



# Annual Results 2007

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15 February 2008  
[cumerio.com](http://cumerio.com)

# Overview

- **Highlights**
- **Market Review**
- **Business Review**
- **Financial Review**
- **Combination with Norddeutsche Affinerie**
- **Outlook 2008**

# Highlights

- Strong financial performance
- Successful start-up of the Pirdop smelter after the planned maintenance shutdown
- Pirdop investment programme on track
- Proposed dividend 2007 at € 0.70 per share
- Combination with Norddeutsche Affinerie: cash tender offer started on 28 January

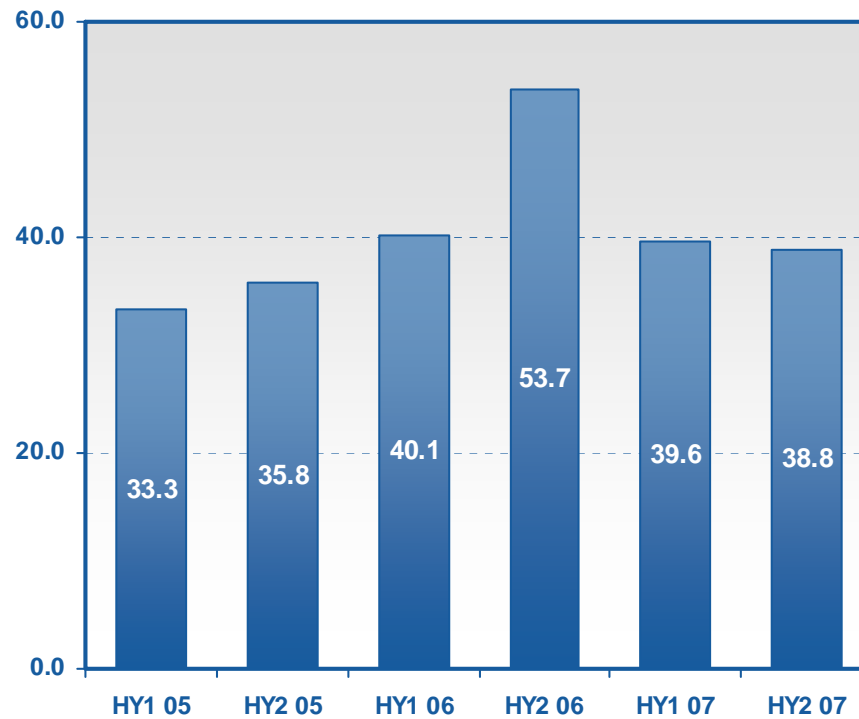
## Highlights - Strong financial performance

(€million)	HY2 06	HY2 07	2006	2007
Revenues (excl. metals)	155.1	<b>153.1</b>	318.4	<b>301.0</b>
EBIT - Recurring	53.7	<b>38.8</b>	93.8	<b>78.4</b>
EBITDA - Recurring	73.5	<b>59.1</b>	132.4	<b>117.3</b>
Net recurring result, group share	39.1	<b>22</b>	70.4	<b>44.2</b>
EPS adjusted (€/share) - basic	1.53	<b>0.87</b>	2.75	<b>1.74</b>
ROCE (%)	19.8%	<b>13.4%</b>	18.2%	<b>13.6%</b>
Workforce (end of period)	1 453	<b>1 443</b>	1 453	<b>1 443</b>

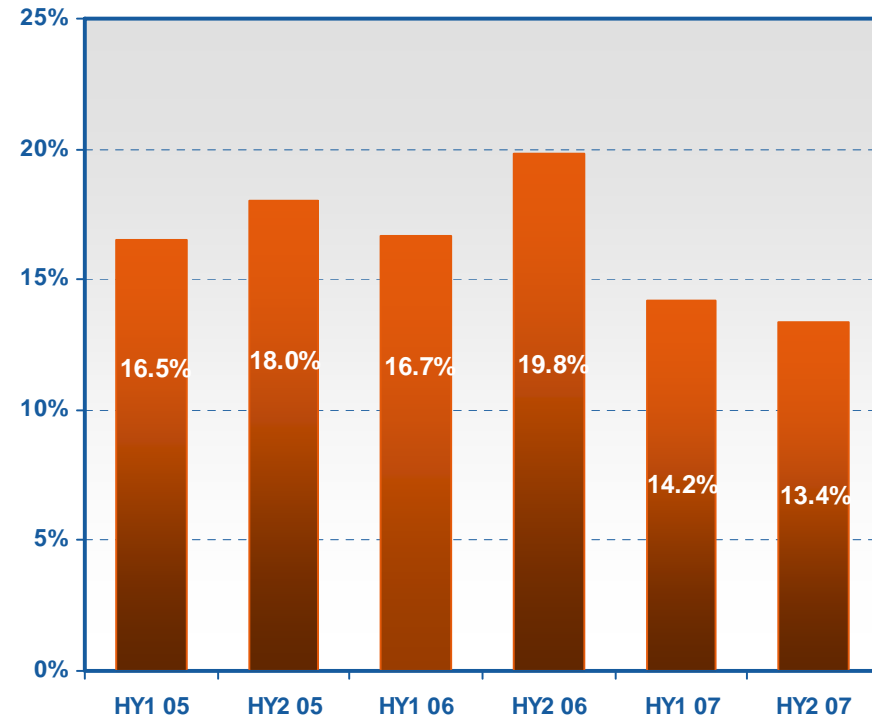
# Highlights - Strong financial performance

## Recurring EBIT

€million



## ROCE



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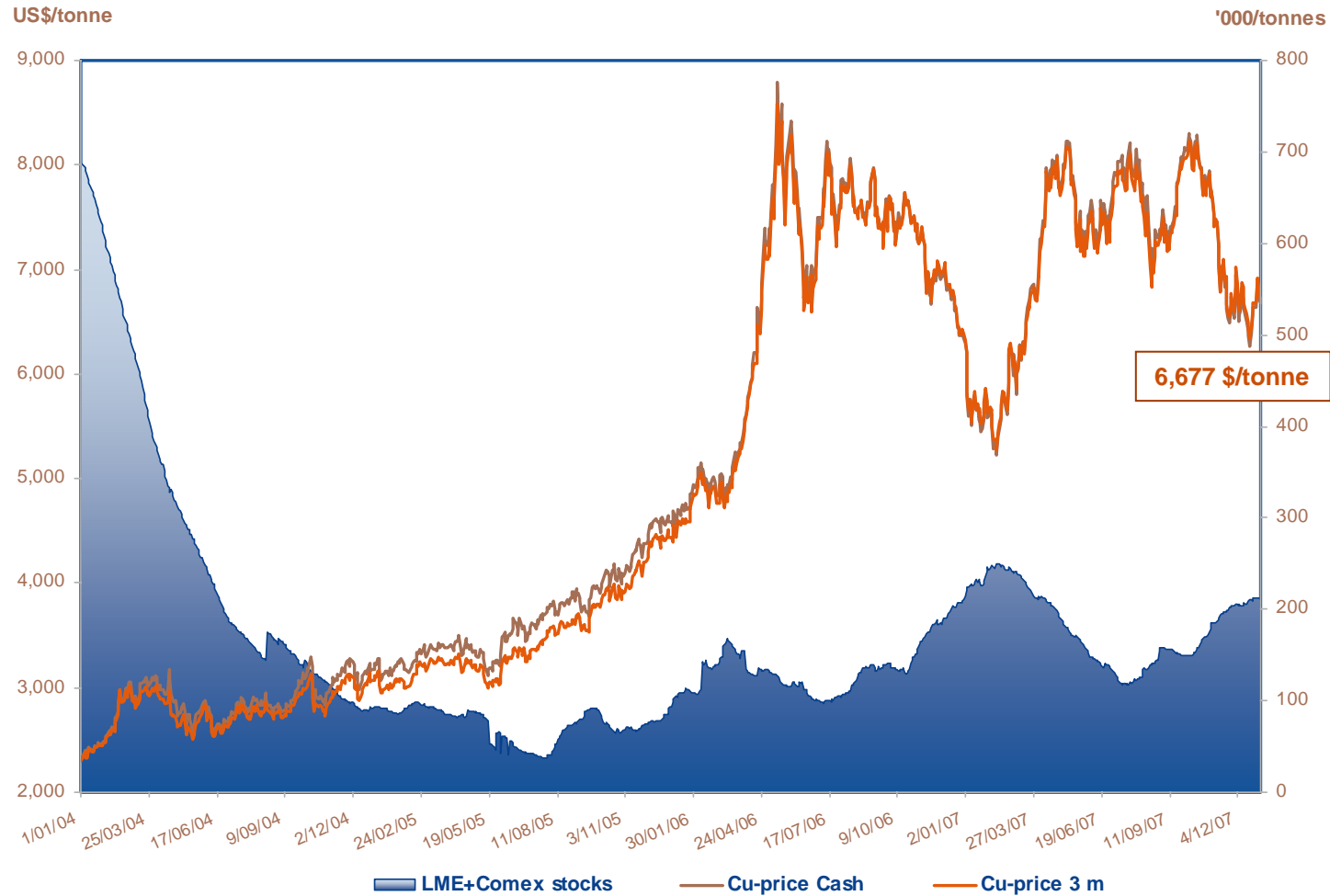
# Market Review

## Record prices in a continued tight market

- Average copper prices higher than in 2006
- Global consumption in 2007 up by 3.9%
  - China +16%, Europe - 5%
  - Global market in small deficit
- Copper market hit by supply disruptions
  - Technical issues
  - China: concentrates imports up 25%
  - Expected deficit lead to lower TC&RCs
  - No real shortage of concentrates during the year
- Exchange stocks remain low
  - Still only 5 days of global consumption

Source : Brook Hunt January 08

# High prices, continued low exchange inventories



As at 31 December 2007



# Copper market expectations 2008

- Current context of uncertainty => price volatility
  - Weaker equity markets, sub-prime crisis, US recession, ...
- However, world copper demand forecasted to grow by 3.8%
  - European demand steady
  - US: consumption expected to decrease by 2%
    - No improvement to be anticipated soon in construction and automotive sectors
- Asian demand remains firm
  - In particular China: 10% growth anticipated

Source : Brook Hunt January 08

# Copper market expectations 2008

- Copper market balance expected to turn into a surplus
  - Despite some unforeseen disruptions
    - A.o. power outages, extreme weather conditions, labour unrest
- Causing a gradual reduction of the copper price
  - Brook Hunt expects a 2008 average around US\$ 6,500 per tonne cash

# Overview

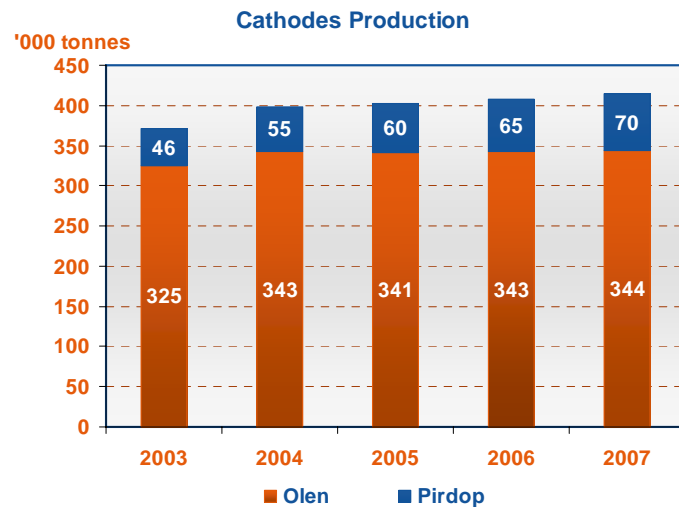
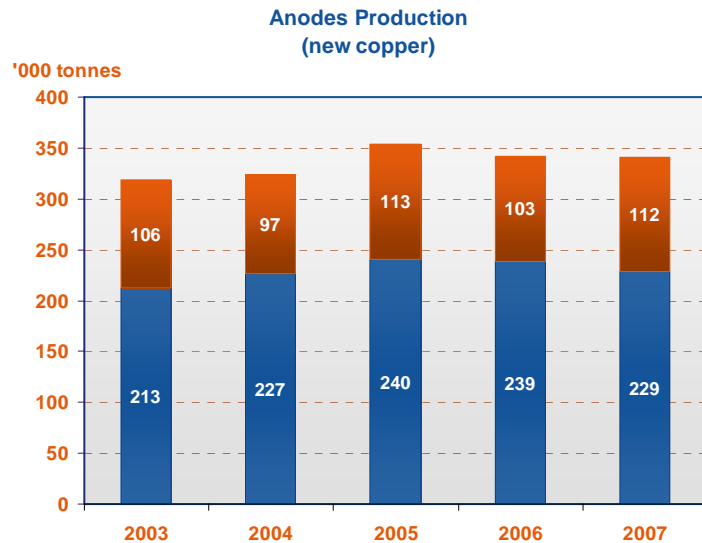
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# Business Review

## Copper Refining - Highlights

(€million)	HY2 06	HY2 07	2006	2007
Revenues (excl.metals)	121.8	<b>113.3</b>	246.4	<b>217.3</b>
EBIT - Recurring	51.6	<b>34.6</b>	93.2	<b>70.2</b>
EBITDA - Recurring	67.7	<b>49.0</b>	123.5	<b>97.8</b>
Capital Employed (end of period)	316.3	<b>465.0</b>	316.3	<b>465.0</b>
ROCE (%)	36.6%	<b>19.1%</b>	32.2%	<b>19.4%</b>
Capital Expenditure	32.0	<b>34.1</b>	40.5	<b>72.3</b>

# Copper Refining – High production levels



- Stable anodes production
  - Bulgaria : 229 kt
    - Despite maintenance shutdown in Q1
  - Belgium : 112 kt
    - Anodes produced from blister copper & scrap
- Lower anodes sales
  - 20,000 tonnes excess inventory at year-end
  - Impact on revenues and WCR's
  - Need to expand Pirdop's refining capacity
- Cathodes production at 414 kt
  - Bulgaria : 70 kt (+7%)
  - Belgium : 344 kt
    - Full capacity for all refineries

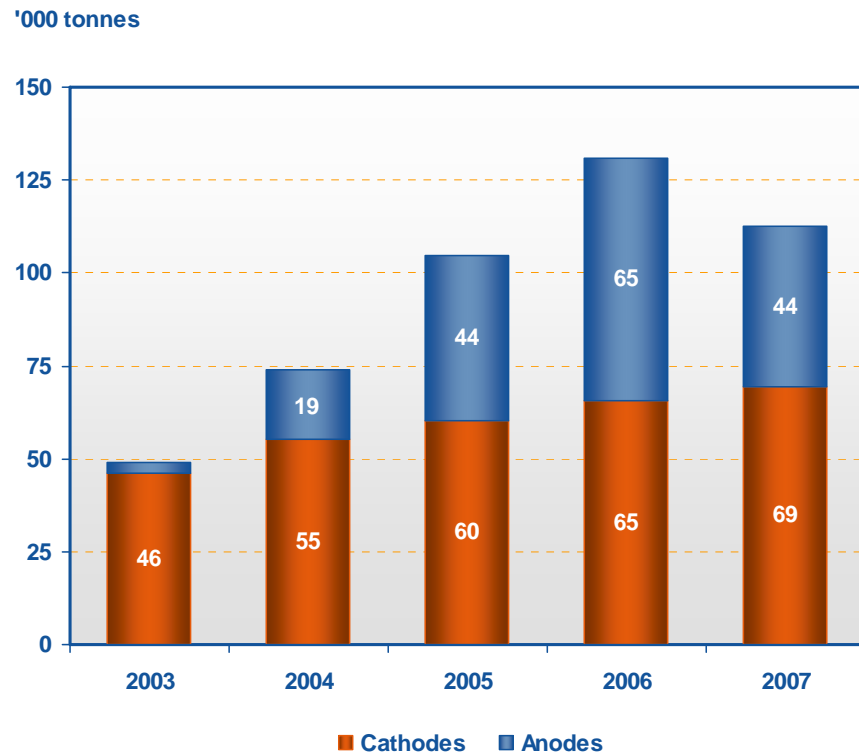
# Copper Refining – Challenging market environment



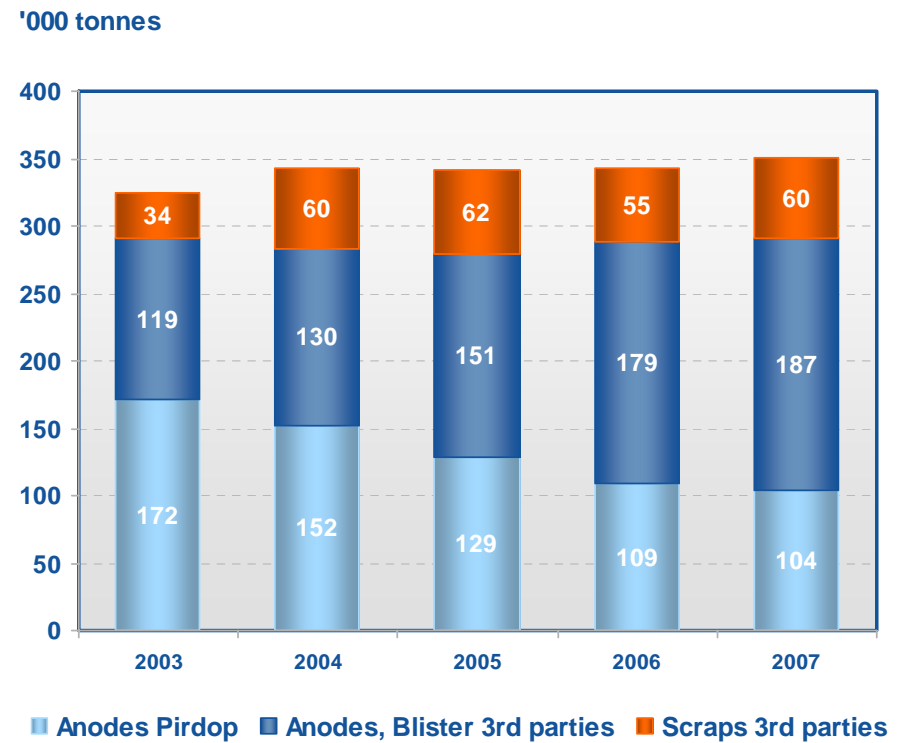
- Effective TC/RC/PP : US\$ 21.5 c/lb
  - Impact of multiyear supply contracts
- Cathode producer premium : US\$ 125 per tonne
- Scrap: high availability and improved refining charges
- High refining charges for blister copper
  - Positive impact for Olen
  - Negative for Pirdop

# Continued focus on the Black Sea region

## Regional sales Cumerio Med



## Feed Olen refinery



# Copper Refining – Investment in Bulgaria on track



*Construction new refinery Pirdop, Bulgaria*

- Construction new refinery
  - Annual capacity of 180,000 tonnes
  - Start-up in 2nd quarter 2008
  - Increased investment due to higher materials costs
- Smelter de-bottlenecking
  - Capacity increase to 275,000 tonnes per year
  - In combination with maintenance shutdown
- Commissioning of a new Gas Cleaning System
  - Investment € 13 million
  - Full compliance with strictest emission standards imposed by IPPC permit as from 2007



# Business Review

## Copper Products - Highlights

(€million)	HY2 06	HY2 07	2006	2007
Revenues (excl.metals)	33.4	<b>39.7</b>	72.0	<b>83.6</b>
EBIT - Recurring	5.9	<b>7.8</b>	8.2	<b>16.2</b>
EBITDA - Recurring	8.8	<b>10.8</b>	13.6	<b>22.2</b>
Capital Employed (end of period)	203.6	<b>119.3</b>	203.6	<b>119.3</b>
ROCE (%)	3.4%	<b>5.9%</b>	2.1%	<b>6.3%</b>
Capital Expenditure	3.0	<b>3.3</b>	5.3	<b>5.5</b>

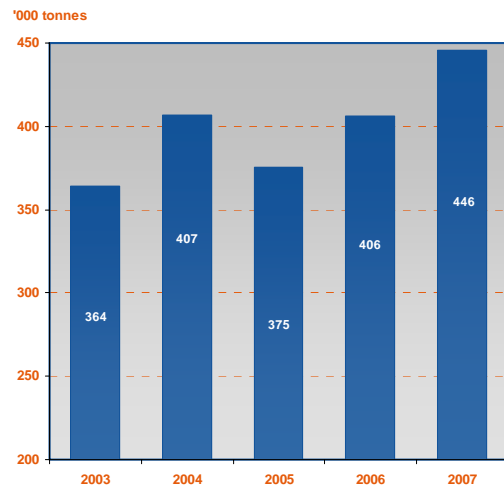
## Copper Products – Record deliveries in wire rod



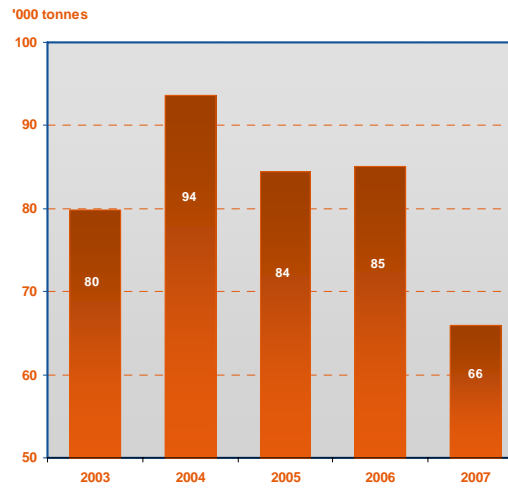
- High delivery volumes for wire rod:
  - Wire rod : +10% y-o-y
  - Specialty rod : +40% y-o-y
  - Sustained demand and supply tightness
- Deliveries of shapes down 20% y-o-y
  - Impact of substitution
- Reduced payment terms
  - Positive impact on net WCRs
- Stake in Swiss Advanced Materials (SAM) increased to 100%

# Copper Products – Good product deliveries

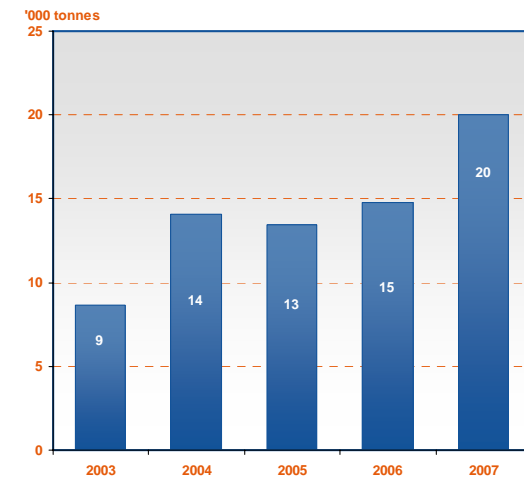
## Wire Rod



## Shapes



## Specialty Rod



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# Financial Review

## Recurring EBIT by segment

(€million)	HY2 06	HY2 07	2006	2007
Copper Refining	51.6	34.6	93.2	70.2
Copper Products	5.9	7.8	8.2	16.2
Unallocated	(3.8)	(3.6)	(7.6)	(8.0)
<b>Total</b>	<b>53.7</b>	<b>38.8</b>	<b>93.8</b>	<b>78.4</b>
ROCE pre-tax (%)	19.8%	13.4%	18.2%	13.6%

Recurring EBIT excludes IAS 39 effect

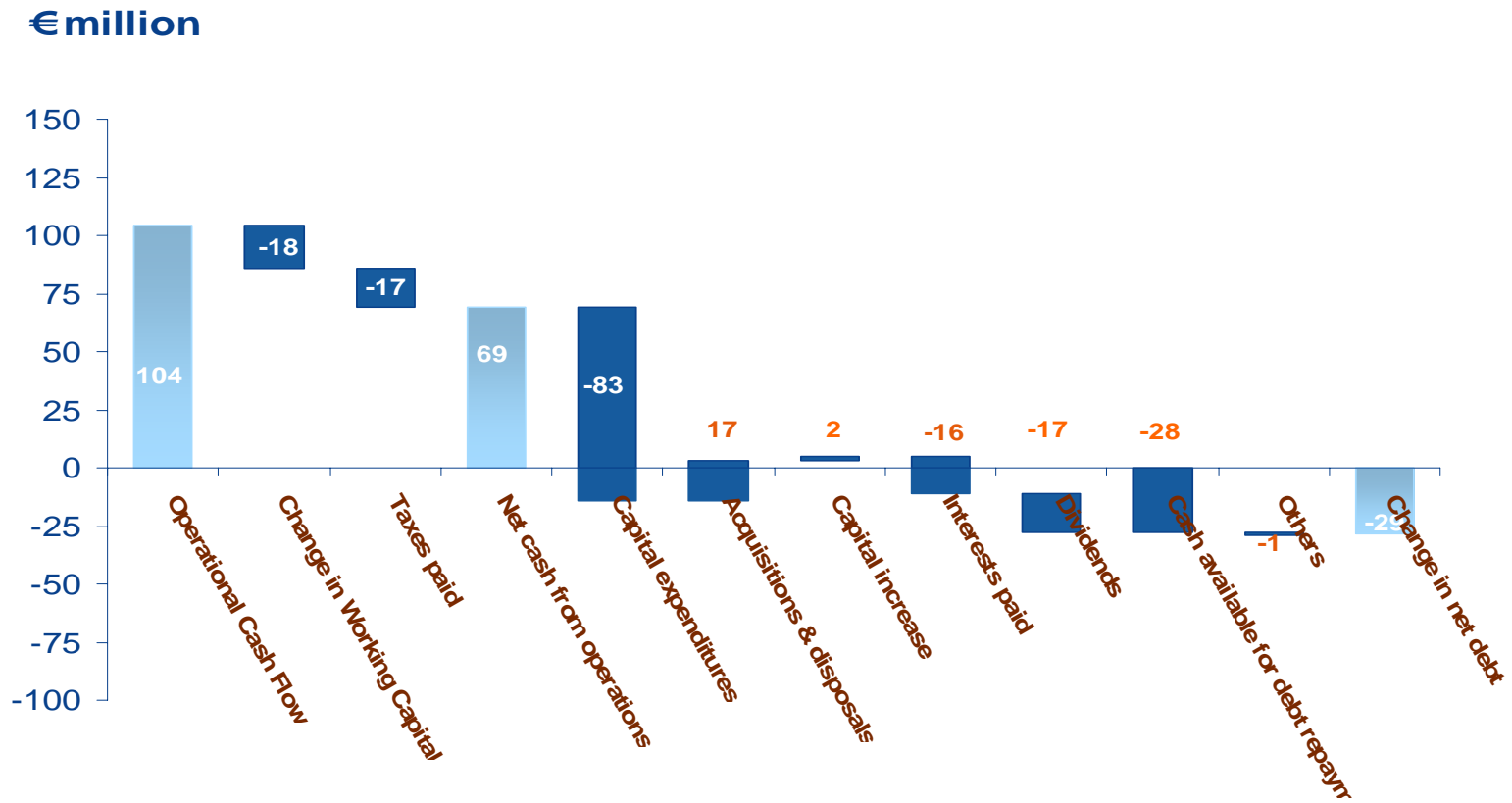
## Income statement (recurring)

(€million)	HY2 06	HY2 07	2006	2007
Operating profit	53.7	<b>38.8</b>	93.8	<b>78.4</b>
Financial result	(7.9)	<b>(10.4)</b>	(13.4)	<b>(20.3)</b>
Taxes	(6.9)	<b>(6.4)</b>	(10.3)	<b>(13.8)</b>
Net result, of which group share	39.1	<b>22</b>	70.4	<b>44.2</b>
EPS declared (€/share) - basic	1.53	<b>0.78</b>	2.84	<b>1.82</b>
EPS adjusted (€/share) - basic	1.54	<b>0.87</b>	2.75	<b>1.74</b>

## Non-recurring results & IAS 39 effect

(€million)	Operating result	Financial result	Tax	Net
Copper Refining	1.1	-	-	1.1
Copper Products	1.6	-	-	1.6
Unallocated	2.7	(3.8)	0.4	(0.7)
<b>Total</b>	<b>5.4</b>	<b>(3.8)</b>	<b>0.4</b>	<b>2.0</b>
of which IAS 39	5.5	(3.8)	(0.3)	1.4
of which non-recurring	(0.1)	-	0.7	0.6

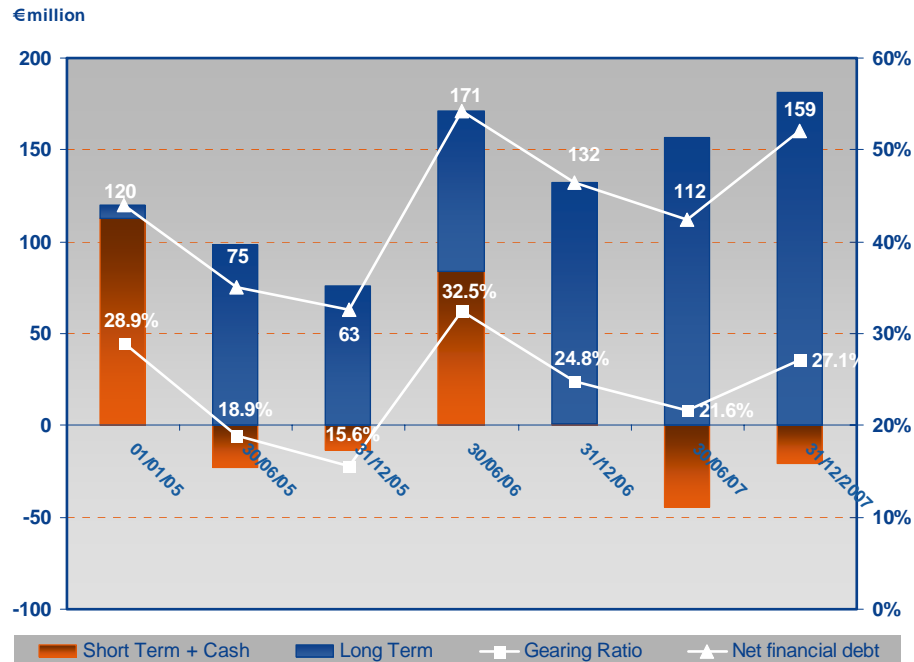
# Cash Flow Statement





# Low gearing provides flexibility for growth

## Net financial debt



- Increased debt level reflects

- Sustained deliveries of copper products
- Higher anodes inventories at year-end
- Positive effect of reduced payment terms in products

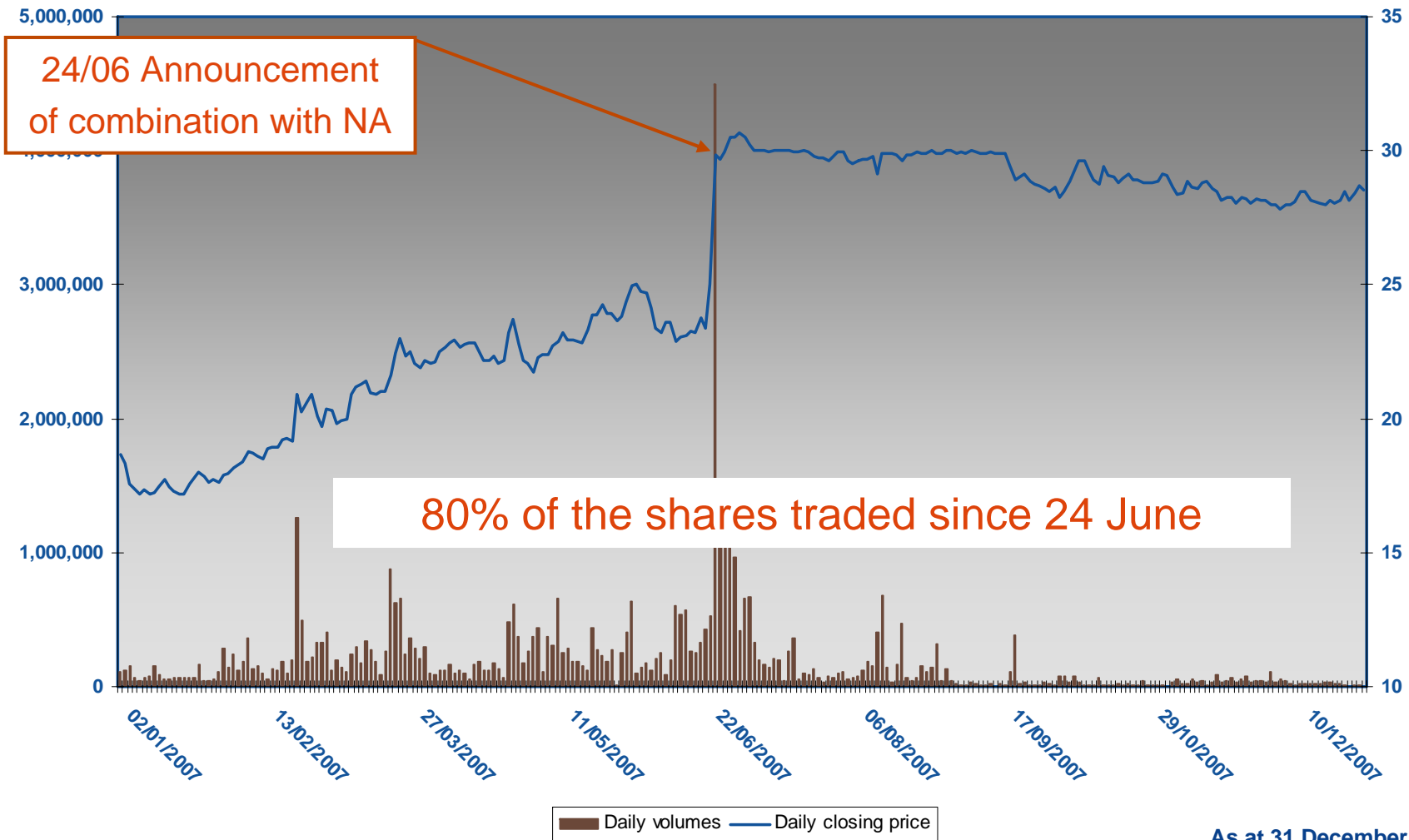
- Healthy financial ratios

- Gearing ratio : 27%
- Net Financial Debt/EBITDA : 1.3x

## Hedging summary

- Effective €/US\$ rate 2007 of approximately 1.34
- 2008 :
  - 40% of US\$ exposure hedged at about €/US\$ 1.37
  - ± 70% of exposure to metal prices hedged
- 2009 :
  - ± 45% of estimated metal prices exposure hedged
  - Resulting income streams hedged in euro

# Share price performance 2007



## Cumerio share

- Stock option plan for senior management approved in February
  - 198,500 shares at an exercise price of € 18.08
- Decision to issue 228,000 warrants
  - In the context of the planned combination with NA
  - Substituting existing stock option plans
  - 125,138 warrants exercised (at 31 December)
  - Dilution effect to be offset by the cancellation of treasury shares
- Proposed gross dividend at € 0.70 per share
  - Dividend payout of 40%

Proposed gross dividend at € 0.70 per share

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# Cumerio and Norddeutsche Affinerie to combine activities

## Strategic rationale

- Creation of a global leader in copper production & processing
  - #1 in Europe for cathodes and wire rod
  - #3 worldwide for cathodes
  - Need for consolidation
- Improved performance for the combined entity
  - Investment synergies
  - Operational synergies
- A stronger platform for further international growth
  - A solid financial base
  - A greater access to the capital markets
  - A large and experienced human resources pool

# Cumerio and Norddeutsche Affinerie to combine activities

## Timeline

- **24 June** : announcement of intention to combine activities
  - Cash offer at €30 per Cumerio share
  - Conditional upon :
    - Obtaining 80% of the outstanding shares
    - Clearance from the EU and Swiss merger authorities
- **10 July** : recommendation of Cumerio's Board of Directors to accept the terms of the offer
  - Prior positive advice from Cumerio Belgium's Works Council
- **31 July** : filing with the EU Commission

# Cumerio and Norddeutsche Affinerie to combine activities

## Timeline

- **18 September** : the EU Commission opened an in-depth investigation into the planned combination
- **12 December** : clearance received from the Swiss competition authorities
- **23 January 2008** : clearance received from the EU Commission
- **28 January** : beginning of the tender offer



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# Outlook 2008

- **Copper Refining :**
  - Lower benchmark TC&RCs for 2008 at 11.5 US\$ c/lb
  - Positive impact of Black Sea positioning and carry-over of contracts
  - High cathode producer premium : US\$ 115/tonne
  - Higher anodes production at 275,000 tonnes and increased cathodes production at Pirdop
  - Strengthening of the acid market
- **Copper Products :**
  - Strong demand expected to continue
  - Profitability should improve due to sustained volumes, higher premia and reduced payment terms

## Disclaimer

This document contains forward-looking information that involves risks and uncertainties, including statements about Cumerio's plans, objectives, expectations and intentions. Readers are cautioned that forward-looking statements include known and unknown risks and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Cumerio. Should one or more of these risks, uncertainties or contingencies materialise, or should any underlying assumptions prove incorrect, actual results could vary materially from those anticipated, expected, estimated or projected. As a result, neither Cumerio nor any other person assumes any responsibility for the accuracy of these forward-looking statements.

# Notes

# Notes



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