

Speech

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of Aurubis AG

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**– Check against delivery –**

Ladies and gentlemen,

Reshape the Future – improving every day, focusing our attention to the things that really count – the things that make a difference.

Reshape the Future: For Aurubis, this is more than a slogan. It is an aspiration, an aspiration for how we want to act – that is Aurubis today, that is Aurubis tomorrow.

Aurubis shareholders, honored guests!

I'd like to offer you a very warm welcome to this year's Aurubis AG Annual General Meeting. We're pleased that you've joined us here in Hamburg today!

A warm welcome to everyone watching the webcast today as well.

Aurubis today – Aurubis tomorrow – challenges – and how we overcome them. This is what I'll be talking about today.

Providing answers that you, our shareholders, rightfully expect! Because we have tumultuous times behind us. Because 2018/19 wasn't a good year, but rather a transitional year. It didn't have much in the way of positive news.

For one, unplanned shutdowns at three sites led to a below-average operating performance. This was why we had to adjust the forecast. Second, our strategic initiatives developed differently than planned: In February, the European Commission vetoed the sale of our flat rolled products segment. In June, we had to stop the Future Complex Metallurgy project.

We had very little influence on certain things – but other things were our own fault. One thing's sure: We lost trust.

The share price fell by one-third. You followed this with concern. So did we. But we took a close look and started taking action as a team!

And for this commitment, I would like to say thank you – also on behalf of my Executive Board colleagues! Thank you to all of the employees. You're the ones who come to the plant and tackle the work with enthusiasm, each and every day. You make Aurubis what it is. Especially in times that haven't been easy for our company. Thank you very much for your dedication.

Aurubis is 150 years young. Challenges like those in the last fiscal year are part of our story. We face these challenges – and we can do so because Aurubis has a good, solid position. We have a healthy foundation. We will implement our ideas and our plans.

Today, I'd like to take a glimpse into the future with you – but first, the key data from the past fiscal year: We generated operating earnings before taxes of € 192 million in 2018/19. 40 percent less than the previous year!

Our second control parameter is return on capital employed. 8.6 percent. This is a generally acceptable return but is one-third below the previous year and falls below our target of 15 percent.

There were reasons for this:

- › One significant factor was the shutdowns at three of our smelter sites. They caused the concentrate throughput to fall by about 300,000 tons, to 2.2 million tons. The equation is simple: Less concentrate throughput equals less income from treatment and refining charges.
- › Sales of our shapes and flat rolled products were a cause for concern. Key customers come from the automotive industry. And the sector is currently struggling with structural upheavals. Demand was restrained accordingly.
- › Our result was also strained by one-off effects amounting to about € 85 million.
- › Approximately € 50 million of this came from impairments in our flat rolled segment.
- › Another € 25 million resulted from the unplanned shutdowns in the first fiscal-year quarter.
- › Then there was € 30 million from the halt of the Future Complex Metallurgy project.
- › A positive impact of € 20 million had a countereffect. This came from the recognition of a receivable from the vetoed sale of the flat rolled segment.

To reiterate: Our result could have been about € 85 million better than this! In that case, it would have been at nearly € 280 million.

But there were of course some pleasant developments as well: A good metal gain had a positive impact in the fourth quarter. We also benefited from high precious metal prices at the end of the fiscal year, selling more precious metals. Furthermore, we achieved higher sulfuric acid revenues. And of course our efficiency improvement program made positive contributions to the result.

Aurubis shareholders,

We are recommending a dividend € 1.25 per share to you today. This is below the previous year – however: Compared to the earnings trend, this is a disproportionately high level of participation in the company's success. At about 40 percent, the payout ratio is substantially higher than our dividend policy stipulates. This leads to a total dividend yield of 3.1 percent. In the current capital market environment, this is an attractive return.

Ladies and gentlemen,

Aurubis is still successful. But that by itself isn't enough. We want to and have to bring more security and stability to our business. Only that will create trust.

Our company has achieved a lot of big things in its long history. Aurubis is and remains an excellent company. This much is certain to us – and we want to convince you of this time and time again, honored shareholders!

The situation on our procurement and sales markets has dampened. In 2019/20, we won't be able to directly build on earlier results.

We expect operating earnings before taxes of between € 185 and 250 million for the current fiscal year. Our return on capital employed should be between 8 and 11 percent.

These figures reflect both the current market environment and the negative impacts of the maintenance shutdown in Hamburg in October 2019.

The latter also affected our result in the first quarter, which we presented to you in mid-February. At € 31 million, this result was within our expectations and those of our analysts.

I promised that I'd take a glimpse into the future with you today. Aurubis in three years: These are the challenges and this is how we'll tackle them!

We already produce a wide range of non-ferrous metals from the raw materials that we use as input. And we do this in an efficient, environmentally sound manner across multiple sites at the same time. Each one of our sites has its own specialization.

We're still on the right track with our multi-metal strategy! It allows us to reduce our dependence on the cycles of the copper business. We will continue to pursue this path with purpose.

In this way, we will further expand our good market positions in the various value chains – on our path to 2023. Because the world needs our products, the world needs our metals!

They are the foundation of the energy transition, of the clean vehicles of tomorrow – they are the key to how we will all do business in the future, better and more in line with nature.

And yes, we will look for new options to grow through acquisitions! The good news: We have the financial means for this. We will deliver successes in this area until 2023, especially in the recycling business.

To ensure that this works, we have to become faster and more flexible. Because our environment is changing faster than many people are comfortable with – and faster than some are even aware of. This means: we have to change, to become leaner and more agile!

Our efficiency improvement program has been successful up to now. It has attained important project successes, uncovered inefficiencies, and driven continuous development forward. These achievements are anchored in the company, and they will have a long-lasting positive influence. We will maintain all of this.

Nevertheless: The program up to now will not fulfill all of our expectations. The market conditions – especially on the concentrate markets – have weakened faster than expected.

As a result, we're going one step further! Placing a stronger focus on the cost side. To achieve significant savings. This means: leveraging efficiencies – and reducing costs. We'll do both of these things under the name "Performance Improvement Program."

We're initially focusing on measures in three work areas: the plant in Hamburg; selling, general, and administrative areas, abbreviated as SG&A; and in procurement, excluding the purchase of our input materials. The schedule: We want to establish catalogues of measures for all three work areas by the end of March this year. We will implement them successively by the end of fiscal year 2022/23.

What's important to me is that we see the results in the company's success.

Nevertheless, we will continue strengthening all three mainstays of our business. Because this is the only way to achieve stable results.

The three mainstays are as follows:

- » First, the processing of copper concentrates,
- » Second, the processing of recycling materials, and
- » Third, the product business – especially the wire rod and shapes business.

Let's take a closer look at the **copper concentrate** processing business.

For the record: It has become more difficult. Especially because China has built up more smelter capacities in the last several years. In the meantime, the country is home to about 40 percent of global production.

This led to lower treatment and refining charges for standard concentrates in 2019 already. In 2020, they will be another 20 percent or so below the prior-year level. We haven't seen this level since 2011! The alternatives are crystal clear: Complain or take action – complain or seize the opportunities. Aurubis will choose the opportunities!

We will continue driving our focus on the concentrate processing business forward until 2023. This means: We will process complex concentrates even more in the future. We can do this thanks to our integrated smelter network and our expertise. This allows us to tap the value inherent in these materials. Our mine partners – and thus we ourselves – benefit from this.

On top of this, we have a responsible and environmentally sound business approach, which we also ask of our business partners. For instance, we're currently introducing a Business Partner Code of Conduct throughout the Group. These are rules of conduct for cooperation with our mine and product partners. They send a clear signal about what values are important to us. We expect our partners to demonstrate the same dedication to sustainability in their upstream and downstream value chains.

We also support regions where we're active and from which we source raw materials. We call this "together we care." In this way, we take on responsibility internationally, beyond our supply chain. Directly on site. The focus is on resource efficiency, educational programs, and the participation and integration of disadvantaged people and regions.

In 2019, for example, we signed agreements to support three concrete projects in Peru and Chile: A school sponsorship, a water project in Peru, and the development of dual occupational training, following the German model, in Chile. We will support these projects for the next several years.

We know, of course: There's still a lot to do. I know that our social engagement – whether in South America or Europe – has a positive impact on the sustainable development of these regions. And, ultimately, this helps us strengthen our relationships to the local citizens, the local authorities, and the mine partners active there.

We are a partner of choice for environmentally friendly copper concentrate processing. This is evident in our SO<sub>2</sub> emissions trend. However, that doesn't just happen. It's the result of continuous investments. Since 2000, we've invested more than € 600 million in environmental protection across the Group. Our mine partners honor this fact. They, too, sense the shift in society. I'm certain that our environmental protection investments will pay off more than ever in the future.

Let's have a look at the concentrate market in 2023. We're confident that the pendulum will swing back to the benefit of the smelter industry again. In the next three years, more large mine expansions will start up production. The copper concentrate supply will grow more quickly than new smelter capacities arise.

To sum it up: Aurubis will continue to set benchmarks in responsible copper concentrate processing. We are thus able to position ourselves as an attractive alternative to the Chinese smelter industry.

As you can see: there are good reasons to be optimistic – even in challenging times!

Our second important mainstay: the processing of **recycling materials**.

Metal recycling is a current trend. It's crucial for anyone who wants to handle raw materials responsibly.

This applies to all of us. Companies, policymakers, and consumers. We all have to think of material cycles in their entirety. That starts with product design and extends to production and then reprocessing.

Progress and increasing prosperity in our society lead to steadily growing volumes of copper scrap and electrical and electronic scrap around the world.

The challenge: The composition of these materials is becoming increasingly complex. We need more cost-efficient solutions to make the contents of the recycling materials useful, time and time again. Ideally without losses in the production process.

For Aurubis, these recycling materials are real treasures. We unlock them thanks to our knowledge and our technology. Although we're already well positioned with these capabilities: We want more! More opportunities to tackle this challenge in society and thus fulfill our responsibility.

Metal recycling is a global business! China is and remains the most important actor. Its temporary import restrictions for copper scrap shook up the market in 2019 and changed global material flows. A challenge that will persist for the next several years.

Aurubis' recycling business will continue developing in the next three years: Recycling provides excellent opportunities for our company. By 2023, we want the proportion of recycling as part of our Group result to increase by a disproportionately high level. We view acquisitions as an important lever to make these opportunities a reality.

In 2019 we announced that we would acquire the Metallo Group – a significant milestone for us and our recycling strategy! The business models of Aurubis and Metallo are highly complementary. We would substantially strengthen our possibilities for nickel, lead, zinc, and tin in particular.

Metallo and Aurubis are also united by their efforts towards sustainable metal production in Europe: Together, we can produce even more material recycled in an environmentally sound manner. This is very close to my heart. We have to preserve this in Europe!

The acquisition is currently still subject to approval by the European Commission. We expect a decision by April at the latest.

We're also looking beyond Europe for attractive growth opportunities. For example, we can imagine additional investments in North America. The recycling markets there are much less developed than in Europe – so there are attractive possibilities to leverage value with our expertise. For the benefit of Aurubis and its shareholders.

We have a third mainstay for our stable business model: the **product** business. It includes a number of earnings drivers, including the following:

- › First, the manufacturing and marketing of standard copper products such as wire rod and shapes products, and additional metals,
- › Second, the sale of sulfuric acid, and
- › Third, the sale of other by-products.

Through the product business, we remain in a constant dialogue with the copper sales markets and the downstream industry.

Ladies and gentlemen, Aurubis in three years – that will be a different Aurubis.

At that point, you'll be looking at a company with a strengthened multi-metal portfolio. We will expand the volumes of metals beyond copper to a disproportionately high degree. Our focus on complex concentrates and recycling materials helps us in this case. We are driving this expansion forward because the market outlook for copper and the other precious and industrial metals that we produce is shining in every sense of the word!

By 2023, Europe will be quite a bit further in the energy transition and electric vehicles. Extensive infrastructure projects are already necessary to achieve the current climate targets alone. This stokes demand for metals. The future is therefore made from metals – in the best case, of course, from ours.

But that's not all. In the next three years, we'll be sharpening our focus on metallurgy. As a result, we intend to sell the flat rolled segment. Although the first attempt was stopped by the European Commission in 2019: This is still our express objective.

We of course won't do this at any cost. And the current market environment isn't exactly providing any tailwinds. Nevertheless: We will continue to push forward with the sale process and review all of the strategic options available.

Aurubis shareholders,

I've directed your focus to a few topics that will influence Aurubis' business in the next several years. To overcome these challenges successfully, we have to invest: in people, in machines, and in the cooperation between business and ecology.

Let's start with **people**.

Our employees' well-being is close to my heart. I'm concerned about the fact that we're still not among the best in the industry when it comes to occupational safety. We want to – no – we have to change this!

We are pursuing the target of reducing the number of work-related incidents by more than 80 percent compared to today by the year 2022. That sounds challenging, and it is! But it's the only correct approach. Because we want all employees to come to work healthy and to go home healthy to their families. An entire bundle of measures is required for this purpose. Let me touch on a few of them.

One key topic: prevention. Those who are aware of risks can change their conduct. A new communication concept builds on this fact. It's called "10forZero." The "ten" stands for the ten golden rules that are symbolized by ten characters. The "zero" represents our long-term vision of zero accidents. The campaign has garnered a great deal of attention in our plants thanks to its modern presentation. The ten golden rules contribute to occupational health and safety.

But that's not all. We'll implement additional measures as well. We want to make near-misses more visible, to optimize risk assessments, and to focus more strongly on health and safety audits.

Speaking of health: We made a small gesture in early February – a donation of respiratory masks to a Chinese competitor. We hope that this is a small contribution to overcoming the problems on site.

Recently, the news surrounding coronavirus has become more serious. As a matter of course, we're preparing ourselves as a company and have concepts and emergency plans in place. The health and safety of our employees have the highest priority. Reliable statements about the possible impacts on Aurubis AG's results aren't possible at the moment.

Moving on to a completely different challenge: the lack of qualified workers. We take this challenge seriously, but more importantly: We're tackling it head on. In 2019, we inaugurated new innovation and training centers at our sites in Hamburg and Lünen.

An innovation and training center – for us, this is a meeting place. A place where we shape the future. This is where colleagues from the Research & Development division meet the specialists of tomorrow. But it's also a place where different cultures meet, young and experienced colleagues.

Our goal: to increase the number of apprentices at the Hamburg and Lünen sites from about 220 today to 360. From process technologists in the metal industry to chemical laboratory assistants to students in dual study programs. We're already the second largest industrial training company in Hamburg.

With these new buildings, we assume responsibility for training young specialists. We won't be paralyzed by the specter of a specialist shortage. Aurubis is taking action – and investing in its sites.

Learning doesn't stop with a professional certificate, of course. We therefore see it as a matter of course to invest in continued training for all employees. In 2018/19, we increased the Group-wide number of training hours per employee by an average of 25 percent.



But that wasn't the only investment in the future last year. Let's take a look at **machines and equipment**.

In 2019, we carried out large-scale maintenance shutdowns at our sites in Pirdop, Lünen, and Hamburg. We thus created the conditions for our facilities to produce more reliably. And that was necessary! Because we were anything but pleased with the operating performance of our facilities in the last fiscal year.

As you know, pictures say more than words, so I've brought a few impressions to show you. [Start Film]

Ladies and gentlemen, you can see what a feat a shutdown like this is. But it was worth it. Once again, thank you from the Executive Board to everyone who contributed to these successful shutdowns!

When I talk to suppliers and customers in the future, I want to hear three things:

- » First: Aurubis is valued as a dependable partner that offers solutions for our mine and recycling partners.
- » Second: Aurubis is the European forerunner for environmentally sound production.
- » And third: Aurubis stands for reliability and stability in production!

To achieve these objectives, we will address the issue of preventive maintenance more strongly. We want to ensure the reliability of our plants before an unplanned shutdown happens. Our program for continuous improvement helps us in the process.

This and other potential were already correctly identified under my predecessors. Potential in the areas of digitalization, automation, and management development. The Aurubis Executive Board team now has the task of transferring this potential to reality. In short: implementing investments in the future. And we have the means for this.

And investments in our processes and equipment of course always mean investments in environmental protection. This brings me to a topic that concerns all of us. And that is more present now than any other issue.

I mentioned it once before: Since 2000, we've invested more than € 600 million in environmental protection across the Group – especially in air pollution control. More than € 200 million at the Hamburg site alone.

The result: We're now one of the cleanest copper smelters worldwide. We produce the metals that you all encounter in various products and applications every day. And we do that not even five kilometers from Hamburg City Hall. However: We aren't content to stop there. By 2023, we will have raised the bar even higher when it comes to environmentally sound production.

In Hamburg, for example, we're planning to invest more in environmental equipment to reduce emissions in the next two years. This will help us reduce dust emissions in particular. The planned investments of around € 100 million will flow into suctioning and filter equipment in the primary smelter first and foremost. The graphic behind me shows this in green. When our plans are fully implemented, we will reduce fugitive emissions by more than 70 percent! All of this contributes to our Sustainability Strategy – and makes the site ready for the future in the long term.

One issue is at the center of the current environmental discussion: energy and the CO<sub>2</sub> emissions associated with them.

We want to reduce greenhouse gas emissions in accordance with the Paris climate agreement. And we support the European Union's goal of becoming carbon-neutral by 2050! I'm convinced: We have to make our production processes as carbon-neutral as possible – as fast as possible!

Now comes the "but": Objectives are one thing, following through is another. We're currently living in a phase of uncertainty. Uncertainty is toxic to business enterprises that are planning investments. Investments that will influence our profitability for decades.

We need reliable energy policy conditions that ensure our international competitiveness. Because due to the nature of the copper market, we cannot pass higher costs on to the customers. Therefore:

- › Policymakers must create the right conditions, for instance so that we can source hydrogen and green electricity at competitive prices.
- › Policymakers must guarantee that industry projects to reduce CO<sub>2</sub> are fully offset.
- › In short: Policymakers finally have to decide how they want to achieve the energy transition if they want to achieve the energy transition. Giving up conventional energy sources little by little isn't a solution.

If these political conditions are established, we could become carbon-neutral in a decade already! A goal that we as Europeans should strive to attain.

Where does Aurubis stand today?

Here's some data to put things into perspective. Today, Aurubis emits about one-third of its CO<sub>2</sub> emissions itself – for example by using natural gas in production. We can have an immediate impact on direct CO<sub>2</sub> emissions, and we do!

About two-thirds come from electricity purchasing. We rely on this electricity for the electrolytic refining process.

In the past, we have done a great deal to electrify our processes. This is good because it makes us flexible. We're already among the best in our reference group in this area. For this purpose, we are improving our energy management, optimizing material cycles within our value chain, and investigating new ideas and technologies.

One of our latest projects is the Industrial Heat project in Hamburg, which has received multiple awards. It currently cuts about 20,000 tons of CO<sub>2</sub> already. But we can do more! It has the potential to cut about 140,000 tons of CO<sub>2</sub> annually. We're currently working very closely with the city of Hamburg to leverage this potential.

The latest measures total about 11,000 tons. These include our power-to-steam plant in Hamburg – which utilizes electricity from renewable energies, Wind power at the Belgian site, and a back-pressure turbine at the Bulgarian site. We also want to invest more in photovoltaic energy in the future.

Aurubis shareholders,

Unfortunately, not all of these reductions are offset against our CO<sub>2</sub> emissions, as we achieve several of these reductions outside of the plant boundaries. Nevertheless, this isn't a reason to avoid implementing such meaningful projects!

Furthermore, we're currently sounding out how using hydrogen, recovered heat, and renewable energies can replace even more fossil fuels. With these innovative examples, we demonstrate how industry can be part of the solution in the climate transition.

The fact remains: Aurubis will stay an energy-intensive company now and in the future. That's the nature of metal manufacturing. As a result, we in Europe have to make sure that metal production stays profitable. Otherwise, its existence is at risk. We need reliable conditions at the political level that ensure our international competitiveness.

Hamburg's First Mayor Peter Tschentscher summed it up well recently: He mentioned that Hamburg could immediately spruce up its climate footprint if Aurubis closed. But this would come at a price for the economy and the global climate. Because copper is produced in Veddel with less CO<sub>2</sub> than anywhere in the world.

Ladies and gentlemen,

I'd like to close with a few personal words.

I've now been Executive Board chairman at Aurubis for about eight months. I took on this responsibility with pride, respect, and confidence.

I am proud | to lead this great company. Aurubis products are present where the future is being created. We call that "Metals for Progress."

Copper is the metal of the energy shift. Our metal recycling conserves raw materials. We have strong market positions and a solid financial position. In one sentence: Aurubis is healthy.

But the task is a challenging one. We have big plans: Our environment is shifting. Especially the market conditions, competition, and regulations. And Aurubis needs to stand for absolute reliability again. We have homework to do internally for this purpose. This means: We have to change so that we stay at the very top tomorrow as well! I know that Aurubis can do this!

Lest we forget: Aurubis' potential rests first and foremost with the people and their capabilities to develop our company further. Not only with the machines and processes.

I look to Aurubis' future with confidence. We have learned from the setbacks of the last fiscal year. We drew the right conclusions and we will do things better.

At the same time, we'll act in a more entrepreneurial manner, pressing ahead with decisions faster and more purposefully. This will allow us to better hold our ground in a dynamically changing market environment. And we will continue investing outside of Europe as well! This of course means risk. However: We need the entrepreneurial courage to think bigger and to take action.

Aurubis shareholders,

I'm working hard to leverage this potential, to unlock this value.

We have high aspirations: At a time when more metals are needed than ever before, we want to be the most efficient and sustainable integrated smelter network worldwide.

With this goal in mind, I'm confident that the positive news will soon outweigh the bad!

Thank you for loyalty and your trust in Aurubis.