REPORT on
Fiscal Year 2012/13

October 1, 2012 to September 30, 2013

Aurubis

MANAGEMENT REPORT

The Aurubis Group generated earnings before taxes (EBT) of € 114 million in fiscal year 2012/13, significantly below the very good level of € 296 million in the previous year. EBT on the basis of IFRS was € -230 million (€ 516 million in the previous year). A dividend of € 1.10 (€ 1.35 in the previous year) is proposed.

Hamburg, December 16, 2013 – The Aurubis Group (Aurubis) generated operating earnings before taxes (EBT) of € 114 million in fiscal year 2012/13 and was therefore considerably down on the very good prior-year figure of € 296 million. EBT on the basis of IFRS was € -230 million (€ 516 million in the previous year). The business performance was affected by various market trends. The metal prices were below the previous year's prices overall. The copper concentrate procurement markets reflected good availability and higher treatment and refining charges, while the supply on the copper scrap markets became increasingly tight in the course of the fiscal year. Refining charges were under substantial pressure. Sales markets for sulfuric acid were influenced more and more by the weak fertilizer industry, which strongly affected sales prices. Copper product markets remained weak. Furthermore, a number of shutdowns, especially the maintenance and repair shutdown in the primary copper production facilities in Hamburg, impacted the business. The ongoing restructuring of Business Line Flat Rolled Products also strained the result.

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

Raw material markets

Uncertainties about the economic dynamics in China in particular placed pressure on metal and raw material prices. Many institutional investors withdrew from the raw material sector. Copper and precious metals were also affected, which reinforced the downward tendency in their prices. The physical copper markets reported a shortage of copper cathodes, especially in China, which resulted in high spot premiums for cathodes in the second half of the fiscal year.

The copper price was highly volatile in fiscal year 2012/13. Starting at US$ 8,340/t (LME settlement and high of the fiscal year) on October 2, 2012, the price hit a low of U$ 6,638/t on June 24, 2013. At the end of the fiscal year the quoted price was US$ 7,291/t. The average for the fiscal year was US$ 7,513/t (US$ 7,844/t in the previous year). The price trend reflected economic uncertainties, especially the developments in China and changes in the economic focuses of central banks.

Despite several production disruptions at mines, the concentrate supply for copper smelters was favorable during the fiscal year. New output from projects and reduced demand owing to repair shutdowns at various smelters in Europe and Asia had a positive effect on the global level of treatment and refining charges (TC/RCs). Overall, we were able to increase revenues from TC/RCs again compared to the previous year. Our large number of long-term contracts supported our good supply situation. The supply on the markets for other input materials such as blister copper and copper scrap was also at a satisfactory level during the first few months of the fiscal year, though it decreased significantly as the year went on. This development was strongly impacted by volatile copper prices and the ongoing economic weakness in large parts of Europe, which strained copper scrap collection. Copper scrap demand remained at a high level, leading to lower refining charges. Apart from copper scrap, Aurubis also processes complex recycling materials. The availability of these materials was satisfactory during the fiscal year but was nevertheless down on the prior-year level.

Our facilities were supplied with raw materials at all times.

Product markets

The market for sulfuric acid, which is a by-product of our concentrate processing, weakened a great deal compared to the previous year. The prices on the global market were low during the fiscal year and stabilized at this level. The determining factor was decreased demand from the global fertilizer industry. In contrast, demand from the chemical industry and for metal ore leaching applications was relatively constant.

The copper product markets were also weak during the past year. Southern Europe was affected by continuing economic weakness. Product business in North America developed better but couldn't fully compensate for the lack of demand in Europe, which was mainly driven by the lack of recovery in the automotive industry.

Business Units

A good copper concentrate supply and a sufficient copper scrap supply allowed the production facilities of BU Primary Copper to be well utilized during the entire fiscal year. A total of 2.2 million t of copper concentrates (2.1 million t in the previous year) was processed. The concentrate throughput was therefore up on the prior year. The sulfuric acid output rose slighty to over 2.1 million t (2.0 million t in the previous year) in accordance with the higher concentrate throughput. The scheduled large-scale overhaul of the concentrate processing and sulfuric acid production facilties was carried out at the Hamburg site in September and October 2013. It was also used to implement the remaining measures of the expansion project “Future RWO” at the same time. The copper concentrate quantity processed at the Hamburg site during fiscal year 2012/13 was only 1.0 million t as a result (1.1 million t in the previous year). In contrast, concentrate processing increased to about 1.2 million t in Pirdop (1.0 million t in the previous year) due to measures implemented in the “Aurubis Bulgaria 2014” project, much higher than last year.

The copper anode supply for the tankhouses in BU Primary Copper was secured as far as possible during the fiscal year. We largely balanced out the missing quantities from the shutdown in Hamburg by flexibly using our plant structure in the Group, which made an important contribution. The cathode output in BU Primary Copper increased to 949,000 t of copper (943,000 t in the previous year). The BU’s operating EBT decreased from € 241 million in the previous year to € 127 million. Critical factors included the large-scale shutdown in Hamburg, the unfavorable trend on the copper scrap and sulfuric acid markets and a constant metal yield with lower metal prices.

In BU Recycling/Precious Metals the material throughput in the central smelting operation at the recycling center in Lünen, the Kayser-Recycling-System (KRS), increased to 279,000 t during the fiscal year (272,000 t in the previous year). At 199,000 t, the cathode output at this site was slightly down on the prior year (203,000 t). Because of the raw material mix used, the gold output reached 39 t (37 t in the previous year). Silver output fell from 1,222 t to 1,038 t. The BU’s operating EBT amounted to € 19 million (€ 101 million in the previous year). Lower refining charges and an adjusted input mix due to changes in availability strained the BU result. The metal yield and metal prices were both lower overall. The large-scale shutdown in Hamburg also influenced earnings. Although there were shortages on the market for recycling raw materials, especially copper scrap, we utilized the recycling capacities in the Group well. In August 2013 a new facility was started up in Hamburg that will allow us to process all of the Group’s anode slimes in the future.

The business performance in BU Copper Products remained under the influence of the weak economic trend, especially in Southern Europe. Business Line Flat Rolled Products was also restructured. Overall, Aurubis produced 608,000 t of rod during the fiscal year, a 6 % decrease compared to the previous year (646,000 t). The shapes output declined by 9 % to 149,000 t (164,000 t in the previous year). The focus of the activities in Business Line Flat Rolled Products in 2012/13 was on optimizing the individual plants. Production capacities were relocated from Finspång, Sweden to Zutphen, Netherlands, and measures to improve performance and quality were implemented at all of the plants. Furthermore, we intensified our sales activities worldwide. Strip output, which is part of this business

in 1,000 t	Fiscal year 12/13	Fiscal year 11/12	Difference in %
BU Primary Copper			
Concentrate throughput	2,202	2,073	+6 %
Scrap input	211	208	+1 %
Sulfuric acid output	2,120	2,021	+5 %
Cathode output	949	943	+1 %
BU Recycling/Precious Metals			
Scrap input	121	124	-2 %
KRS throughput	279	272	+3 %
Cathode output	199	203	-2 %
BU Copper Products			
Wire rod output	608	646	-6 %
Continuous cast shapes output	149	164	-9 %
Strip and wire products	225	217	+4 %

line, rose to about 215,000 t despite the very difficult environment in our key European market. It was therefore slightly up on the prior-year level (207,000 t). Specialty wire output was stable at 9,600 t, though the competitive pressure in the markets was high. Overall, the BU's operating earnings before taxes (EBT) amounted to € -8 million (€ 10 million in the previous year).

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. In our view, these valuation results at the balance sheet date lead to an economically inaccurate presentation in the management report. Furthermore, the purchase price allocation in the course of the acquisition of Luvata's Rolled Products Division resulted in one-time effects that would also lead to a distortion in the Aurubis Group's presentation of the results of operations, financial position and net assets.

In order to present the Aurubis Group's success independently of these valuation effects on internal control systems, internal Group reporting and control are carried out on the basis of an operating result. The operating result is derived from the IFRS results of operations by

- Adjustment by valuation results from the use of the average cost method in accordance with IAS 2,
- Adjustment by copper price-related valuation effects on inventories,
- Adjustment by effects from purchase price allocations, primarily on fixed assets, from fiscal year 2010/11 onwards.

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

Operating earnings before taxes (EBT) amounted to € 114 million (€ 296 million in the previous year) and were influenced by the following significant factors:

- The copper concentrate throughput was up on the previous year. Higher treatment charges were collected at the same time.
- Acid sales were higher due to the throughput. However, the sales prices were well below the high prior-year level owing to the weaker market situation.
- Refining charges for copper scrap were much lower and the raw material input mix, which was adjusted to the level of availability, was weaker with an almost constant throughput volume.
- Copper product sales remained weak.
- There was both a reduced metal yield and lower metal prices.

Earnings were strained by metal price-related devaluations on precious metal inventories. There were also negative effects from maintenance and repair shutdowns as well as further restructuring expenses in Business Line Flat Rolled Products.

After deducting the tax expenditure, operating consolidated net income amounted to € 94 million (€ 207 million in the previous year). Operating earnings per share were € 2.05 (€ 4.58 in the previous year).

At 6.8 %, the operating ROCE (EBIT rolling last four quarters) was significantly down on the prior-year level (20.5 %) because of the much lower results of operations.

Group revenues decreased by € 1,443 million to € 12,346 million during the reporting period (€ 13,789 million in the previous year), mainly due to lower metal prices, weaker product business in Europe and reduced precious metal sales.

Cost of materials (operating) fell by € 1,227 million during the fiscal year, from € 12,827 million in the previous year to € 11,600 million. After including the change in inventories of € 123 million compared to € 107 million in the previous year, own work capitalized and other operating income, gross profit is € 936 million (€ 1,136 million in the previous year).

Personnel expenses rose from € 421 million in the previous year to € 435 million in the reporting period. Strains from wage increases and higher staff numbers were compensated by lower provisions for profit-sharing bonuses and lower restructuring expenses. Expenditures for social security and pensions increased by € 14 million.

Depreciation and amortization amounted to € 119 million and was therefore € 5 million up on the previous year (€ 114 million). The increase was influenced by value adjustments.

At € 233 million, other operating expenses remained at the prior-year level (€ 235 million). Operating earnings before interest and taxes (EBIT) therefore amounted to € 149 million (€ 366 million in the previous year).

Net interest expense was € 35 million compared to € 41 million in the previous year. The decrease in net interest expense was due first and foremost to the return of borrowings.

Financial situation and capital expenditure

Net cash flow was € -86 million (€ 383 million in the previous year), mainly due to the build-up of working capital and the decline in earnings. Working capital was built up as a result of the maintenance and repair shutdown in Hamburg and the start-up of a new facility for processing anode slimes. This led to higher inventories and a low level of trade accounts payable.

Investments (including financial fixed assets) amounted to € 185 million in the reporting period (€ 169 million in the prior year) and primarily consisted of investments in property, plant and equipment. The largest single investments related to the expansion of the anode slime processing capacity and investments connected to the maintenance and repair shutdown at the Hamburg site. In Pirdop, additional investments were made in the improvement and expansion of the production capacities.

A free cash flow of € -271 million (€ 215 million in the prior year) results after deducting investments in fixed assets from the net cash flow. The cash outflow from investing activities totaled € 174 million compared to € 155 million in the prior year.

Cash outflow from financing activities was € 376 million compared to a cash outflow of € 51 million in the previous year. The higher cash outflow was primarily the result of the early repayment of part of the bonded loan issued in February 2011 and scheduled debt repayment. Interest payments amounted to € 37 million (€ 54 million in the previous year) and dividend payments to shareholders and non-controlling interests to € 62 million (€ 55 million in the previous year).

Overall, the Group had cash and cash equivalents of € 33 million as at September 30, 2013 (€ 669 million in the previous year).

Outlook

The past fiscal year was affected by a difficult environment in many areas. The market conditions in two key submarkets that are important for us deteriorated considerably. Internally, there were several repair and maintenance shutdowns in Business Units Primary Copper and Recycling/Precious Metals that negatively affected production. The large-scale shutdown in Hamburg should be emphasized in particular.

Overall, these factors made it impossible to achieve the excellent prior-year result. Despite the poor earnings situation, however, we were able to strengthen the balance sheet further and to increase the equity ratio again to 46 %.

We are confident that we will return to a much better earnings level in fiscal year 2013/14. Nevertheless, the large-scale shutdown will continue to have a negative impact in the first quarter of the new fiscal year. Afterward, we assume that we will return to a more consistent and normalized production trend. In light of this, we expect higher material throughputs with rising sulfuric acid volumes.

On the raw material side, we anticipate a good market situation, a good supply and a strongly improved treatment and refining charge level for copper concentrates, which are particularly important for us, during the next year. We are less confident when it comes to copper scrap and sulfuric acid markets: a more favorable market situation for sulfuric acid is not foreseeable for the time being, and while we expect an improvement in the market environment for copper scrap, we aren't sure when this will take hold. The availability of more complex recycling raw materials may rise with an increase in activity in the processing industry.

The fundamental situation on the global copper market will likely be characterized by lower cathode availability for much of 2014, therefore securing a high premium level. The copper price is well supported from the current perspective. Many developments show that it has upward potential with a volatile tendency.

In the product sector we are confronted by a difficult market environment in Europe again in the new fiscal year. We expect an improved competitive position here due to the ongoing restructuring in Business Line Flat Rolled Products, especially in the second half of the fiscal year.

Our strategy establishes the framework for the further development of the Aurubis Group and our activities.

Aurubis therefore has good conditions for maintaining its position in the challenging environment of the coming years.

OVERVIEW OF GROUP KEY FIGURES

		4th quarter			Fiscal year		
		2012/13	2011/12	Difference	2012/13	2011/12	Difference
Revenues	€m	2,715	3,554	-24 %	12,346	13,789	-10 %
Gross profit*	€m	287	323	-11 %	612	1,373	-55 %
Operating gross profit	€m	202	261	-23 %	936	1,136	-18 %
Personnel expenses	€m	113	109	+4 %	435	421	+3 %
Depreciation and amortization*	€m	49	31	+58 %	139	131	+6 %
Operating depreciation and amortization	€m	39	27	+44 %	119	114	+5 %
EBITDA*	€m	111	150	-26 %	(56)	717	-108 %
Operating EBITDA	€m	26	90	-71 %	268	481	-44 %
EBIT*	€m	62	119	-48 %	(195)	586	-133 %
Operating EBIT	€m	(13)	62	-121 %	149	366	-60 %
EBT*	€m	56	106	-47 %	(230)	516	-145 %
Operating EBT	€m	(19)	49	-139 %	114	296	-62 %
Consolidated net income*	€m	57	68	-16 %	(153)	363	-142 %
Operating consolidated net income	€m	(9)	34	-126 %	94	207	-55 %
Earnings per share*	€	1.26	1.50	-16 %	(3.42)	8.03	-143 %
Operating earnings per share	€	(0.23)	0.75	-131 %	2.05	4.58	-55 %
Net cash flow	€m	(84)	150	-156 %	(86)	383	-122 %
Capital expenditure (excl. financial fixed assets)	€m	79	77	+3 %	185	155	+19 %
Copper price (average)	US$/t	7,073	7,706	-8 %	7,513	7,844	-4 %
Human resources (average)		6,562	6,349	+3 %	6,486	6,314	+3 %

* Comments on the operating result are presented in the explanatory notes to the results of operations, financial position and net assets in the Annual Report

DATES AND CONTACTS

FINANCIAL CALENDAR

Interim Report on the First 3 Months 2013/14	February 13, 2014
Annual General Meeting 2014	February 26, 2014
Interim Report on the First Half-year	May 14, 2014
Interim Report on the First 9 Months 2013/14	August 13, 2014

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