Company Information

Information from the NA Group
on the results of the 1st quarter of the business year 2000/01
(October 2000 until December 2000)

Good development in turnover and profit – expansion project successfully completed

Hamburg, 1 February 2001 – **In the 1st quarter of the business year 2000/01 Norddeutsche Affinerie (NA) achieved a pre-tax profit in the Group of 12 million € despite the scheduled standstill for repairs and completion of the expansion project (Project RWO 2000). The profit for the quarter thus corresponds to that in the previous year. This is a remarkable achievement which is, above all, due to the excellent project management and continuing strong demand in the copper business. NA's turnover grew by 66 % to 495 million €.**

The increased concentrate throughput targeted in Project RWO 2000 could be reached much faster than planned; as a result the project will be able to make an even greater contribution to the profit for the current business year.

The output of NA's main products remains at a high level. In particular, the production of continuous cast shapes could be enhanced by a further 22 % after the strong growth in the previous business year. For continuous cast wire rod, the high figures of the previous year were achieved again.

Key figures of the NA Group		Business year 1999/2000 12 months	Business year 1999/2000 3 months	**Business year 2000/01** **3 months**
Turnover	mill. €	1,897	298	**495**
Personnel costs	mill. €	150	28	**42**
Depreciation	mill. €	33	8	**12**
Earnings before taxes	mill. €	69	12	**12**
Earnings before taxes*	mill. €	65	12	**11**
EBDIT	mill. €	107	20	**25**
EBIT	mill. €	74	12	**13**
DVFA/SG** cash flow	mill. €	78	16	**21**
Earnings per share	€	1.20	0.22	**0.24**
Capital expenditure	mill. €	79	16	**24**
Copper production	1,000 t	702	139	**177**
Copper price (average)	US$/t	1,787	1,738	**1,848**
Employees (average)		3,154	2,469	**3,207**

* without minority interests

** German Society of Financial Analysts and Asset Management/ Schmalenbach Gesellschaft

Consolidated turnover and profit

The NA Group consolidated turnover rose in the 1st quarter 2000/01 by 66 % to 495 million € (previous year: 298 million €). This is largely due to the consolidation of Hüttenwerke Kayser AG (HK) in the NA Group. In the last business year HK had an short 9 month fiscal year and joined the NA Group's full fiscal year on 1 October 2000.

In the 1st quarter 2000/01, the NA Group achieved a pre-tax profit of 12 million € including minority interests (previous year: 12 million €).

In this quarter one of the most important growth projects at NA (Project RWO 2000) was successfully completed. As a consequence, the capacity for the processing of copper concentrates has been increased by 35 % to 1 million tonnes p.a. The capacity expansion was effected during a plant standstill lasting several weeks. However, the standstill did not have an impact on cathode production or sales of our copper products. The impacts on profits relating to the standstill could be compensated by additional contributions from other Group sectors.

The earnings before taxes, depreciation and interest (EBDIT) grew by 25 % to 25 million € (previous year: 20 million €). The EBIT (earnings before taxes and interest) at 13 million € were slightly higher than in the previous year (12 million €)

The earnings per share increased by 0.22 € to 0.24 €.

The DVFA/SG cash flow remains at a high level; it improved from 16 million € to 21 million €. The cash outflow for further capital expenditure was still to a large extent a result of Project RWO 2000.

Copper market

In the year 2000 more than 15 million tonnes of copper were used worldwide, an increase of 7 % compared with the previous year. In the current year 2001 a further rise of 600,000 tonnes to almost 16 million tonnes is expected. Europe, our core market – with a share of about 30% the largest copper market worldwide – will participate in this positive development to about the same degree.

Copper demand continues to be sustained by the good growth prospects in the electronics and telecommunications sectors.

In the year 2000 alone, the German semiconductor market grew by 48%. With a growth rate of 15 %, the entire German electrical engineering industry exceeded its own forecasts and thus achieved the highest growth since 1970. Even when restraining factors are taken into account, such as the recovery of the € and cooling off of the US economy, a turnover expansion of a further 7 % is expected for the current year 2001.

Due to the fast rising demand for copper, the stocks in the warehouses of the LME and Comex exchanges have declined since March 2000 from 930,000 tonnes to about 400,000 tonnes at the end of 2000.

In September 2000 the copper price passed the 2,000 US$ mark for a short time and since then ranges between 1,800 and 2,000 US$ per tonne.

Generally the copper price for the year 2001 is expected to be firm and an annual average of about 2,000 US$ per tonne is anticipated. Some forecasts even anticipate the price to rise as high as 2,200 US$.

Raw material markets

After the substantial recovery last year, the international concentrate market has eased off slightly, above all in the spot market. Our long-term agreements have been hardly affected. We are expecting that towards mid year the commissioning of the new Peruvian mine, Antamina, will have a positive impact on the treatment and refining charges (TC/RCs).

On account of the copper price, the refining charges for copper scrap and recycling materials are still at a satisfactory level. In the copper scrap sector, the trade restrictions in Russia have had a slight impact on market conditions. Positive stimulus for the secondary markets is expected with the increasing copper prices.

Metal production

Concentrate processing in the East Smelter (RWO) with the new melting capacity (+35 %) was recommenced on 11th November 2000. The repair and expansion work has therefore been successfully concluded as scheduled. A short time after starting up again, the actual concentrate throughput achieved in November and December was already higher than our target.

With the completion of the successful Project RWO 2000, the smelter has for the fifth time since its commissioning in 1972 been completely renewed technically and expanded from the original just over 400,000 tonnes to the present-day 1,000,000 tonnes p.a. At the same time, the environmental standards have been steadily improved so that today the RWO is one of the most productive and environmentally friendly copper smelters in the world.

The plants at HK were fully utilised and good refining charges obtained. The modernisation project ISA Smelter which is targeted at the more efficient and flexible refining of secondary raw materials is continuing to schedule.

The cathode output in Hamburg was not impacted by the smelter standstill since sufficient stocks of copper raw materials were accumulated in good time. In the 1st quarter, the two copper tankhouses in the NA Group produced together a total of 136,000 tonnes of copper cathodes and are therefore on course for the capacity output of 550,000 tonnes p.a. As a result, the NA Group will remain the largest copper producer in Europe.

Copper products: continuous cast wire rod and shapes

The demand for our most important products, continuous cast wire rod and shapes, continued to be very strong in the 1st quarter and thus followed on from the excellent previous year. The output of continuous cast shapes could be increased once again by 22 % to 55,000 tonnes (previous year: 45,000 tonnes). In this connection, the demand for our special product, OF copper, was particularly positive.

With an output of 83,000 tonnes, continuous cast wire rod reached the very good previous year's level (83,000 tonnes).

By intensifying its marketing, NA has been able to further enhance its position as a leading copper producer.

Human resources

In the 1st quarter, the NA Group had a total of 3,207 employees, of which 164 were apprentices. This is an increase of 738 compared with the same period in the previous year, primarily due to the integration of HK (681 employees).

On 1 October 2000 performance-oriented remuneration was introduced at NA in Hamburg for all employees, which should give the them the possibility of impacting their remuneration by their individual and collective performance. The new system is oriented towards higher staff motivation and increasing company value.

Vision NA 200X – NA's strategy in the new decade

After the successful implementation of Vision NA 2000, we have newly defined NA's strategic orientation for the current decade in Vision NA 200X. The target remains: the long-term sustained increase in the value of the NA Group.

To this end, we are pursuing an overall strategy going beyond the boundaries of our traditional copper business and have set the following growth routes:

- Strengthening the existing business
- Utilisation of growth opportunities in the copper market and copper-related market.
- Opening up of new growth options

Projects within these growth routes have to a great extent already been concretised.

Outlook

We continue to view positively the growth trends in the European countries. This will result in an increasing overall demand for copper and NA Group products in the current business year.

Likewise, the increased processing capacity for copper concentrates (Project RWO 2000) will have a positive impact on profit trends. We are assuming that, with our present throughput, the quantity of concentrates processed will be significantly more than in the previous year.

The successful integration of HK is being continued with the aim of utilising to the full the existing synergy and profit potentials.

The demand for future-oriented products such as oxygen-free (OF) copper and low alloyed special products, such as TOP ROD, is also rising. These are being increasingly used for applications in communications as well as in information technologies. These technologies are enhancing their significance and using inter alia the efficient data and information channels, such as DSL. The higher the individual need for speed, high-performance technology and comfort, the more the demand for copper will rise.

In view of the generally strong demand for NA's main products, we have good reason to look forward with confidence to the next nine months of this business year.

Consolidated profit and loss account
(in ,000 €)

	1st quarter BY 2000/01	1st quarter BY 1999/00
Turnover	**494,945**	297,749
Variations in inventories of finished goods and work in process	**35,162**	64,849
Own work capitalised	**1,537**	1,315
Other operating income	**12,203**	4,153
Cost of raw materials and supplies	**(462,038)**	(309,511)
Personnel expenses	**(41,559)**	(27,994)
Depreciation on fixed assets	**(11,598)**	(8,009)
Other operating expenses	**(15,803)**	(11,756)
Income from investments	**407**	763
Net interest	**(1,372)**	391
Result of ordinary activities	**11,884**	11,950
Taxes on income	**(3,966)**	(5,058)
Profit for the period	**7,918**	6,892
Profits/losses attributable to minority interests	**(279)**	0
Unappropriated profit	**7,639**	6,892

Consolidated cash flow statement

(in ,000 €)

		1st quarter BY 2000/01	1st quarter BY 1999/00
1.	Consolidated profit	7,918	6,892
2.	Depreciation on fixed assets	11,642	8,083
3.	Changes in long-term provisions	1,293	994
4.	Other expenses and income not affecting cash flow	-325	-6
5.	**DVFA/SG cash flow**	**20,528**	**15,963**
6.	Changes in short-term provisions	-20,584	-5,568
7.	Cash flow movements due to investments in associated undertakings	-102	-595
8.	Profits and losses from disposal of fixed assets	-257	-10
9.	Changes in inventories	-53,801	-52,550
10.	Changes in trade accounts receivable and sundry assets	13,836	-5,780
11.	Changes in trade accounts payable and sundry liabilities	24,745	20,891
12.	**Cash inflow from current operating activities**	**-15,635**	**-27,649**
13.	Disposals of fixed assets	376	150
14.	Additions to fixed assets (including changes in the circle of consolidated companies)	-23,753	-50,339
15.	**Cash outflow from investing activities**	**-23,377**	**-50,189**
16.	Payments for the redemption of bonds	-107	0
17.	Proceeds from the taking of bank loans	40,406	55,865
18.	Payments for the redemption of bank loans	-3,008	-143
19.	Dividends paid to shareholders	0	0
20.	Dividends paid by associated undertakings to other shareholders	0	0
21.	**Cash outflow for financing activities**	**37,291**	**55,722**
22.	Changes in financial resources	-1,721	-22,116
23.	Financial resources at beginning of period	9,764	24,565
24.	**Financial resources at end of period**	**8,043**	**2,449**