,334 | 32,473 | 12 % |
| Silver (average) | US$/kg | 553 | 475 | 16 % |
| | €/kg | 512 | 433 | 18 % |

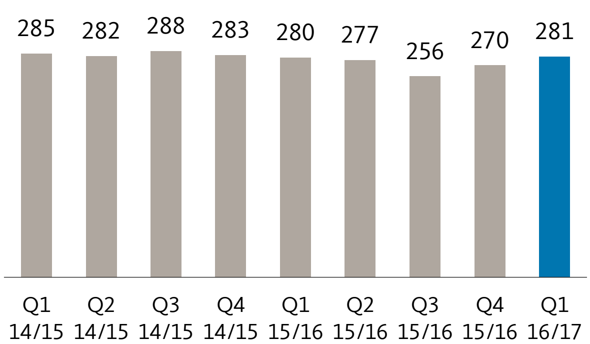
**Concentrate throughput influenced by shutdown in Hamburg**

Aurubis Group concentrate throughput (in 1,000 t)




**Cathode output at the level of Q1 2015/16**

Aurubis Group cathode output (in 1,000 t)



## Business Unit Copper Products

In BU Copper Products, copper cathodes primarily produced internally are processed into continuous cast copper rod, copper shapes, rolled products and specialty products. The main production sites are located in Hamburg (Germany), Olen (Belgium), Avellino (Italy), Emmerich (Germany), Stolberg (Germany), Pori (Finland), Zutphen (Netherlands) and Buffalo (US). In addition, BU Copper Products also includes the plant in Lünen, where recycling materials are processed to produce high-quality copper cathodes.

At a level of € -9 million, the operating EBT of BU Copper Products was below the prior-year figure of € 17 million. This included negative measurement effects of € 23 million in connection with inventories at higher metal prices. Moreover, lower demand due to seasonal factors had a negative effect on the result in the product business.

Operating ROCE (taking the operating EBIT of the last 12 months into consideration) was 6.6 % (previous year: 12.8 %). The decrease resulted from lower contributions to earnings during the last four quarters compared to the previous year, as well as from an increase in capital employed due to temporarily higher inventories.

### Product markets

Demand for copper rod was generally below expectations, due in part to the usual seasonal slowdown. The dampening of the market is mainly the result of structurally weak demand in the Middle East, as well as a downward trend in the energy cable sector. At the same time, the enameled wire industry showed an encouraging development. Sales of high-purity shapes also developed positively.

Our home markets for flat rolled products, North America and Europe, were satisfactory. Despite lower investment in the mining and fracking sectors, which continue to impact the engine cooling strip segment negatively, most of the other segments developed positively.

The supply situation for the copper cathode market was good, with lower spot premiums in some cases. We were able to realize the cathode premium for our products in calendar year 2016.

### Raw materials

The copper price climbed during the course of the quarter and positively influenced copper scrap availability, leading to higher refining charges. However, this will only impact our result starting in Q2. All of our plants were well supplied due to the increase in the copper scrap supply.

While the availability of complex recycling materials, including industrial residues and electrical and electronic scrap, was sufficient, competition for these materials has intensified.

### Production

The KRS throughput was below that of the previous year due to the input materials. Rod output was 163,000 t (previous year: 178,000 t) due to lower demand.

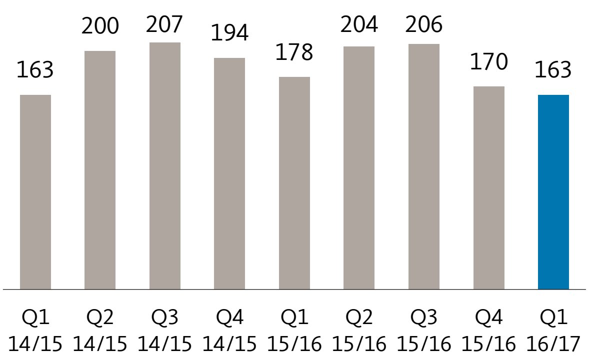
### Capital expenditure

Capital expenditure in BU Copper Products amounted to € 19 million (previous year: € 8 million). The main individual investments were connected to the long-term electricity supply.

| BU Copper Products | | Q1 | | |
|---|---|---|---|---|
| | | 2016/17 | 2015/16 | Change |
| Revenues | €m | 2,037 | 1,968 | 4 % |
| Operating EBIT | €m | -7 | 17 | > -100 % |
| Operating EBT | €m | -9 | 17 | > -100 % |
| Operating ROCE<br>(rolling EBIT for the last 4 quarters) | % | 6.6 | 12.8 | - |
| Copper scrap/blister copper input | 1,000 t | 91 | 67 | 36 % |
| KRS throughput | 1,000 t | 65 | 70 | -7 % |
| Cathode output | 1,000 t | 129 | 130 | -1 % |
| Lünen | 1,000 t | 47 | 45 | 4 % |
| Olen | 1,000 t | 82 | 85 | -4 % |
| Rod | 1,000 t | 163 | 178 | -8 % |
| Shapes | 1,000 t | 43 | 38 | 13 % |
| Flat rolled products and specialty wire output | 1,000 t | 53 | 50 | 6 % |

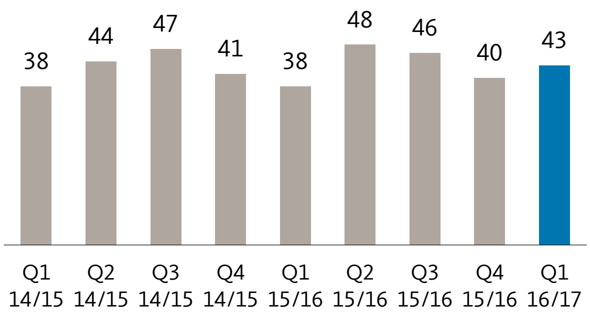
**Rod output lower due to seasonal factors**

Rod output (in 1,000 t)




**Shape output at a good level, above previous year**

Shape output (in 1,000 t)



# Corporate Governance

Please refer to the information published in the Annual Report 2015/16.

The Supervisory Board passed a resolution to temporarily release Mr. Faust, by mutual agreement, from his duties and obligations as CFO of Aurubis AG due to illness.

# Risk and Opportunity Management

The risks outlined in the Annual Report 2015/16 did not fundamentally change in Q1 2016/17.

# Outlook

## Raw material markets

We still anticipate a satisfactory supply of copper concentrates and corresponding treatment and refining charges.

With copper prices at the current level, we expect a good supply situation for copper scrap for the first half of 2017, with good refining charges accordingly.

## Product markets

### Copper products

We expect rising sales volumes for rod and continued good demand for shapes in the next few months.

Demand for flat rolled products in Europe is expected to be good, especially for higher-end products, such as high-performance alloys and tinned products. In North America, we expect demand to be flat, but with a potential for recovery in the engine cooling sector in the second half of the year. However, it remains to be seen what impact the new political leadership in the US will have on our business.

### Sulfuric acid

Because of the continued supply surplus for sulfuric acid that is expected, we don't anticipate a positive change in the price level during the next few months.

## Copper production

We expect the volume of copper concentrates processed during the fiscal year to be higher than in the previous year, with high plant availability.

A scheduled maintenance shutdown at the KRS in Lünen will lead to reduced throughput in the second quarter.

### Expected earnings

Despite the reduced benchmark, we expect satisfactory treatment and refining charges for Aurubis up until the end of the fiscal year. With a high mine output, we will be able to continue procuring a good supply of copper concentrates and to obtain higher TC/RCs owing to their complex qualities.

As far as sulfuric acid revenues are concerned, we currently don't expect prices to recover.

We assume that copper scrap availability will remain high in the next few months, accompanied by good refining charges. From a current perspective, it is difficult to forecast if this situation will continue until the end of the fiscal year.

Aurubis reduced the cathode premium by US$ 6/t to US$ 86/t for calendar year 2017. We expect to be able to realize this premium for our products.

For rod and shapes products, we expect stable demand at the level of the previous year. In the markets for strip products, we also anticipate stable demand overall in the key market segments during the fiscal year.

Since a large portion of our income is based on the US dollar, and taking our hedging strategy into account, we continue to expect positive earnings contributions, compared to the previous year, due to the strong US dollar.

We expect positive contributions from the Results Improvement Program, which we transitioned to a Continuous Improvement Program at the start of the new fiscal year. It will lead to additional optimization at all of the sites.

Overall, we confirm our forecast for fiscal year 2016/17 and expect significantly higher operating EBT and slightly higher operating ROCE compared to the previous year.

**Qualified comparative forecast according to Aurubis' definition**

| | Change in operating EBT | ROCE delta as a percentage |
|---|---|---|
| At prior-year level | ± 2 % | ± 1 |
| Slight | ± 3 to 10 % | ± 1 to 5 |
| Significant | > ± 10 % | > ±5 |

# Interim Consolidated Financial Statements First 3 Months 2016/17

## Consolidated Income Statement

(IFRS, in € thousand)

| | 3M 2016/17 | 3M 2015/16 |
|---|---|---|
| Revenues | 2,462,196 | 2,397,719 |
| Change in inventories of finished goods and work in process | 64,403 | 68,832 |
| Own work capitalized | 3,437 | 2,121 |
| Other operating income | 14,112 | 16,435 |
| Cost of materials | -2,228,714 | -2,311,353 |
| **Gross profit** | **315,434** | **173,754** |
| Personnel expenses | -116,594 | -109,768 |
| Depreciation and amortization of intangible assets and property, plant and equipment | -33,061 | -32,337 |
| Other operating expenses | -60,097 | -59,386 |
| **Operational result (EBIT)** | **105,682** | **-27,737** |
| Result from investments measured using the equity method | 1,701 | -243 |
| Interest income | 586 | 876 |
| Interest expenses | -6,143 | -6,858 |
| **Earnings before taxes (EBT)** | **101,826** | **-33,962** |
| Income taxes | -23,697 | 9,127 |
| **Consolidated net income/loss** | **78,129** | **-24,835** |
| Consolidated net income/loss attributable to Aurubis AG shareholders | 77,842 | -25,090 |
| Consolidated net income attributable to non-controlling interests | 287 | 255 |
| Basic earnings per share (in €) | 1.73 | -0.56 |
| Diluted earnings per share (in €) | 1.73 | -0.56 |

## Consolidated Statement of Comprehensive Income

(IFRS, in € thousand)

| | 3M 2016/17 | 3M 2015/16 |
|---|---|---|
| **Consolidated net income/loss** | **78,129** | **-24,835** |
| Items that will be reclassified to profit or loss in the future | | |
| Measurement at market of cash flow hedges | -14,858 | 499 |
| Measurement at market of financial investments | 3,201 | 586 |
| Changes deriving from translation of foreign currencies | 2,681 | 1,874 |
| Income taxes | 3,080 | -378 |
| Items that will not be reclassified to profit or loss | | |
| Remeasurement of the net liability deriving from defined benefit obligations | 53,714 | 0 |
| Income taxes | -17,411 | 0 |
| Other comprehensive income | 30,407 | 2,581 |
| **Consolidated total comprehensive income/loss** | **108,536** | **-22,254** |
| Consolidated total comprehensive income/loss attributable to Aurubis AG shareholders | 108,249 | -22,509 |
| Consolidated total comprehensive income attributable to non-controlling interests | 287 | 255 |

## Consolidated Statement of Financial Position

(IFRS, in € thousand)

| ASSETS | 12/31/2016 | 9/30/2016 |
|---|---|---|
| Intangible assets | 132,466 | 84,740 |
| Property, plant and equipment | 1,289,208 | 1,288,155 |
| Investment property | 8,624 | 8,515 |
| Financial fixed assets | 26,630 | 23,414 |
| Investments measured using the equity method | 46,713 | 45,012 |
| Deferred tax assets | 10,606 | 10,418 |
| Non-current financial assets | 24,041 | 23,080 |
| Other non-current non-financial assets | 2,506 | 2,468 |
| **Non-current assets** | **1,540,794** | **1,485,802** |
| Inventories | 1,921,118 | 1,700,205 |
| Trade accounts receivable | 292,777 | 242,106 |
| Other current financial assets | 112,210 | 75,503 |
| Other current non-financial assets | 45,244 | 51,487 |
| Cash and cash equivalents | 342,205 | 471,874 |
| **Current assets** | **2,713,554** | **2,541,175** |
| **Total assets** | **4,254,348** | **4,026,977** |

| EQUITY AND LIABILITIES | 12/31/2016 | 9/30/2016 |
|---|---|---|
| Subscribed capital | 115,089 | 115,089 |
| Additional paid-in capital | 343,032 | 343,032 |
| Generated Group earnings | 1,634,925 | 1,520,781 |
| Accumulated other comprehensive income components | 3,570 | 9,465 |
| Equity attributable to shareholders of Aurubis AG | 2,096,616 | 1,988,367 |
| Non-controlling interests | 3,056 | 2,769 |
| **Equity** | **2,099,672** | **1,991,136** |
| Pension provisions and similar obligations | 271,276 | 322,000 |
| Other non-current provisions | 64,717 | 64,038 |
| Deferred tax liabilities | 175,951 | 150,847 |
| Non-current borrowings | 335,237 | 337,112 |
| Other non-current financial liabilities | 8,011 | 18,788 |
| Non-current non-financial liabilities | 1,304 | 1,201 |
| **Non-current liabilities** | **856,496** | **893,986** |
| Current provisions | 39,135 | 32,310 |
| Trade accounts payable | 930,170 | 797,710 |
| Income tax liabilities | 7,621 | 4,522 |
| Current borrowings | 154,137 | 158,131 |
| Other current financial liabilities | 135,528 | 117,702 |
| Other current non-financial liabilities | 31,589 | 31,480 |
| **Current liabilities** | **1,298,180** | **1,141,855** |
| **Total liabilities** | **4,254,348** | **4,026,977** |

## Consolidated Cash Flow Statement

(IFRS, in € thousand)

| | 3M 2016/17 | 3M 2015/16 |
|---|---|---|
| **Earnings before taxes** | **101,826** | **-33,962** |
| Depreciation and amortization of fixed assets | 33,061 | 32,337 |
| Change in allowances on receivables and other assets | 36 | 1,314 |
| Change in non-current provisions | 605 | -120 |
| Net losses on disposal of fixed assets | 34 | 77 |
| Measurement of derivatives | -4,518 | 2,247 |
| Financial result | 3,125 | 6,173 |
| Income taxes received/paid | -10,518 | -16,697 |
| Change in receivables and other assets | -50,617 | 99,886 |
| Change in inventories (including measurement effects) | -216,030 | -37,748 |
| Change in current provisions | 6,818 | 2,829 |
| Change in liabilities (excluding financial liabilities) | 93,832 | -78,872 |
| **Cash outflow from operating activities (net cash flow)** | **-42,346** | **-22,536** |
| Payments for investments in fixed assets | -79,279 | -33,860 |
| Proceeds from the disposal of fixed assets | 10 | 111 |
| Interest received | 586 | 876 |
| **Cash outflow from investing activities** | **-78,683** | **-32,873** |
| Proceeds deriving from the take-up of financial liabilities | 4,302 | 13,062 |
| Payments for the redemption of bonds and financial liabilities | -9,655 | -14,566 |
| Interest paid | -3,436 | -4,757 |
| **Cash outflow from financing activities** | **-8,789** | **-6,261** |
| Net change in cash and cash equivalents | -129,818 | -61,670 |
| Changes resulting from movements in exchange rates | 149 | 11 |
| Cash and cash equivalents at beginning of period | 471,874 | 452,971 |
| **Cash and cash equivalents at end of period** | **342,205** | **391,312** |

## Consolidated Statement of Changes in Equity

(IFRS, in € thousand)

| | | | | Accumulated other comprehensive income components* | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Subscribed capital | Additional paid-in capital | Generated Group equity | Measurement at market of cash flow hedges | Measurement at market of financial investments | Currency translation differences | Income taxes | Equity attributable to Aurubis AG shareholders | Non-controlling interests | Total equity |
| **Balance as at 9/30/2015** | **115,089** | **343,032** | **1,523,444** | **-33,994** | **0** | **11,688** | **6,542** | **1,965,801** | **2,778** | **1,968,579** |
| Consolidated total comprehensive income/loss | 0 | 0 | -25,090 | 499 | 586 | 1,874 | -378 | -22,509 | 255 | -22,254 |
| of which consolidated net income/loss | 0 | 0 | -25,090 | 0 | 0 | 0 | 0 | -25,090 | 255 | -24,835 |
| of which other comprehensive income/loss | 0 | 0 | 0 | 499 | 586 | 1,874 | -378 | 2,581 | 0 | 2,581 |
| **Balance as at 12/31/2015** | **115,089** | **343,032** | **1,498,354** | **-33,495** | **586** | **13,562** | **6,164** | **1,943,292** | **3,033** | **1,946,325** |
| | | | | | | | | | | |
| **Balance as at 9/30/2016** | **115,089** | **343,032** | **1,520,781** | **-5,944** | **5,092** | **10,561** | **-244** | **1,988,367** | **2,769** | **1,991,136** |
| Consolidated total comprehensive income/loss | 0 | 0 | 114,144 | -14,858 | 3,202 | 2,681 | 3,080 | 108,249 | 287 | 108,536 |
| of which consolidated net income | 0 | 0 | 77,842 | 0 | 0 | 0 | 0 | 77,842 | 287 | 78,129 |
| of which other comprehensive income/loss | 0 | 0 | 36,302 | -14,858 | 3,202 | 2,681 | 3,080 | 30,407 | 0 | 30,407 |
| **Balance as at 12/31/2016** | **115,089** | **343,032** | **1,634,925** | **-20,802** | **8,294** | **13,242** | **2,836** | **2,096,616** | **3,056** | **2,099,672** |

* The items included here will be reclassified to profit or loss in the future.

## Selected Notes to the Consolidated Financial Statements

This Aurubis AG quarterly report has been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the EU. The accounting and measurement principles used in the financial statements as at September 30, 2016 have been applied without amendment. This report has not been reviewed by the auditors.

### Standards to be applied for the first time

The annual improvements to the IFRS cycle 2012-2014 adopted into European law by the European Union in December 2015 that are applicable for fiscal years starting on or after January 1, 2016 concern a number of small amendments and clarifications to IFRS. They do not affect the Aurubis Group.

The amendments to IAS 16 and IAS 38, which were adopted into European law by the European Union in December 2015 and are applicable for fiscal years starting on or after January 1, 2016, primarily include a clarification of acceptable depreciation and amortization methods. The amendments do not affect the Aurubis Group.

### Investments

The largest individual investment was connected to our long-term electricity supply agreement. Due to this individual investment, we reduced the ongoing costs of long-term energy consumption.

## Consolidated Segment Reporting

(in € thousand)

| | Primary Copper segment | | Copper Products segment | | Other | | Total | | Reconciliation/ consolidation | | Group total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3M 2016/17 operating | 3M 2015/16 operating | 3M 2016/17 operating | 3M 2015/16 operating | 3M 2016/17 operating | 3M 2015/16 operating | 3M 2016/17 operating | 3M 2015/16 operating | 3M 2016/17 IFRS | 3M 2015/16 IFRS | 3M 2016/17 IFRS | 3M 2015/16 IFRS |
| Revenues | | | | | | | | | | | | |
| Total revenues | 1,327,570 | 1,364,952 | 2,036,600 | 1,968,219 | 3,634 | 2,713 | | | | | | |
| Inter-segment revenues | 736,013 | 802,948 | 168,939 | 134,526 | 656 | 691 | | | | | | |
| Revenues with third parties | 591,557 | 562,004 | 1,867,661 | 1,833,693 | 2,978 | 2,022 | 2,462,196 | 2,397,719 | 0 | 0 | 2,462,196 | 2,397,719 |
| EBIT | 35,923 | 29,926 | -6,944 | 17,264 | -6,934 | -6,502 | 22,045 | 40,689 | 83,637 | -68,426 | 105,682 | -27,737 |
| EBT | 34,121 | 28,362 | -9,383 | 16,525 | -6,982 | -9,084 | 17,756 | 35,803 | 84,070 | -69,765 | 101,826 | -33,962 |
| ROCE (%) | 17.0 | 29.6 | 6.6 | 12.8 | | | | | | | | |

The division of the segments complies with the definition of business units within the Group.

# Dates and Contacts

### Financial Calendar

| | |
|---|---|
| Annual General Meeting 2017 | March 2, 2017 |
| Interim Report First 6 Months 2016/17 | May 15, 2017 |
| Quarterly Report First 9 Months 2016/17 | August 10, 2017 |
| Annual Report 2016/17 | December 13, 2017 |

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*Disclaimer:*

*Forward-looking statements:*
*This information contains forward-looking statements based on current assumptions and forecasts. Various known and unknown risks, uncertainties and other influencing factors could have the impact that the actual future results, financial position or developments differ from the estimates given here. We assume no liability to update forward-looking statements.*

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