# Company Release Fiscal Year 2017/18

October 1, 2017 to September 30, 2018

Aurubis
Metals for Progress

# At a Glance

| Key Aurubis Group figures Operating | | Q4 | | | Fiscal year | | |
|---|---|---|---|---|---|---|---|
| | | 2017/18 | 2016/17 | Change | 2017/18 | 2016/17 | Change |
| Revenues | €m | 2,947 | 2,851 | 3 % | 11,694 | 11,040 | 6 % |
| Gross profit | €m | 285 | 302 | -6 % | 1,214 | 1,169 | 4 % |
| Depreciation and amortization | €m | 32 | 36 | -11 % | 130 | 132 | -2 % |
| EBITDA** | €m | 95 | 124 | -23 % | 462 | 440 | 5 % |
| EBIT | €m | 63 | 88 | -28 % | 332 | 308 | 8 % |
| **EBT*** | **€m** | **65** | **87** | **-25 %** | **329** | **298** | **10 %** |
| Consolidated net income | €m | 64 | 75 | -15 % | 265 | 236 | 12 % |
| Earnings per share | € | 1.41 | 1.64 | -14 % | 5.87 | 5.21 | 13 % |
| Net cash flow | €m | 303 | 287 | 5 % | 203 | 480 | -58 % |
| Capital expenditure (including finance leases) | €m | 66 | 35 | 89 % | 182 | 175 | 4 % |
| **ROCE*** | **%** | **-** | **-** | **-** | **14.8** | **15.1** | **-** |

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

| Key Aurubis Group figures IFRS from continuing operations | | Q4 | | | Fiscal year | | |
|---|---|---|---|---|---|---|---|
| | | 2017/18 | 2016/17 | Change | 2017/18 | 2016/17 | Change |
| Revenues | €m | 2,637 | 2,553 | 3 % | 10,424 | 9,880 | 6 % |
| Gross profit | €m | 185 | 241 | -23 % | 1,022 | 1,093 | -6 % |
| Personnel expenses | €m | 86 | 80 | 8 % | 352 | 338 | 4 % |
| Depreciation and amortization | €m | 30 | 33 | -9 % | 119 | 121 | -2 % |
| EBITDA | €m | 42 | 109 | -61 % | 453 | 545 | -17 % |
| EBIT | €m | 12 | 76 | -84 % | 334 | 424 | -21 % |
| EBT | €m | 9 | 72 | -88 % | 322 | 408 | -21 % |
| Consolidated net income | €m | 24 | 60 | -60 % | 263 | 318 | -17 % |
| Earnings per share | € | 0.50 | 1.31 | -61 % | 5.81 | 7.04 | -17 % |

| General Aurubis Group figures | | Q4 | | | Fiscal year | | |
|---|---|---|---|---|---|---|---|
| | | 2017/18 | 2016/17 | Change | 2017/18 | 2016/17 | Change |
| Copper price (average) | US$/t | 6,105 | 6,349 | -4 % | 6,684 | 5,781 | 16 % |
| Copper price (balance sheet date) | US$/t | - | - | - | 6,180 | 6,485 | -5 % |
| Employees (average) | | 6,651 | 6,488 | 3 % | 6,571 | 6,477 | 1 % |

| Aurubis Group output/throughput | | Q4 | | | Fiscal year | | |
|---|---|---|---|---|---|---|---|
| | | 2017/18 | 2016/17 | Change | 2017/18 | 2016/17 | Change |
| Concentrate throughput | 1,000 t | 609 | 620 | -2 % | 2,522 | 2,424 | 4 % |
| Copper scrap/blister copper input | 1,000 t | 92 | 97 | -5 % | 406 | 411 | -1 % |
| KRS throughput | 1,000 t | 56 | 73 | -23 % | 267 | 270 | -1 % |
| Sulfuric acid output | 1,000 t | 548 | 607 | -10 % | 2,374 | 2,364 | 0 % |
| Cathode output | 1,000 t | 285 | 293 | -3 % | 1,162 | 1,156 | 1 % |
| Wire rod output | 1,000 t | 179 | 178 | 1 % | 774 | 719 | 8 % |
| Shapes output | 1,000 t | 45 | 45 | 0 % | 196 | 190 | 3 % |
| Flat rolled products and specialty wire output | 1,000 t | 57 | 59 | -3 % | 235 | 230 | 2 % |

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

The full Annual Report is available on our website at annualreport2017-18.aurubis.com. Excel tables can be downloaded directly from the online Annual Report, as well as from the download center on our website.

# Overview of Business and Market Development

The Aurubis Group generated very good operating earnings before taxes (EBT) of € 329 million in fiscal year 2017/18 (previous year: € 298 million). This was significantly above the prior-year result and thus corresponded to the forecast, which had been increased at the half-year mark of fiscal year 2017/18. Operating return on capital employed (ROCE) was 14.8 % (previous year: 15.1 %). The recommended dividend is € 1.55 (previous year: € 1.45). The payout ratio would therefore be 26 % (previous year: 28 %) related to the operating consolidated net result. The dividend yield based on the Xetra closing price of € 60.24 as at September 28, 2018 would amount to 2.6 % (previous year: 2.1 %). IFRS earnings before taxes (EBT) from continuing operations were € 322 million (previous year: € 408 million).

The Aurubis Group generated operating earnings before taxes (EBT) of € 329 million in fiscal year 2017/18 (previous year: € 298 million). The development of operating EBT was positively influenced by:

» A higher concentrate throughput due to a good performance at the Hamburg and Pirdop sites. The previous year was negatively impacted by a scheduled maintenance shutdown in Hamburg in Q1 2016/17,
» Substantially higher refining charges for copper scrap with good availability,
» Higher sulfuric acid revenues due to considerably higher sales prices,
» A higher metal gain with increased copper prices,
» Significantly higher sales volumes for wire rod products,
» Higher sales volumes for flat rolled products,
» And additional positive contributions from our efficiency improvement program.

The weaker US dollar had an opposite effect.

Operating EBT for Q4 was € 65 million (previous year: € 87 million). Unscheduled maintenance shutdowns at the Hamburg and Lünen production sites negatively affected earnings and led to a lower result than had been expected when the Quarterly Report on the First 9 Months 2017/18 was released.

We achieved the 2017/18 efficiency improvement program target of € 30 million in project success from our improvement measures.

At € 203 million, the operating net cash flow was significantly below the prior-year level (€ 480 million) due to higher precious metal-bearing raw material inventories as at the balance sheet date.

Jürgen Schachler, Executive Board Chairman: "2017/18 was a very successful fiscal year for us: We achieved one of the best operating results in the company's history, the concentrate throughput was at a record level, and Segment FRP developed very favorably. All of this is reflected in the recommended dividend of € 1.55, which has increased again compared to the previous year."

The term sheet regarding the possible sale of Segment FRP to Wieland-Werke AG was signed on February 12, 2018. As a result, Segment FRP was classified as discontinued operations in accordance with IFRS. Segment FRP will continue to be managed within the Group on the basis of its operating result until the sales transaction is concluded. Consequently, Segment FRP is not classified as discontinued operations in the operating reporting.

## Raw material markets

There was a continued good supply situation on the international copper concentrate markets in fiscal year 2017/18, due especially to higher output volumes from mines and isolated shutdowns at other copper smelters. The copper price, which rose notably compared to the previous year, served in the reporting period as a strong incentive for the mining industry to maximize output and push additional mine expansions forward. Aurubis also benefited and was able to procure a sufficient supply of copper concentrates in the reporting year. The good availability of copper concentrates positively influenced spot TC/RCs, which rose to levels above the 2018 benchmark TC/RCs at the end of the fiscal year in particular.

During fiscal year 2017/18, European refining charges for copper scrap were, in our opinion, at a relatively high level. At the start of the fiscal year, refining charges for copper scrap in Europe were at a very good level due to higher metal prices. As the fiscal year continued, negative weather-related influences on refining charges and then higher demand from China for copper scrap with high copper contents were noticeable on the market. This was countered by the higher supply of recycling materials from the US in Europe due to the trade conflicts between the US and China. All together, these developments led to a slight tightening of the market. Because of our flexibility with respect to input materials, we nevertheless had a sufficient supply for our production facilities.

The availability of complex recycling materials was stable despite intense competition for these materials.

## Product markets

### Sulfuric acid

The global market for sulfuric acid was characterized by consistently high demand. The overall availability of sulfuric acid was very limited, a situation that was reinforced by isolated smelter shutdowns, especially in Asia. This led to substantially higher prices on the spot market in the reporting period.

### Copper products

Demand for rod reflected an ongoing positive trend in the reporting year. Apart from catch-up effects from the previous year resulting from a change in cable sector standards, growth was supported by robust demand. The construction sector, the automotive industry, and the enameled wire industry provided demand momentum. There was also good demand for energy cable. There was a very positive demand trend for shapes due to high European demand for flat rolled products.

The market for flat rolled products continued to develop positively in Europe in particular. Growth momentum was especially evident among connector and cable manufacturers.

The LME copper price was highly volatile in fiscal year 2017/18. Following a level of US$ 6,455/t (settlement) at the beginning of October 2017, the fiscal year closed with a price of US$ 6,180/t (settlement). The lowest price of the year was US$ 5,823/t (September 4, 2018). About three months prior, the price had reached its 2017/18 high of US$ 7,263/t (June 8, 2018). The average price for the fiscal year was US$ 6,684/t (previous year: US$ 5,781/t).

The average gold price was US$ 41,188/kg, or 3 % above the previous year (US$ 39,985/kg). Silver was quoted at US$ 523/kg on average during the fiscal year, 4 % below the previous year (US$ 552/kg).

| Segment Metal Refining & Processing | | Q4 | | | Fiscal year | | |
|---|---|---|---|---|---|---|---|
| | | 2017/18 | 2016/17 | Change | 2017/18 | 2016/17 | Change |
| Revenues | €m | 2,632 | 2,549 | 3 % | 10,407 | 9,866 | 5 % |
| Operating EBIT | €m | 65 | 92 | -29 % | 359 | 347 | 3 % |
| Operating EBT | €m | 64 | 90 | -29 % | 353 | 337 | 5 % |
| Operating ROCE (rolling EBIT for the last 4 quarters) | % | - | - | - | 19.4 | 20.9 | - |
| Capital employed | €m | - | - | - | 1,852 | 1,657 | 12 % |
| Capital expenditure | €m | 54 | 31 | 74 % | 152 | 161 | -6 % |
| Concentrate throughput | 1,000 t | 609 | 620 | -2 % | 2,522 | 2,424 | 4 % |
| Hamburg | 1,000 t | 261 | 282 | -7 % | 1,123 | 1,100 | 2 % |
| Pirdop | 1,000 t | 348 | 338 | 3 % | 1,399 | 1,324 | 6 % |
| Copper scrap/blister copper input | 1,000 t | 92 | 97 | -5 % | 406 | 411 | -1 % |
| KRS throughput | 1,000 t | 56 | 73 | -23 % | 267 | 270 | -1 % |
| Sulfuric acid output | 1,000 t | 548 | 607 | -10 % | 2,374 | 2,364 | 0 % |
| Hamburg | 1,000 t | 222 | 257 | -14 % | 1,005 | 994 | 1 % |
| Pirdop | 1,000 t | 326 | 350 | -7 % | 1,369 | 1,370 | 0 % |
| Cathode output | 1,000 t | 285 | 293 | -3 % | 1,162 | 1,156 | 1 % |
| Hamburg | 1,000 t | 94 | 99 | -5 % | 396 | 394 | 1 % |
| Lünen | 1,000 t | 48 | 50 | -4 % | 197 | 190 | 4 % |
| Olen | 1,000 t | 86 | 86 | 0 % | 342 | 342 | 0 % |
| Pirdop | 1,000 t | 57 | 58 | -2 % | 227 | 230 | -1 % |
| Rod | 1,000 t | 179 | 178 | 1 % | 774 | 719 | 8 % |
| Shapes | 1,000 t | 45 | 45 | 0 % | 196 | 190 | 3 % |
| Copper price (average) | US$/t | 6,105 | 6,349 | -4 % | 6,684 | 5,781 | 16 % |
| | €/t | 5,250 | 5,404 | -3 % | 5,614 | 5,232 | 7 % |
| Gold (average) | US$/kg | 39,010 | 41,088 | -5 % | 41,188 | 39,985 | 3 % |
| | €/kg | 33,546 | 34,983 | -4 % | 34,598 | 36,199 | -4 % |
| Silver (average) | US$/kg | 483 | 541 | -11 % | 523 | 552 | -5 % |
| | €/kg | 415 | 461 | -10 % | 439 | 500 | -12 % |

| Segment Flat Rolled Products | | Q4 | | | Fiscal year | | |
|---|---|---|---|---|---|---|---|
| | | 2017/18 | 2016/17 | Change | 2017/18 | 2016/17 | Change |
| Revenues | €m | 346 | 345 | 0 % | 1,452 | 1,348 | 8 % |
| Operating EBIT | €m | 11 | 4 | > 100 % | 18 | 2 | > 100 % |
| Operating EBT | €m | 14 | 5 | > 100 % | 21 | 2 | > 100 % |
| Operating ROCE (rolling EBIT for the last 4 quarters) | % | - | - | - | 5.2 | 0.7 | - |
| Capital employed | €m | - | - | - | 352 | 351 | 0 % |
| Capital expenditure | €m | 4 | 4 | 0 % | 17 | 14 | 21 % |
| Flat rolled products and specialty wire output | 1,000 t | 57 | 59 | -3 % | 235 | 230 | 2 % |

# Segments

**Segment Metal Refining & Processing** (MRP) increased its operating EBT in the fiscal year by 4.8 %, to € 353 million (previous year: € 337 million). Operating EBT during the previous year had been impeded to the tune of around € 15 million due to a scheduled maintenance shutdown carried out at the Hamburg site in Q1 2016/17. Higher concentrate throughputs due to the Hamburg and Pirdop smelter sites' good performance, substantially increased refining charges for copper scrap with a good supply, higher sulfuric acid revenues owing to considerably higher sales prices, a higher metal gain with increased copper prices, considerably higher rod sales, and positive contributions from our efficiency improvement program all had a positive effect on the result in fiscal year 2017/18. The weaker US dollar had a negative impact on earnings.

Operating EBT was therefore at prior-year level according to the definition in our forecast, fulfilling the original forecast from the Annual Report 2016/17. Unscheduled maintenance shutdowns at the Hamburg and Lünen production sites in Q4 2017/18 negatively affected earnings and led to a lower result than was expected when the Quarterly Report on the First 9 Months 2017/18 was released.

At 19.4 % (previous year: 20.9 %), the Segment's operating ROCE was at the very high level of the previous year and likewise fulfilled the full-year forecast from the Annual Report 2016/17.

At € 64 million, operating EBT in Q4 2017/18 was 29 % below Q4 2016/17. Unscheduled maintenance shutdowns at the Hamburg and Lünen production sites negatively affected earnings.

Within the scope of our multi-metal strategy, we have been reporting sales volumes for lead, nickel, tin, minor metals, and platinum group metals since the start of the fiscal year, in addition to gold and silver. The recovery of our metals depends on the metal contents in the processed copper concentrates and recycling materials. A portion of the metals is sold in the form of intermediate products.

| Sales volumes | | 2017/18 | 2016/17 |
|---|---|---|---|
| Gold | t | 48 | 42 |
| Silver | t | 877 | 1,026 |
| Lead | t | 19,527 | 19,624 |
| Nickel | t | 3,022 | 2,828 |
| Tin | t | 1,851 | 1,547 |
| Minor metals | t | 918 | 899 |
| Platinum group metals (PGM) | kg | 8,821 | 9,335 |

Capital expenditure in Segment MRP amounted to € 152 million (previous year: € 161 million). The main individual investments were infrastructure measures in Hamburg and Bulgaria, investments in the industrial heating project in the Hamburg neighborhood HafenCity East, and expansion measures in Bulgaria. The capital expenditure of the previous year was influenced by investments connected to long-term electricity sourcing.

**Segment Flat Rolled Products** (FRP) generated operating earnings before taxes (EBT) of € 21 million in the reporting year (previous year: € 2 million). The significant earnings improvement on the previous year was mainly thanks to the ongoing efficiency enhancement program, higher production and sales volumes, and a good market situation. Segment FRP therefore achieved the forecast issued at the end of fiscal year 2016/17.

Operating ROCE was 5.2 % (previous year: 0.7 %), exceeding the forecast issued at the end of fiscal year 2016/17.

On March 29, 2018, Aurubis AG and Wieland-Werke AG signed a contract to sell Segment FRP. The final execution of the sales contract is subject to approval by the antitrust authorities. A final decision is expected in early 2019.

Capital expenditure in Segment FRP amounted to € 17 million (previous year: € 14 million). This was primarily used for replacement investments.

# Results of Operations and Return on Capital

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 in accordance with IFRS in the Annual Report is supplemented by the results of operations and net assets explained on the basis of operating values.

In order to adjust the measurement impacts in assets resulting from the application of IAS 2, metal price fluctuations resulting from the application of the average cost method are eliminated in the same manner as any write-downs or appreciation in value for copper inventories at the reporting date. Furthermore, from fiscal year 2010/11 onwards, fixed assets have been adjusted for effects deriving from purchase price allocations (PPAs), primarily relating to property, plant, and equipment.

The accounting impacts of IFRS 5, which has been applied to Segment FRP since early March, were reversed to derive the operating result. The Executive Board continues to treat Segment FRP as an operating reporting segment and, consequently, the financial reporting for operating purposes will remain unchanged until such time as the sales transaction is finalized.

## Results of operations (operating)

Operating EBT in the fiscal year amounts to € 329 million and is derived from continuing and discontinued operations of the IFRS result before income taxes, as follows:

The Aurubis Group generated IFRS earnings before taxes of € 322 million from continuing operations in fiscal year 2017/18 (previous year: € 408 million). IFRS earnings before taxes from discontinued operations amount to € 46 million (previous year: € 48 million).

The accounting impacts of IFRS 5, which has been applied to Segment FRP since early March, were reversed to derive the operating result. Accordingly, scheduled depreciation and amortization (€ -8 million) and the recognition in income of the shares of Schwermetall consolidated using the equity method (€ 9 million) were taken into account in the reconciliation to the operating result, as in the past.

Moreover, to derive the operating result, the IFRS result was adjusted for inventory measurement effects of € -42 million (previous year: € -161 million) (the total of the following positions: "Changes in inventories of finished goods and work in process," "Cost of materials," and "Result from investments measured using the equity method"), as well as for impacts of € 3 million (previous year: € 3 million) deriving from allocations of the purchase price, resulting in operating earnings before taxes of € 329 million (previous year: € 298 million).

Operating EBT was positively influenced by:

- A higher concentrate throughput due to a good performance at the Hamburg and Pirdop sites. The previous year was negatively impacted by a scheduled maintenance shutdown in Hamburg in Q1 2016/17,
- Substantially higher refining charges for copper scrap with good availability,
- Higher sulfuric acid revenues due to considerably higher sales prices,
- A higher metal gain with increased copper prices,
- Significantly higher sales volumes for wire rod products,
- Higher sales volumes for flat rolled products,
- And additional positive contributions from our efficiency improvement program.

The weaker US dollar had an opposite effect.

The Group's revenues increased by € 654 million to € 11,694 million (previous year: € 11,040 million) during the reporting period. This development was primarily due to the higher average copper price.

The inventory change amounted to € -8 million. The inventory change of € -65 million in the previous year was primarily caused by a reduction in copper inventories.

In a manner corresponding to the development for revenues and inventory changes, the cost of materials increased by € 674 million, from € 9,862 million in the previous year to € 10,536 million.

Own work capitalized increased by € 10 million in the fiscal year, to € 19 million (previous year: € 9 million). The increase is mainly due to activities related to the Future Complex Metallurgy project.

After taking other operating income into account, the residual gross profit was € 1,214 million (previous year: € 1,169 million).

Personnel expenses rose from € 470 million in the previous year to € 484 million due to wage tariff agreement increases and a slightly higher number of employees. During the reporting year, we particularly strengthened our personnel resources in order to address certain issues that will grow in importance in the future. These include areas such as research, development, innovation, technology, and the Future Complex Metallurgy project. Lower personnel costs at the Buffalo, USA, site – resulting from the exchange rate development – had an opposite effect.

At € 130 million, depreciation and amortization of fixed assets was slightly below the prior-year level (€ 132 million).

Other operating expenses were € 268 million compared to € 259 million in the previous year.

The operational result before interest and taxes (EBIT) therefore amounted to € 332 million (previous year: € 308 million).

At € 15 million, net interest expense was below prior-year level (€ 17 million). The decrease resulted from reduced gross debt in connection with the redemption of bonded loans (Schuldscheindarlehen).

After taking the financial result into account, operating earnings before taxes (EBT) were € 329 million (previous year: € 298 million).

Operating consolidated net income of € 265 million remained after tax (previous year: € 236 million). Operating earnings per share amounted to € 5.87 (previous year: € 5.21).

The return on capital employed (ROCE) shows the return on the capital employed in the operating business or for an investment. It was determined taking the operating EBIT of the last four quarters into consideration. Operating ROCE was 14.8 % due to higher capital employed, compared to 15.1 % in the comparative period.

### Analysis of liquidity and funding

At € 203 million as at September 30, 2018, the net cash flow from operating activities was significantly below the prior-year level (€ 480 million). This was due in particular to higher inventories of precious metal-bearing raw materials as at the reporting date.

The cash outflow from investing activities totaled € 143 million (previous year: € 155 million). Investments in fixed assets in the fiscal year include payments for the industrial heat and Future Complex Metallurgy projects. The sale of investment property had a positive effect of about € 8 million on the cash flow from investment activities in the reporting period. The cash outflow in the previous year was influenced by a larger individual investment in connection with our long-term electricity supply agreement.

After deducting the cash outflow from investing activities of € 143 million from the net cash flow of € 203 million from operating activities, the free cash flow amounts to € 60 million (previous year: € 325 million).

The cash outflow from financing activities amounted to € 151 million (previous year: € 225 million) and primarily resulted – both in the fiscal year reported and in the previous year – from the redemption of bonded loans (Schuldscheindarlehen).

Cash and cash equivalents of € 479 million from continuing and discontinued operations were available to the Group as at September 30, 2018 (€ 571 million as at September 30, 2017). Cash and cash equivalents are utilized for operating business activities, investing activities, and the redemption of borrowings.

The net surplus financial funds amounted to € 165 million as at September 30, 2018 (previous year: € 220 million).

# Outlook

The Aurubis Group's fiscal year 2018/19 will, from our current perspective, once again be influenced by a good market environment.

### Raw material markets

On the concentrate markets, new projects are expected in 2019 to some extent. Mines will likely utilize their full production capacities, especially on the basis of the forecasts for the average copper price in 2019. A series of successful wage negotiations between mines and unions in 2018 have reduced the likelihood of disruptions due to strikes in 2019 compared to the previous year. Supported by our position on the market and our supplier diversification, we are confident that we will be able to secure a good supply once again. We continue to anticipate good availability of copper concentrates on the global market with treatment and refining charges at a satisfactory level.

Following a temporary tightening of the copper scrap market at the start of fiscal year 2017/18 resulting from higher demand from China, this market was more favorable again at the end of the fiscal year. The copper price, which remains high, means that copper scrap collection in Europe is sufficient. The higher metal and copper prices that analysts expect in some cases could nevertheless lead to an improved supply. The development of the copper scrap and blister copper supply can't be gauged, however. Business in this area, particularly for copper scrap, is conducted with short timelines and is therefore dependent on influences that are difficult to forecast. Falling metal prices could lead to a market change with declining refining charges in the short term. Our broad market position absorbs supply risks in this case as well. In Q1 2018/19, we are supplied with sufficient material with good refining charges.

### Product markets

#### Copper products

Adequate statements about the development of the copper product business in the new fiscal year are only possible to a limited extent since the negotiation season for 2019 sales contracts hasn't ended yet. One factor that is already clear is the copper premium Aurubis has established for European wire rod and shapes customers for the coming calendar year. Aurubis set this premium at US$ 96/t for its European customers (2018: US$ 86/t). The higher copper premium reflects the significantly higher demand and the expected demand of our European customers.

In light of the good economic situation in the relevant sectors, we expect to conclude the negotiation season for copper products with contracts that are positive for us, supported by good customer relationships in our key markets. We will also continue expanding our business with new customers.

Wire rod business is generally somewhat weaker in the first quarter of a new fiscal year due to seasonal factors. However, we expect stable to slightly improved demand in Europe for the rest of the fiscal year. The economic situation in the key customer industries should remain at a good level. We expect cable producers' good demand to continue. Our acquisition of the remaining shares in Deutsche Giessdraht GmbH in fiscal year 2017/18 will positively impact our output volumes.

With regard to market development for copper shapes, we expect slightly higher product demand than in the previous year. This is partly driven by higher demand from our customers in the industrial tube and flat rolled product sectors. From the current perspective, the positive demand trend for lower-oxygen and higher-alloyed materials will continue.

For flat rolled products, we see the following trends: The US economy, whose development is crucial for our plant there, is expected to remain robust in 2019. This could support the copper business there. In the European market for flat rolled products, we expect stable demand at a high level, with further opportunities for growth in important sub-markets. In fall 2018, demand reduced slightly in the European automotive sector in particular. We view this as a temporary development and expect a good demand and sales situation for the entire fiscal year 2018/19. We continue to expect additional growth momentum from the connector market, as well as from an increase in electric vehicles.

**Sulfuric acid**

Sulfuric acid sales are dependent on short-term developments, a fact that is reflected in the duration of the contracts. In addition, sales opportunities are very different from region to region, with varying conditions accordingly. Aurubis supplies the global sulfuric acid market, with a focus on Europe, North America, and North Africa. The relationship between local sales and exports fluctuates depending on market circumstances. Following a tightening of the sulfuric acid market with higher prices in fiscal year 2017/18, market observers such as ICIS and CRU expect that this tightened market could continue in 2019. The current insights for Q1 2018/19 also signalize a stable situation with very good prices.

## Business expectations

In fiscal year 2017/18, we kicked off different initiatives and individual measures within the Group to strengthen Aurubis. These are contained in the ONE Aurubis transformation program and the strategy Growth, Efficiency & Responsibility, with which we want to achieve our Vision 2025. Aurubis is currently the market leader in many areas – these positions will be further developed over the long term.

The largest internal growth step is the project Future Complex Metallurgy (scheduled to be completed in October 2021). It is a key component of the new multi-metal approach and involves major investments. Moreover, the company plans to continue growing in the future through acquisitions. In the coming years, Aurubis will develop from a copper group into a multi-metal group. In this regard, we have been reporting the sales volumes of gold, silver, lead, nickel, tin, platinum group metals, and minor metals since Q2 2017/18, in addition to information about our copper products.

On March 29, 2018, Aurubis AG and Wieland-Werke AG signed a contract to sell Segment FRP. The final execution of the sales contract is subject to approval by the antitrust authorities. A final decision is expected in early 2019.

**Plant availability**

For fiscal year 2018/19, the following maintenance shutdowns are planned:

At our Lünen site, we will carry out two scheduled, legally mandatory maintenance shutdowns lasting 17 and 25 days in March and September 2019, respectively. The shutdowns will have a total impact of approximately € 8 million on our EBT, according to our current plans.

In May and June 2019, we will carry out an 18-day legally mandatory maintenance shutdown at our site in Pirdop (Bulgaria). According to our current plans, this will have a roughly € 12 million impact on our operating EBT.

Q1 2018/19 is also strained by unscheduled shutdowns at the Hamburg, Lünen, and Pirdop sites.

In fiscal year 2018/19, we expect plant availability to be slightly lower than in the previous year owing to scheduled shutdowns in particular, as well as facility downtimes due to wear and tear, which we will remedy in the course of scheduled maintenance measures.

## Earnings expectations

Our earnings are subject to quarterly fluctuations because of the nature of our business model. This is due to seasonal factors, but may also be caused by disruptions in equipment or operating processes. The business performance of the first quarter of a fiscal year in particular is shaped by special features related to the period, including subdued customer orders and changes in raw material deliveries.

The future development and forecast of Aurubis AG coincides with the general statement on the Aurubis Group.

The outlook for fiscal year 2018/19 is based on the following premises:

- We expect stable-to-good copper product demand based on industry forecasts.
- For 2019 annual contracts, the market conditions for copper concentrates weren't final at the time of reporting.
- In fiscal year 2018/19, the market trend for copper scrap and sulfuric acid continues to be difficult to forecast due to the short-term nature of the business.
- The copper premium for 2019 has been set at US$ 96/t for 2019 (previous year: US$ 86/t).
- A significant portion of our revenues is based on the US dollar. We reduce the resulting risks with our hedging strategy.
- Scheduled maintenance shutdowns will have a roughly € 20 million impact on our operating result. Furthermore, unscheduled maintenance shutdowns in Q1 have already negatively impacted earnings.
- We anticipate additional project success of € 60 million from the efficiency improvement program, compared with the base year 2014/15. The target of this program is to continue optimizing all of our sites.

Overall, we expect moderately lower operating EBT and a slightly lower operating ROCE for the Aurubis Group in fiscal year 2018/19 compared to the reporting year.

In Segment Metal Refining & Processing, we expect moderately lower operating EBT and a slightly lower operating ROCE in fiscal year 2018/19 compared to the previous year.

In Segment Flat Rolled Products, we anticipate significantly higher operating EBT and a slightly higher operating ROCE in fiscal year 2018/19 compared to the previous year.

**Qualified comparative forecast according to Aurubis' definition for operating EBT**

| | Change in operating EBT |
|---|---|
| At prior-year level | ± 0 to 5.0 % |
| Moderate | ± 5.1 to 15.0 % |
| Significant | > ± 15.0 % |

**Qualified comparative forecast according to Aurubis' definition for operating ROCE**

| | ROCE delta as a percentage |
|---|---|
| At prior-year level | ± 0 to 1.0 |
| Slight | ± 1.1 to 4.0 |
| Significant | > ± 4.0 |

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

| | Fiscal year 2017/18 | | | | | Fiscal year 2016/17 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Adjustment effects | | | | | Adjustment effects | | | |
| | IFRS from continuing operations | Discontinued operations | Inventories | PPA | Operating | IFRS from continuing operations | Discontinued operations | Inventories | PPA | Operating |
| Revenues | **10,424** | **1,270** | **0** | **0** | **11,694** | **9,880** | **1,160** | **0** | **0** | **11,040** |
| Changes in inventories of finished goods and work in process | 0 | -1 | -7 | 0 | -8 | -17 | 22 | -70 | 0 | -65 |
| Own work capitalized | 19 | 0 | 0 | 0 | 19 | 9 | 0 | 0 | 0 | 9 |
| Other operating income | 43 | 2 | 0 | 0 | 45 | 47 | 0 | 0 | 0 | 47 |
| Cost of materials | -9,464 | -1,039 | -33 | 0 | -10,536 | -8,826 | -948 | -88 | 0 | -9,862 |
| **Gross profit** | **1,022** | **232** | **-40** | **0** | **1,214** | **1,093** | **234** | **-158** | **0** | **1,169** |
| Personnel expenses | -352 | -132 | 0 | 0 | -484 | -338 | -132 | 0 | 0 | -470 |
| Depreciation of property, plant, and equipment and amortization of intangible assets | -119 | -14 | 0 | 3 | -130 | -121 | -14 | 0 | 3 | -132 |
| Other operating expenses | -217 | -51 | 0 | 0 | -268 | -210 | -49 | 0 | 0 | -259 |
| **Operational result (EBIT)** | **334** | **35** | **-40** | **3** | **332** | **424** | **39** | **-158** | **3** | **308** |
| Result from investments measured using the equity method | 0 | 13 | -2 | 0 | 11 | 0 | 11 | -3 | 0 | 8 |
| Interest income | 3 | 0 | 0 | 0 | 3 | 3 | 0 | 0 | 0 | 3 |
| Interest expense | -16 | -2 | 0 | 0 | -18 | -18 | -2 | 0 | 0 | -20 |
| Other financial income | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Other financial expenses | 0 | 0 | 0 | 0 | 0 | -1 | 0 | 0 | 0 | -1 |
| **Earnings before taxes (EBT)** | **322** | **46** | **-42** | **3** | **329** | **408** | **48** | **-161** | **3** | **298** |
| Income taxes | -59 | -16 | 14 | -3 | -64 | -90 | -14 | 43 | -1 | -62 |
| **Consolidated net income** | **263** | **30** | **-28** | **0** | **265** | **318** | **34** | **-118** | **2** | **236** |

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

| | 9/30/2018 | | | | | 9/30/2017 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | IFRS from continuing operations | Adjustment effects | | | | | Adjustment effects | | |
| | | Discontinued operations | Inventories | PPA | Operating | IFRS | Inventories | PPA | Operating |
| **Assets** | | | | | | | | | |
| Fixed assets | 1,354 | 174 | -13 | -32 | 1,483 | 1,489 | -11 | -34 | 1,444 |
| Deferred tax assets | 3 | 1 | 25 | 0 | 29 | 6 | 25 | 0 | 31 |
| Non-current receivables and other assets | 28 | 2 | 0 | 0 | 30 | 32 | 0 | 0 | 32 |
| Inventories | 1,681 | 274 | -406 | 0 | 1,549 | 1,752 | -366 | 0 | 1,386 |
| Current receivables and other assets | 385 | 122 | 0 | 0 | 507 | 511 | 0 | 0 | 511 |
| Cash and cash equivalents | 461 | 18 | 0 | 0 | 479 | 571 | 0 | 0 | 571 |
| Assets held for sale | 590 | -590 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total assets** | **4,502** | **1** | **-394** | **-32** | **4,077** | **4,361** | **-352** | **-34** | **3,975** |
| **Equity and liabilities** | | | | | | | | | |
| Equity | 2,566 | 1 | -281 | -25 | 2,261 | 2,366 | -254 | -25 | 2,087 |
| Deferred tax liabilities | 188 | 16 | -113 | -7 | 84 | 205 | -98 | -9 | 98 |
| Non-current provisions | 254 | 34 | 0 | 0 | 288 | 307 | 0 | 0 | 307 |
| Non-current liabilities | 281 | 1 | 0 | 0 | 282 | 344 | 0 | 0 | 344 |
| Current provisions | 34 | 8 | 0 | 0 | 42 | 39 | 0 | 0 | 39 |
| Current liabilities | 1,017 | 103 | 0 | 0 | 1,120 | 1,100 | 0 | 0 | 1,100 |
| Liabilities deriving from assets held for sale | 162 | -162 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total equity and liabilities** | **4,502** | **1** | **-394** | **-32** | **4,077** | **4,361** | **-352** | **-34** | **3,975** |

**Segment reporting** (in € thousand)

| | Segment Metal Refining & Processing | | Segment Flat Rolled Products | | Other | |
|---|---|---|---|---|---|---|
| | 2017/18 operating | 2016/17 operating | 2017/18 operating | 2016/17 operating | 2017/18 operating | 2016/17 operating |
| Revenues | | | | | | |
| Total revenues | 10,407,246 | 9,866,337 | 1,452,014 | 1,347,530 | 17,488 | 14,396 |
| Inter-segment revenue | 161,037 | 178,933 | 19,216 | 6,502 | 2,646 | 2,728 |
| Revenues with third parties | 10,246,209 | 9,687,404 | 1,432,798 | 1,341,028 | 14,842 | 11,668 |
| EBIT | 358,568 | 346,988 | 18,414 | 2,454 | -44,931 | -41,265 |
| EBT | 353,012 | 336,982 | 21,161 | 2,452 | -44,935 | -41,149 |

Prior-year figures have been partially adjusted to reflect changes in allocations between segments.

| | Total | | Reconciliation/ consolidation | | Effects from discontinued operations | | Group (continuing operations) | |
|---|---|---|---|---|---|---|---|---|
| | 2017/18 operating | 2016/17 operating | 2017/18 IFRS | 2016/17 IFRS | 2017/18 IFRS | 2016/17 IFRS | 2017/18 IFRS | 2016/17 IFRS |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | 11,693,850 | 11,040,100 | 0 | 0 | -1,270,102 | -1,160,377 | 10,423,748 | 9,879,723 |
| | 332,051 | 308,177 | 37,414 | 154,314 | -35,867 | -38,653 | 333,598 | 423,838 |
| | 329,238 | 298,284 | 39,104 | 157,778 | -46,289 | -47,778 | 322,053 | 408,285 |

# Dates and Contacts

### Financial Calendar

| | |
|---|---|
| Quarterly Report First 3 Months 2018/19 | February 13, 2019 |
| Annual General Meeting | February 28, 2019 |
| Interim Report First 6 Months 2018/19 | May 15, 2019 |
| Quarterly Report First 9 Months 2018/19 | August 8, 2019 |
| Annual Report 2018/19 | December 11, 2019 |

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