

**NA Group Information
on the results
for the first nine months
of the business year 2000/01
(October 2000 to June 2001)**

NA has held up well in the weaker economic environment

Hamburg, 23 August 2001 – In the past nine months of the business year 2000/01 Norddeutsche Affinerie (NA) achieved a pre-tax profit of 41 million €. Despite the economic slowdown since spring 2001, a high level of earnings could thus be reached. The cash flow was even increased. The excellent pre-tax profit for the previous year was not maintained since, apart from the economic trend, the standstill for expansion work (Project RWO 2000) at the beginning of the business year had, as expected, still an impact.

The turnover increased from 1,331 million € to 1,445 million €, largely due to the consolidation of Hüttenwerke Kayser (HK).

The performance of the metal production sector, which was expanded by Project RWO 2000, is meanwhile almost realising the design capacity. After further optimisation the new capacity will, as planned, be fully available in the next business year.

The installation of the new smelter for recycling materials at HK continued to run to schedule. The plant will be commissioned in February 2002.

The output of the most important copper products was in total at the previous year's level. Thus, 163,000 tonnes of continuous cast shapes (previous year: 147,000) and 272,000 tonnes of continuous cast wire rod (previous year: 291,000) were produced.

From today's viewpoint, NA will be paying its dividend for the business year 2000/01 at the previous year's level. As a result of the current price level NA shares have an attractive dividend yield.

Consolidated key figures		Business year 1999/2000	Business year 1999/2000	Business year 2000/01
		12 months	9 months	9 months
Turnover	mill. €	1,897	1,331	1,445
Gross profit	mill. €	342	237	257
Personnel expenses	mill. €	150	111	128
Depreciation	mill. €	33	26	35
Earnings before taxes (EBT)	mill. €	69	52	43
Earnings before taxes (EDT)*	mill. €	65	48	41
EBDIT	mill. €	107	80	81
EBIT	mill. €	74	54	46
DVFA/SG cash flow **	mill. €	78	60	67
Earnings per share	€	1.20	0.93	1.00
Capital expenditure	mill. €	79	58	52
Copper output	1,000 t	702	530	518
Copper price (average)	US\$/t	1,787	1,758	1,756
Number of employees (average)		3,154	2,919	3,196

* without minority interests

** as per the German Society of Investment Analysts and Assets
Managers/Schmalenbach Gesellschaft

Group turnover and profit

In the nine months until June 2001 the NA Group increased its turnover by 9 % to 1,445 million € (previous year: 1,331 million €). This is primarily due to the full consolidation of Hüttenwerke Kayser in the period under review. Moreover, the increased turnover for precious metals resulting from additional production quantities continued to have a positive impact.

The Group pre-tax profit was 41 million € (previous year: 48 million €); including minority interests it amounted to 43 million € (previous year: 52 million €). The drop in the pre-tax profit after nine months compared with the excellent previous year is in particular due to the following: the first half-year achieved a lower profit on account of the standstill for expansion work in Project RWO 2000. Since spring 2001, declining refining charges in the copper scrap market and cycle-induced lower contributions to profits from some subsidiaries have taken effect. Furthermore, revenues from sales of our by-product, sulphuric acid, declined due to a temporary market surplus.

The earnings before depreciation, interest and taxes (EBDIT) nevertheless increased by 1 million € to 81 million € (previous year: 80 million €). The EBIT (earnings before interest and taxes) at 46 million € were less than in the previous year (54 million €).

The earnings per share could be increased from 0.93 € to 1.00 € due to a low tax quota, which will, however, not be finally known until the financial statements as per 30 September 2001.

The DVFA/SG cash flow continued at a high level and improved from 60 million € to 67 million €. This strong cash flow will be used inter alia for the funding of growth measures to secure the future.

Copper market

In the past calendar year 2000, copper demand worldwide rose by about 7 % to 15 million tonnes. Due to the economic slowdown in the major industrial nations, particularly in the USA, and the continuing economic downturn in Japan, a slightly lower copper demand can be assumed for 2001. This has taken effect since June 2001, above all in a further drop in the copper price to less than 1,450 US\$ per tonne and a significant increase in stocks at the international metal exchanges.

At the beginning of the business year the copper stocks in the warehouses of the large metal exchanges LME und COMEX amounted to only 460,000 tonnes. After a further decline in the first few months of the business year, they increased to a total of 800,000 tonnes at the end of July.

A substantial rise in global copper demand to about 15.7 million tonnes, combined with a higher copper price, is, however, expected for the coming year 2002.

Raw material markets

The treatment and refining charges (TC/RCs) obtainable on the international concentrate market for long-term agreements, from which NA largely covers its concentrate supply requirements, remained stable at a satisfactory level. Likewise, on the spot market which is less relevant for NA, the TC/RCs have hardly changed.

The terms on the copper scrap market have not improved due to the scarcity of supplies, above all of material from Russia and the Ukraine, and the trend in the copper price. The effected increase in copper production from concentrates whilst reducing scrap input is therefore already proving to be an economic advantage for NA.

Metal production

After the very successful recommissioning of the East Smelter (RWO) mid November 2000, various process optimisation measures were necessary whilst round-the-clock operation continued during the following months. These measures concerned the following inplant processes and intermediary product circuits, and also temporarily resulted in an increase in inventories. The RWO's sustained performance at the end of June had almost reached the projected target so that by the end of June 2001 a concentrate throughput of 601,000 tonnes could be achieved. Thus, despite the standstill lasting several weeks at the beginning of the business year, production was already 5 % above the previous year's figure.

After further optimisation the new capacity shall be, as scheduled, completely available in the next business year.

With an overall significantly improved cost position in the metal production sector, the profit was negatively impacted by an unplanned one-off outgoing for repairs in the copper tankhouse in Hamburg. After 12 years of production time and a total output of 3.7 million tonnes of cathodes, a major part of the permanent stainless steel cathodes has had to be replaced for the first time. In addition to an increase in repair costs, this resulted in a slightly reduced cathode output in Hamburg. The 268,000 tonnes was therefore slightly below the previous year's output.

The tankhouse at HK in Lünen ran to capacity and produced 135,000 tonnes. Consequently, by the end of June 2001 more than 400,000 tonnes of copper cathodes were produced in the NA Group.

Copper products: continuous cast wire rod and shapes

In total, the production and sales of our main products, continuous cast wire rod and shapes, were about at the previous year's level.

Of our quantitatively strongest product, continuous cast wire rod, a total of 272,000 tonnes were produced (previous year: 291,000 tonnes).

The output of continuous cast shapes could again be increased by 11 % to 163,000 tonnes (previous year: 147,000 tonnes). As a consequence, we have slightly enhanced our market shares.

The strong demand in the last business year and at the beginning of the current business year from the electrical engineering and electronics industries as well as from the cable and wire industries has notably calmed down as a result of the general economic developments.

Human resources

The NA Group had on average 3,196 employees (previous year: 2,919). The increase is above all due to the integration of HK in Lünen as per 1 January 2000, but also to the production expansion at NA in Hamburg.

The performance-oriented and success-related remuneration introduced during this business year initially resulted in additional personnel expenses, which should be compensated in future by improved company performance. Today, it can already be seen that we are achieving two major goals with this new remuneration system: a fair level of profit-sharing for the employees as well as increased earnings for the company resulting from additional performance and motivation incentives. The first success-related bonus for the last business year was paid in May 2001.

At the same time a programme was introduced for NA employees to acquire staff shares. This included the opportunity for employees to use their bonus for the acquisition of NA staff shares at a discount. After the payment of the bonus in May 2001, almost 50 % of the employees took advantage of this programme and have acquired shares in their deposit which are not allowed to be resold for a period of 1 ½ years.

On 1 June 2001 the organisation of NA-AG was tightened up by amalgamating the business units "Metals and Recycling" and "Precious Metals" into the new business unit "Metallurgy". We are expecting this to result in a further significant increase in efficiency in the metal production sector, above all in the precious metals sector.

Strategy Vision NA 2000 plus

The focal points and themes of Vision NA2000 plus have been steadily continued, in particular the measures to reduce costs and increase efficiency. The energy saving programme "eNergiA" has developed especially positively, with which by the end of 2002 we shall have achieved a 20 % reduction in specific energy consumption at NA-AG in a three-year programme.

The installation of the new smelter for recycling materials at HK (KRS = Kayser Recycling System) is still running to schedule. The plant will be commissioned in February 2002.

NA's opportunities for external growth were further followed up. We are assuming that new potential for further growth will arise from the current economic slowdown and thus result in an increase in the value of the NA Group.

Outlook

The economic climate in Germany has become further overcast. At the beginning of the year, reduced dynamics was generally expected since at that time the signs of a global economic downturn, triggered off by the USA, were already apparent. The slackening of the export business therefore no longer came as a surprise. However, the extent of the downturn was initially underestimated.

The recovery being indicated meanwhile in some countries of the Euro zone and the USA will in all likelihood not have an impact on Germany until the year 2002.

In view of German, European and worldwide economic developments, NA's customer industries have also revised their forecasts for the current year in a downwards direction, but still expect overall good growth compared with the previous year. Thus, the electrical engineering and electronics industries are reckoning with turnover growth of 6% to 7%, mechanical engineering and the construction of plants forecast production growth of 3 %.

In the copper products sector we are therefore assuming sales to ease off slightly until the end of the calendar year 2001 – however, whilst still remaining at an overall high level.

In this phase of economic slowdown in Germany and Europe, NA's profitability will be stabilised by the segment "Metal Production". Supplies of copper concentrates are, even after the expansion, practically fully covered right into the next business year with stable treatment and refining charges. In addition, after further optimisation steps, the full capacity for processing 1 million tonnes of concentrates p.a. will be available from 2001/02.

In the next few months the secondary copper markets ought still above all to be under pressure quantitatively due to the metal prices and the loss of scrap deliveries from the CIS states. We are reacting to this trend by processing increased quantities of concentrates and concentrating on the more profitable sectors of the recycling market.

Our expectations for the whole of the business year 2000/01 therefore continue to be positive despite the significant economic slowdown. It is difficult to forecast a profit for the whole year due to the currently changing economic climate. More precise statements can only be made after the German and European summer holiday season has come to an end. From today's viewpoint, based on developments to date NA will, however, again be able to make its dividend payment for the business year 2000/01 at the previous year's level. As a result of the current price level NA shares have an attractive dividend yield.

Consolidated profit and loss account (‘000 €)

	1 st nine months 2000/01	1 st nine months 1999/00
Turnover	1,445,234	1,330,939
Variations in inventories of finished goods and work in process	95,640	96,782
Own work capitalised	2,887	3,688
Other operating income	26,849	9,544
Cost of raw materials and supplies	(1,313,428)	(1,204,353)
Gross profit	257,182	236,600
Personnel expenses	(128,159)	(111,020)
Depreciation on fixed assets	(34,744)	(26,239)
Other operating expenses	(48,697)	(45,421)
Income from investments	697	73
Net interest	(3,760)	(1,751)
Result of ordinary activities	42,519	52,242
Taxes on income	(9,396)	(20,275)
Profit for the period	33,123	31,967
Profits/losses attributable to minority interests	(921)	(2,312)
Consolidated profit	32,202	29,655

Consolidated cash flow statement (‘000 €)

	1 st nine months 2000/01	1 st nine months 1999/00
1. Group profit	33,123	31,967
2. Balance from depreciation on and additions to fixed assets	33,920	26,386
3. Changes in long-term provisions	449	2,972
4. Other expenses and income not affecting cash flow	-975	-918
5. DVFA/SG cash flow	66,517	60,407
6. Changes in short-term provisions	-10,794	8,548
7. Cash flow movements due to investments in associated undertakings	-27	-225
8. Profits and losses from the disposal of fixed assets	-225	-146
9. Changes in inventories	-50,025	-98,516
10. Changes in trade accounts receivable and sundry assets	6,272	-21,660
11. Changes in trade accounts payable and sundry assets	-22,850	42,673
12. Cash outflow from current operating activities	-11,132	-8,919
13. Disposals of fixed assets	449	1,017
14. Additions to fixed assets (incl. changes in the circle of consolidated companies)	-52,478	-89,776
15. Cash outflow from investing activities	-52,029	-88,759
16. Receipts from capital increases	4,067	0
17. Receipts from the issuing of loans and bank loans and overdraft	90,361	124,003
18. Payments from the redemption of loans and bank loans and overdraft	-6,646	-10,029
19. Dividend payments of the AG	-24,000	-22,906
20. Dividend payment from subsidiaries to third parties	-2,139	-1,759
21. Cash inflow from financing activities	61,643	89,309
22. Changes in financial resources	-1,518	-8,369
23. Financial resources at beginning of period	9,764	24,565
24. Financial resources at end of period	8,246	16,196

Company Profile

The Norddeutsche Affinerie Group is the largest copper producer in Europe. It produces about 700,000 tonnes of copper and copper products p.a. and with about 3,200 employees is also one of the leading copper producers worldwide. The core business is the production of copper cathodes from copper concentrates, copper scrap and recycling materials as well as the further processing of the copper into continuous cast wire rod and shapes. The NA Group is the largest copper recycler worldwide. Precious metals are also an important product sector. Further special products, which the Group produces and markets, are metal powders and copper chemicals as well as all the main co-products from copper production, such as sulphuric acid and iron silicate stone. The Group's customers include companies in the electrical engineering, telecommunications and chemical industries as well as the suppliers of the construction and car industries. The NA Group is oriented to growth and to increasing company value. Its strategy includes the strengthening of the existing business and the utilisation of growth options in the copper market and copper-related market. NA is a component of the MDAX and thus belongs to the DAX 100.

You will find further information on Norddeutsche Affinerie in the internet at <http://www.na-ag.com>.

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