

## **Norddeutsche Affinerie maintains its excellent profit situation in the third quarter**

***Earnings before taxes rise to € 234 million / integration of Cumerio continues successfully / optimistic outlook confirmed***

Hamburg, 29 August 2008 — Norddeutsche Affinerie AG (NA) again achieved excellent earnings in the third quarter and generated a very good pre-tax profit in the first nine months of fiscal year 2007/08 ending 30 September 2008. Revenues rose significantly to € 5.98 billion (€ 4.69 billion in the prior year). Earnings before taxes (EBT) increased to € 234 million (€ 123 million in the prior year). Revenues and earnings include the full consolidation of Cumerio N.V./S.A. (Cumerio) since 1 March 2008. In addition, positive non-recurring and valuation effects of € 31 million are included.

The integration of Cumerio continued successfully. The identified synergy potentials are also being implemented as scheduled: „We will be able to achieve synergies of between € 5 and 10 million by the end of the current fiscal year. For the next fiscal year 2008/09 we are expecting a total of € 40 million. Long-term we see synergy potential of € 50 million per annum“, said Dr Bernd Drouven, NA's Chief Executive Officer.

The copper market has so far proved to be robust in the light of the financial market crisis and declining economic growth worldwide. It reflected the overall good global copper demand that only sporadically showed slight signs of weakness. Despite ongoing capacity expansions, copper concentrate production was still not sufficient to cover the demand on account of strikes and other factors. The copper stocks in the exchange warehouses remained at a low level. Against this background, the phase of high copper prices was sustained, with continuing fluctuations. An all-time high was reached in April with a cash price of US\$ 8,884.50 per tonne on the London Metal Exchange (LME).

The raw material markets showed disparate trends overall. The market for copper concentrates was under pressure due to high demand at the same time as supply problems on the mining side. By contrast, the positive market situation continued in the recycling sector. High refining charges could be obtained on the basis of the good material availability.

In the Copper Production Segment, a total of 1,108,000 tonnes (837,000 tonnes in the prior year) of copper concentrates have been processed so far this fiscal year, including Cumerio's throughput from March 2008 onwards. Cathode output increased to 575,000 tonnes (426,000 tonnes in the prior year). Sulphuric acid production rose to 1,105,000 tonnes (834,000 tonnes in the prior year). The trends in the Copper Processing Segment varied. NA considerably enhanced its market position in the core markets on account of the good economic environment. In particular, demand for its main product, continuous cast wire rod, was very strong, while the market situation for continuous cast shapes was unsatisfactory. Wire rod output increased to 524,000 tonnes (341,000 tonnes in the prior year), an all-time high, whereas the production of shapes of 168,000 tonnes did not match the prior year output (183,000 tonnes).

The overall successful business performance in the first nine months of fiscal year 2007/08 was influenced by the following factors:

- Constantly good production rate of metals at the same time as high metal prices
- Continued good level of refining charges for scrap and other recycled materials
- Positive results from backwardation, reduced inventories and valuation effects
- Higher prices for sulphuric acid
- Increased cathode output
- Higher volume of sales and improved revenues for wire rod

- Improved revenues for continuous cast shapes despite declining volume of sales
- Stable earnings at the subsidiaries at the prior-year level
- Additional profit contribution from Cumerio
- Declining treatment and refining charges for processed copper concentrates
- Short unscheduled production stoppage at the smelter in Pirdop
- Increased personnel expenses due to profit-sharing bonuses and restructuring

The Group earnings include one-off and valuation effects for the first nine months in the amount of € 31 million, which includes € 15 million from valuation effects from fluctuations in the copper prices and € 24 million from negative goodwill (purchase price allocation).

Personnel expenses likewise went up in the first nine months from € 155 million in the prior year to € 192 million. This is primarily due to the considerable rise in the number of employees as a result of the Cumerio takeover and increased production in the rest of the Group. This item also includes higher profit-sharing bonuses for the employees, tariff wage-scale increases and restructuring costs of € 6 million at Cumerio.

The very good earnings situation resulted in earnings before interest, taxes, depreciation and amortisation (EBITDA) of € 312 million, compared with the already high level of € 172 million in the prior-year period. Earnings before interest and taxes (EBIT) reached € 258 million, up from € 128 million in the prior year.

After deducting net interest and tax expense, the consolidated net income for the first nine months of 2007/08 amounted to € 167 million (€ 71 million in the prior year). The increase in net interest included in this figure results from the financing of the shares acquired in Cumerio as well as its first-time consolidation. At the same time the tax rate was reduced from 42 % to 29 % on account of the

Corporate Tax Reform Law 2008 and the tax-neutral release of negative goodwill.

After elimination of the minority interest, earnings per share amounted to € 4.11 for the first nine months of fiscal year 2007/08, compared with € 1.89 for the prior-year period.

As of 22 September 2008, NA shares will also be listed in the European Stoxx 600 Index. "This will make NA shares interesting for a wider circle of investors and support the positive share performance", said Dr Drouven.

„The results generated in the first nine months are very good. We are also confident for the fourth quarter and confirm our forecast“, said Dr Drouven in closing. This predicts EBT for the current fiscal year in the amount of € 250 million before valuation effects resulting from temporary factors such as changes in the copper prices and backwardation.

#### **FINANCIAL CALENDAR**

6 September 2008	Open Day at the Hamburg Stock Exchange
17 December 2008	Preliminary results for fiscal 2007/08
26 February 2009	Annual General Meeting

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#### ***Disclaimer***

##### *Forward-looking statements*

This information contains forward-looking statements based on current assumptions and forecasts. Various known and unknown risks, uncertainties and other factors could have the impact that the actual future results, financial situation or developments differ from the estimates given here. We assume no liability to update forward-looking statements.

## GROUP KEY FIGURES

Before revaluation of LIFO inventories using the average cost method

		3rd quarter 06/07	9 months 06/07	3rd quarter 07/08*	9 months 07/08*
Revenues	€m	1,722	4,689	<b>2,618</b>	<b>5,982</b>
Gross profit	€m	142	400	<b>227</b>	<b>614</b>
Personnel expenses	€m	57	155	<b>70</b>	<b>192</b>
Depreciation and amortisation	€m	17	44	<b>23</b>	<b>54</b>
EBITDA	€m	60	172	<b>111</b>	<b>312</b>
EBIT	€m	43	128	<b>88</b>	<b>258</b>
EBT	€m	41	123	<b>73</b>	<b>234</b>
Net income	€m	23	71	<b>48</b>	<b>167</b>
Earnings per share	€	0.60	1.89	<b>1.16</b>	<b>4.11</b>
Gross cash flow	€m	49	131	<b>68</b>	<b>217</b>
Capital expenditure (excl. financial assets)	€m	16	75	<b>29</b>	<b>72</b>
Copper price (average)	US\$/t	7,637	6,875	<b>8,448</b>	<b>7,817</b>
Average number of employees *		3,196	3,208	<b>4,678</b>	<b>3,902</b>

\* incl. Cumerio as of 1 March 2008 (1,414 employees as at 30 June 2008)