REPORT on Fiscal Year 2011/12

October 1, 2011 to September 30, 2012

MANAGEMENT REPORT

The Aurubis Group generated earnings before taxes (EBT) of € 516 million on the basis of IFRS in fiscal year 2011/12. At € 296 million, operating EBT was up on the very satisfactory prior-year result of € 292 million. A dividend of € 1.35 is proposed.

Hamburg, December 13, 2012 – The Aurubis Group (Aurubis) achieved earnings before taxes (IFRS) of € 516 million (€ 497 million in the prior year) during fiscal year 2011/12. Operating earnings before taxes increased from € 292 million in the prior year to € 296 million despite the difficult economic environment. The good result was supported first and foremost by higher concentrate treatment charges and higher throughputs of recycling materials in operating business. There was good availability of copper scrap and other recycling materials. Sulfuric acid sales increased slightly compared to the prior year due to the concentrate mix with consistently high acid prices. Overall, this compensated for the significant decline in sales volumes in the copper products business, which was a result of economic factors.

The complete Annual Report was released today on our website www.aurubis.com.

Raw material markets

The copper price proved to be robust and high in fiscal year 2011/12 despite uncertainties in the global economy. The fundamental situation of the copper market, which was characterized by a production deficit, was decisive for this development. The price range during the fiscal year extended from US$ 6,785/t (October 4, 2011) to US$ 8,658/t (February 28, 2012). The average price during the fiscal year was US$ 7,844/t (LME settlement), a roughly 14 % decrease compared to the high prior-year average of US$ 9,096/t. Converted to euros, however, the price decrease was only 7 % due to the modified exchange rate.

There was a differentiated trend on the international concentrate markets. Strikes at large mines initially reduced the supply. Treatment and refining charges in the spot market fell to a very low level as a result. The market recovered after the strikes ended. Availability of volumes increased again considerably and the conditions for our low number of additional spot market purchases improved. We were in a position to ensure good contractual conditions on the markets for other raw materials such as blister copper and copper scrap as well. The satisfactory supply allowed for good capacity utilization of the production facilities.

The copper scrap market was good during the reporting period. The exchange prices for copper supported the good supply during almost the whole period. Only at the beginning of the fiscal year did lower prices temporarily reduce the copper scrap supply. Copper scrap demand from China, the largest international competitor, was at a moderate level during the entire fiscal year. Overall, the positive market situation for copper scrap led to high utilization of the Aurubis Group's existing recycling capacities.

The availability of complex recycling raw materials was also very good during the whole fiscal year in the significant supply markets, both in Germany and Europe as well as overseas. The processing fees were down on the very good prior-year conditions, however.

Product markets

The sulfuric acid markets reflected a stable trend overall, so our sulfuric acid revenues were slightly up on the prior year. There was momentum from the fertilizer sector and the chemical industry.

European markets for copper products were negatively influenced by the growing economic uncertainty in the eurozone and a weak economic trend in important export markets during the course of the fiscal year. Our customers were more cautious in their purchases and demanded higher delivery flexibility. The initial optimism in the German semis industry was put into perspective as 2012 went on, as end customers worked below capacity in some cases. In Germany, the energy turnaround and the investment backlog due to the delayed expansion of the energy grid had a negative effect. Nevertheless, the demand level in the North American market remained stable owing to the more positive general economic circumstances and a good order level in key sectors, such as the automotive industry.

Trend in the Business Units

The good supply of copper concentrates and other copper-bearing input materials ensured high capacity utilization of the Business Unit (BU) Primary Copper's production facilities during the entire fiscal year. Thanks to our long-term procurement policy, however, we did not rely on significant additional purchases on the spot market. Overall, despite a 23-day scheduled standstill at the Pirdop site, almost 2.1 million t of copper concentrates were processed in BU Primary Copper, the same level as the prior year (2.1 million t). At 2.0 million t (2.0 million t in the prior year), sulfuric acid output was also at the prior-year level due to the high concentrate throughput. Cathode output in the BU's three tankhouses rose from 934,000 t in the prior year to 944,000 t. The BU's operating EBT increased from € 169.5 million in the prior year to € 241.1 million. The earnings increase was primarily a result of the positive market trend for copper raw materials, the optimization of the raw material input mix and the good sulfuric acid demand.

In BU Recycling/Precious Metals, the throughput in the Kayser Recycling System (KRS) reached a level of 272,000 t for the first time due to the commissioning of KRS-Plus in summer 2011. This represents a 5 % increase compared to the prior-year value of 260,000 t. At 203,000 t, cathode output in the Lünen tankhouse was below the very good prior-year level of 213,000 t owing to small-scale maintenance standstills. We recovered large quantities of precious metals again thanks to the good supply of precious metal-bearing input materials. However, the silver output decreased to 1,222 t (1,374 t in the prior year) because of the lower concentration in the processed materials. Gold output rose to 37 t and therefore exceeded the prior-year output of 35 t. At € 101.5 million, operating earnings before taxes in the BU were at the prior-year level (€ 100.1 million in the prior year).

In BU Copper Products, the economic influences of the European debt crisis were reflected in copper product demand. The volume of rod produced decreased by 18 % to 646,000 t (785,000 t in the prior year). Shapes production developed similarly. The output of 164,000 t was 17 % below the prior-year value of 197,000 t. At about 217,000 t, the output of copper and alloy strip and specialty wire was only slightly below the prior-year figure of 219,000 t. The difficult economic environment and restructuring expenses were reflected in the BU's operating EBT, which decreased from € 49.7 million in the prior year to € 10.1 million. The newly acquired Luvata activities contributed somewhat positively to earnings.

Results of operations

The Aurubis Group reports in accordance with International Financial Reporting Standards (IFRS). When the average cost method is applied, metal price fluctuations systematically lead to considerable discontinuities in the presentation of the Aurubis Group's results of operations, financial position and net assets due to the reporting of changes in the carrying amounts of inventories. In our view, these valuation results lead to an economically inaccurate presentation in the management report. In order to portray the Aurubis Group's operating success independently of valuation influences from the use of the average cost method in accordance with IAS 2, copper price-related valuation effects on inventories and effects from purchase price allocations, primarily on property, plant and equipment starting in fiscal year 2010/11 for the purpose of internal control, internal reporting and control of the Group are carried out on the basis of an operating result.

		Fiscal year 11/12	Fiscal year 10/11	Difference in %
BU Primary Copper				
Concentrate throughput	t	2,073,000	2,057,000	+1%
Scrap input	t	208,000	216,000	-4%
Sulfuric acid output	t	2,021,000	2,002,000	+1%
Cathode output	t	944,000	934,000	+1%
BU Recycling/Precious Metals				
Scrap input	t	124,000	130,000	-5%
KRS throughput	t	272,000	260,000	+5%
Cathode output	t	203,000	213,000	-5%
BU Copper Products				
Wire rod output	t	646,000	785,000	-18%
Continuous cast shapes output	t	164,000	197,000	-17%
Rolled products and specialty wire	t	217,000	219,000	-1%

The results of operations, financial position and net assets in accordance with IFRS are presented in detail in the Annual Report.

The Aurubis Group generated operating earnings before taxes of € 296 million during fiscal year 2011/12, therefore increasing the good prior-year earnings of € 292 million. The business performance was mainly influenced by the following factors:

» The concentrate throughput was at the prior-year level. Higher treatment charges were collected at the same time.
» Higher input quantities of electronic scrap and other recycling materials with high material availability more than compensated for lower refining charges.
» Due to the concentrate mix, sulfuric acid sales increased compared to the previous year at ongoing high acid prices.
» There was a good metal yield with high metal prices.
» Earnings in BU Copper Products were considerably down on the prior-year level due to weak markets for rod and shapes. Sales of flat strip were also affected by declining demand. Shape surcharges for copper products were at a stable level overall.

Group revenues increased by € 453 million to € 13,789 million during the reporting year (€ 13,336 million in the prior year), an increase of 3 %. Due to the inclusion of the former Luvata RPD companies during the entire fiscal year, revenues from the newly acquired strip business largely compensated for the decrease in revenues for the copper products rod and shapes. Furthermore, increased gold prices contributed to a revenue increase in the precious metal business compared to the previous year.

The cost of materials rose 2 % accordingly, from € 12,535 million in the prior year to € 12,827 million. After including the increase in inventories and other operating income, the gross profit improved considerably from € 944 million in the previous year to € 1,136 million.

Personnel expenses rose from € 312 million in the prior year to € 421 million in the reporting period, mainly due to the higher number of employees resulting from the integration of Luvata RPD in particular, which was only included for one month in the comparable prior-year period. In addition, personnel provisions connected to the restructuring decided on for the Swedish site and wage increases influenced personnel expenses.

Depreciation and amortization amounted to about € 114 million, similar to the prior-year level (€ 113 million).

Other operating expenses rose from € 192 million in the prior-year period to € 235 million. The increase is a result of the former Luvata RPD companies in particular (an increase of € 30 million), which were only included pro rata temporis for one month in the comparable prior-year period, as well as higher freight costs.

Operating earnings before interest and taxes (EBIT) were € 366 million compared to € 327 million in the prior year. After incorporating the financial result, operating earnings before taxes (EBT) reached € 296 million (€ 292 million in the previous year). Net interest expense increased by € 6 million to € 41 million compared to the previous year (€ 35 million), mainly due to refinancing with a higher availability of liquidity and an extended term structure. An impairment recorded against the carrying values of fixed asset securities is included in the other financial result.

Operating consolidated net income of € 207 million (€ 211 million in the previous year) remains after deducting the tax charge.

At 20.5 %, the very good operating return on capital employed (ROCE) was up on the value of the prior-year period (18.7 %) due to the improved results of operations (EBIT).

Financial position and capital expenditure

The good business performance and the development of the working capital had a positive effect on net cash flow. While at € 383 million, net cash flow is € 35 million down on the prior-year figure (€ 418 million), it is still at a very satisfactory level.

Investments (including financial fixed assets) totaled € 169 million (€ 116 million in the previous year, excluding payments for the Luvata RPD acquisition) in the reporting period and primarily consisted of investments in property, plant and equipment. Larger individual investments included the anode slime processing capacity expansion and the expansion of tankhouse capacities at the Hamburg site. Initial investments were made to improve environmental protection and enlarge production capacities at the Pirdop site.

A free cash flow of € 215 million (€ 302 million in the previous year) results after deducting investments in fixed assets from the net cash flow.

Cash and cash equivalents totaling € 669 million (€ 491 million in the previous year) were available to the Group as at September 30, 2012. Cash and cash equivalents are mainly used for the operating business activities, investing activities and the partial redemption of borrowings.

Outlook

In fiscal year 2011/12, the Aurubis Group held its ground in a difficult environment that was largely influenced by economic uncertainties and generated a very satisfactory result. The good position in our procurement markets and the integrated business model contributed to this in particular.

Based on a solid financial foundation, these factors will support us in achieving success in a difficult market environment in the current fiscal year as well. Risks which cannot be controlled or are hard to control, such as those arising from regulatory issues in the energy and environmental sector, could nevertheless make this difficult.

With respect to the trend on the global copper market, we expect that the fundamental conditions will lead to high but volatile copper prices in 2013.

Our position on the raw material markets will be strengthened by our ability to process complex raw materials.

Overall, we expect positive conditions for Aurubis on the copper concentrate markets with a global increase in the treatment charge level. However, we are planning a standstill for our Hamburg smelter in September/October 2013, during which the primary copper production facilities will be overhauled and partially renovated.

The high sulfuric acid sales should continue at a good price level, though negative influences from the economic trend are possible in this area as well.

Supported by the high copper price, we expect the good copper scrap supply to continue in 2013. We can benefit from this market in the future due to the technical possibilities in the use of complex materials, and we expect full utilization of these smelting capacities.

Aurubis is especially dependent on the economic environment in the copper products sector. Driven by growing demand in the energy cable industry, we expect rod demand to rise slowly in 2013. On the whole, the situation in Germany is assessed more positively than in Southern European countries. The market is still expected to be weak in the coming year, though sales should be at least slightly up on the prior-year level.

We will continue our strategic process and utilize opportunities to build the Aurubis Group’s strengths. Aurubis therefore has good conditions for maintaining its position, even in the difficult environment that will likely accompany corporate development in the next few years.

II. OVERVIEW OF GROUP KEY FIGURES (operating*)

		4th quarter			Fiscal year		
		2011/12	2010/11	Difference	2011/12	2010/11	Difference
Revenues	€m	**3,554**	3,574	-1 %	**13,789**	13,336	+3 %
Gross profit	€m	**262**	259	+1 %	**1,136**	1,159	+20 %
Personnel expenses	€m	**109**	82	+33 %	**421**	312	+35 %
Depreciation and amortization	€m	**28**	30	-7 %	**114**	113	+1 %
EBITDA	€m	**90**	117	-23 %	**481**	440	+9 %
EBIT	€m	**62**	87	-29 %	**366**	327	+12 %
EBT	€m	**49**	73	-34 %	**296**	292	+1 %
Consolidated net income	€m	**34**	53	-35 %	**207**	211	-2 %
Earnings per share	€	**0.96**	1.16	-17 %	**4.58**	4.79	-4 %
Net cash flow	€m	**150**	147	+2 %	**383**	418	-8 %
Capital expenditure (excl. financial fixed assets)	€m	**77**	38	+106 %	**155**	116	+35 %
Copper price (average)	US$/t	**7,706**	8,982	-14 %	**7,844**	9,096	-14 %
Human resources (average)		**6,349**	5,387	+18 %	**6,314**	5,009	+26 %

* Adjusted by:
1) valuation results from the application of the average cost method in accordance with IAS 2
2) copper price-related valuation effects
3) valuation effects from the purchase price allocation, mainly on property, plant and equipment for acquisitions starting fiscal year 2010/1

V. DATES AND CONTACTS

FINANCIAL CALENDAR

Interim Report on the First 3 Months 2012/13	February 14, 2013
Annual General Meeting 2013	February 28, 2013
Dividend payment 2013	March 1, 2013
Interim Report on the First Half-year 2012/13	May 14, 2013
Interim Report on the First 9 Months 2012/13	August 13, 2013

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