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materials for a better life

Umicore H1 2020 performance

31 July 2020

Overview

COVID-19 outbreak and Umicore’s response

H1 2020 business review

Outlook

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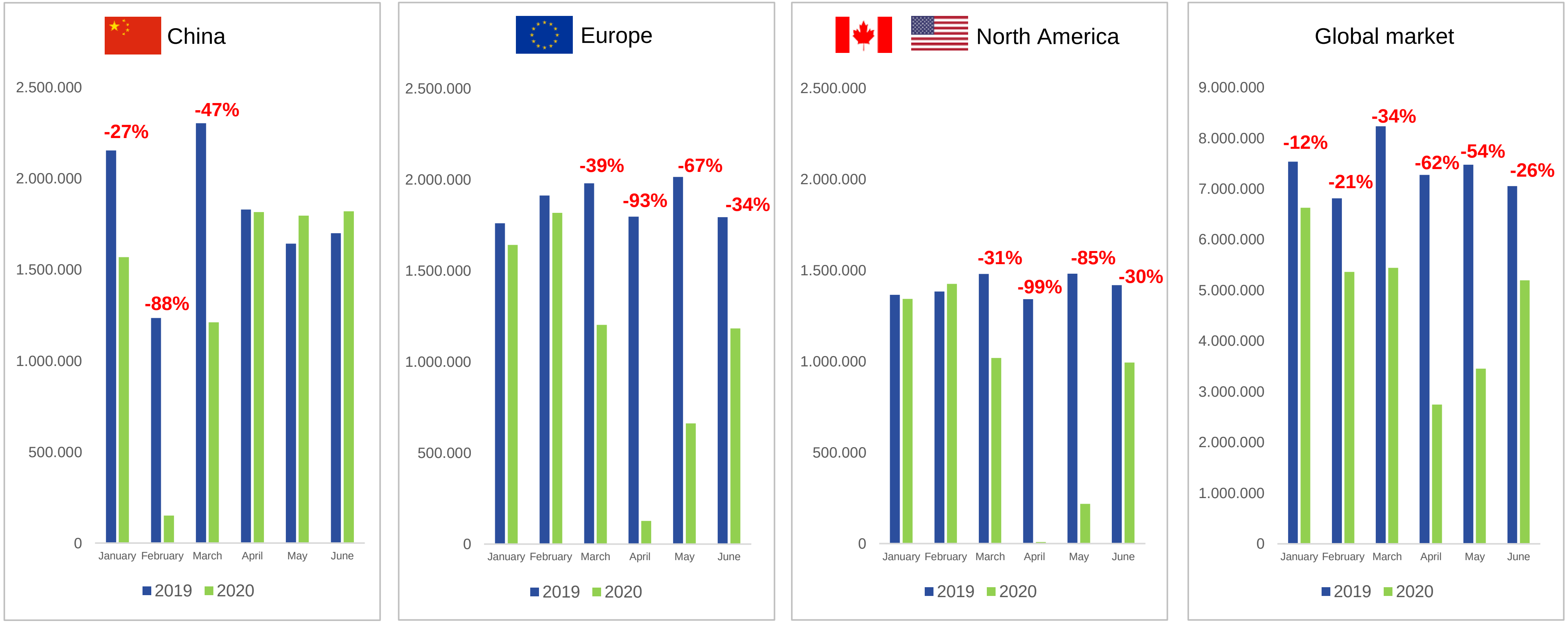
Wrap up

Q&A

COVID-19 outbreak: impact on auto-industry

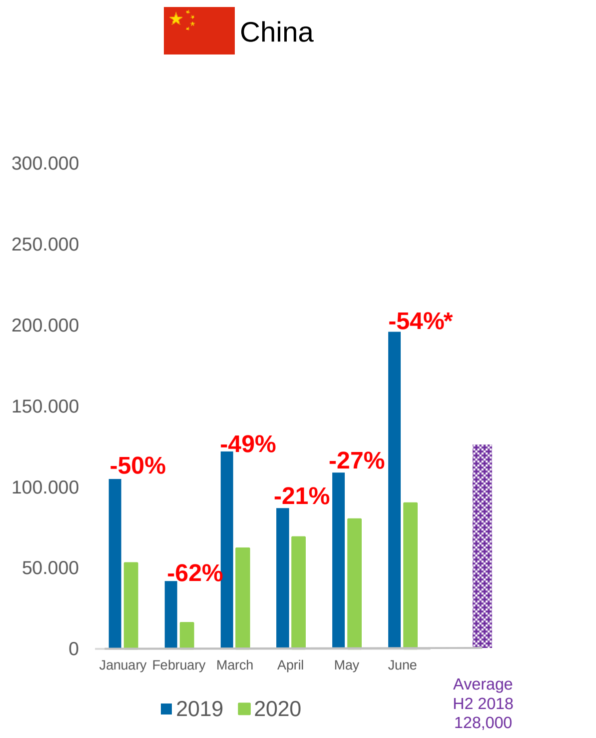
H1 2020 YoY evolution of passenger car production across all powertrains (source: IHS & Umicore - 20/07/2020)



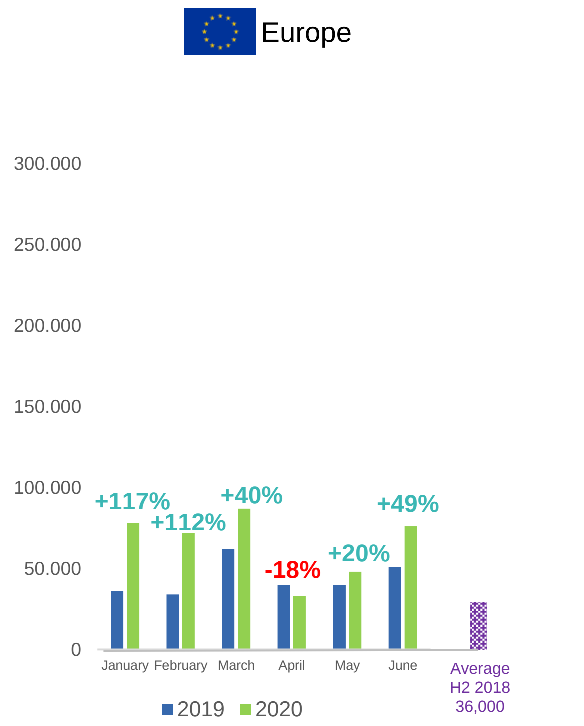
H1 2020 global car production down 35% YoY

COVID-19 outbreak: impact on EV sales

H1 2020 YoY evolution of BEV and pHEV car sales (source: EV Volumes)



*Pre-buying in June 2019 due to lower subsidy regime as of July 2019



H1 2020 EV sales down 17% YoY

Immediate measures in response to COVID-19

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Keeping our people healthy and ensuring safe working conditions

Strict hygiene and precautionary measures

Dedicated task force to monitor operations globally

Preserving cash

Reduce costs (e.g. production capacity adjusted and use of temporary unemployment measures where applicable)

Optimize working capital

Delay investments except for EHS and strategic projects

Reduced dividend of € 0.375 per share for the full year 2019

Longer-term measures in response to COVID-19

Assessing production footprint and asset utilization

Consolidation of North American automotive catalyst production activities in Burlington, Canada

Discontinuation of automotive catalyst production in Tulsa, USA

Additional cash and non-cash adjustments may be required in H2

Strengthening of funding structure and increasing liquidity

Additional funding: placement of € 500 m convertible bond and € 125 m loan from EIB

Strong balance sheet with ample liquidity (€ 1.2 bn cash and equivalents + ~ € 1bn additional committed undrawn credit lines)

Well-balanced LT debt profile with no material maturities prior to 2023

H1 2020 business review

Key figures H1 2020

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REVENUES

€ 1.6 bn

-4% YoY

Adjusted EBIT

€ 243 m

Stable YoY

Free Operating Cash Flow
€ 108 m

Net debt at **€ 1,349 m**
Net debt / LTM Adj. EBITDA 1.75x

Adjusted NET PROFIT
(Group share)

€ 148 m

Adjusted EPS € 0.62
Interim dividend of € 0.25 per share

Adjusted EBITDA

€ 376 m

+5% YoY

CAPEX **€ 152 m**

ROCE 10.9%

Strong performance in Recycling offset COVID-19 impact in Catalysis and E&ST

Catalysis H1 2020 performance

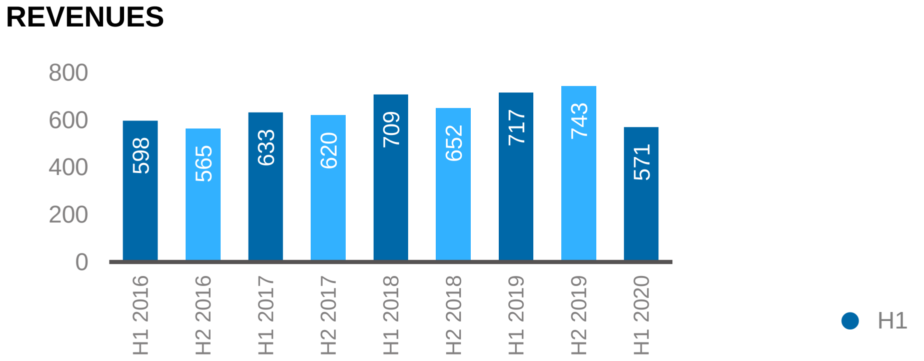
Revenues -20% and Adj. EBIT -75%; severe impact from COVID-19 and related car OEM production shutdowns

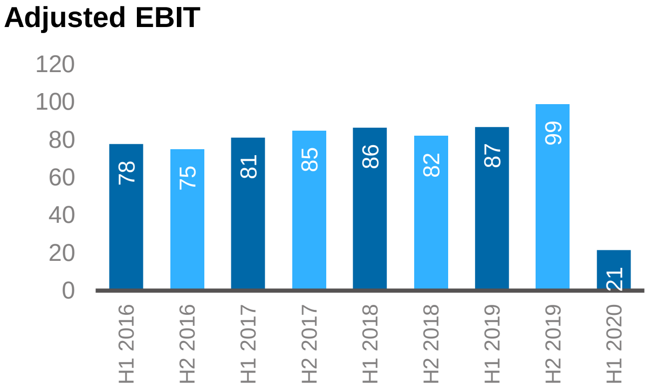
Automotive Catalysts

- Widespread car OEM production shutdowns and car sales plunging
- Severe impact on revenues and volumes
- Further outperformance of LDV market in China
- HDD less down than market given higher demand for China V technologies

Precious Metals Chemistry

- Revenues down due to COVID-19 impact on automotive industry
- Continued strong demand for pharmaceutical ingredients and fuel cell catalysts





million €

E&ST H1 2020 performance

Revenues -8%; Adj. EBIT -47%; severe COVID-19 impact and higher fixed costs

Rechargeable Battery Materials

- Overall volumes of cathode materials lower YoY and materially lower than expected due to COVID-19
- Higher fixed costs related to recent and ongoing expansions
- Significant negative operating leverage
- Positive contribution of Kokkola activities acquired in Dec. ’19
- Construction of Nysa plant delayed due to COVID-19 restrictions; commissioning planned in H1 2021

Cobalt & Specialty Materials

- Most end-markets impacted by COVID-19
- Lower cobalt and nickel prices impacted refining & recycling activities

Electroplating recorded slightly higher revenues; revenues in **Electro-Optic Materials** were roughly stable

million €

Recycling H1 2020 performance

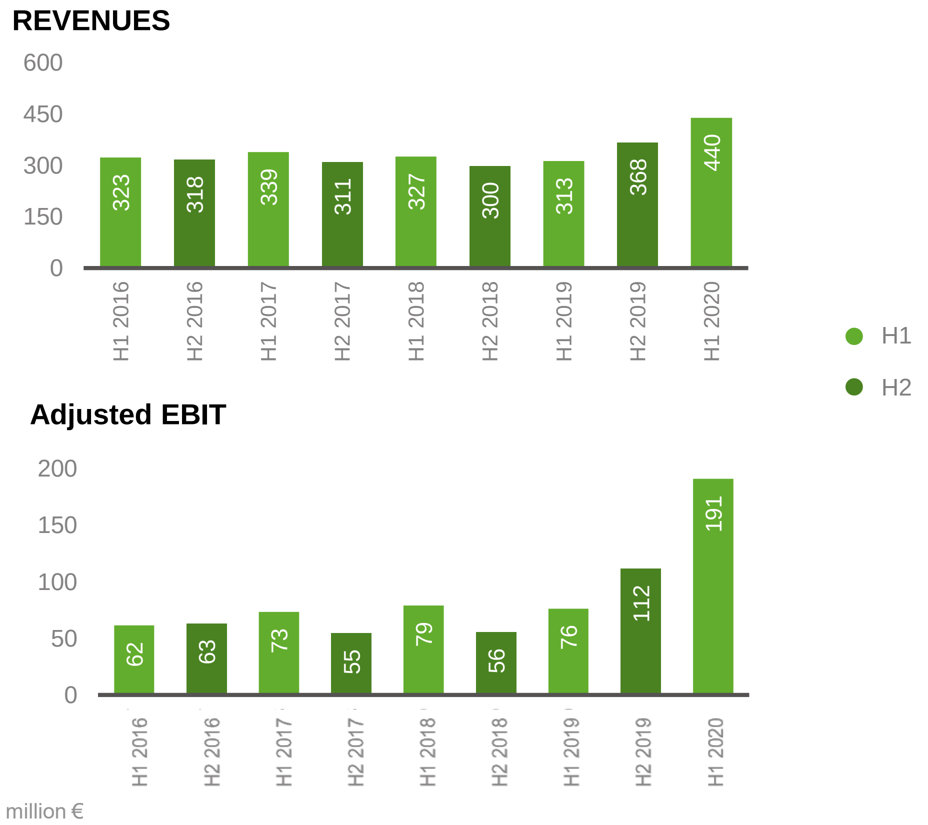
Revenues +40%; Adj. EBIT +150%; increased volumes, higher metal prices and favorable supply mix

Precious Metals Recycling

- Higher processed volumes (vs. extended maintenance in H1 19)
- Higher metal prices
- Robust supply conditions and optimization of input mix

Increased **Jewelry & Industrial Metals** revenues

Substantial earnings contribution from **Precious Metals Management**



Environmental focus on the Hoboken plant

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Lead in blood children

Multiple years of decreases with **2019** readings **historically low**, well below 5µg/dl norm

Unexpected increase in July 2020 readings, despite d**ust emissions well below the legal norm**

Root-cause investigations ongoing, exploring **solutions**, including the possibility of making an offer to **buy certain houses closest to the plant**

Fire incidents

Fire in **lead refinery** in March 2020

Small fire on the **roof of a waste water treatment section** in July

Root-cause investigations ongoing, increased focus on **prevention and fire protection**

Continue to dedicate substantial investments to the environment and intensify the **investment program** launched several years ago to **further reduce emissions**.

Reinforce **internal organization** and further **strengthen emergency planning** to protect the environment and to minimize the impact on the community. **Safe operations remain our top priority**.

Outlook

2020 outlook

Given the current evolution of the pandemic and the uncertainty it creates in Umicore's key end-markets, it remains impossible to provide a reliable quantified outlook for 2020.

Notwithstanding the very limited market visibility, Umicore continues to expect its **full year adjusted EBIT to be below the levels reached in 2019**.

CATALYSIS

2020 Adj. EBIT expected well below levels of 2019

H2 revenues and Adj. EBIT well above H1 levels, based on a scenario of 25% drop in global car production in 2020

ENERGY & SURFACE TECHNOLOGIES

2020 Adj. EBIT expected well below levels of 2019

H2 Adj. EBIT likely below H1 levels as inventory corrections in the rechargeable battery supply chain are expected to exacerbate the impact of weak trading conditions across business units

RECYCLING

2020 Adj. EBIT expected well above levels of 2019

H1 performance not to be extrapolated to H2:

- 4-week planned maintenance shutdown (PMR)
- Seasonality effects in other businesses

Long-term growth drivers remain intact

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ENERGY & SURFACE TECHNOLOGIES	COVID-19 stimuli plans aimed at a ‘green recovery’ in China and Europe China: Extension of NEV subsidy plan from 2020 until end 2022 and confirmation of increased mandatory NEV credit targets for 2021-2023 Europe: EU recovery plan predicated on European Green deal, including ambition towards zero-emission mobility. Stimuli packages in several countries (Germany, France, Spain) with subsidies for electrified vehicles
CATALYSIS	Tightening emission norms continue to be on the agenda in key regions, confirming the need for more complex automotive catalyst technologies going forward
RECYCLING	Resource scarcity and complexity of materials Path towards a more circular economy

H1 2020 financial review

Recycling results offset impact of automotive industry downturn on Catalysis and E&ST

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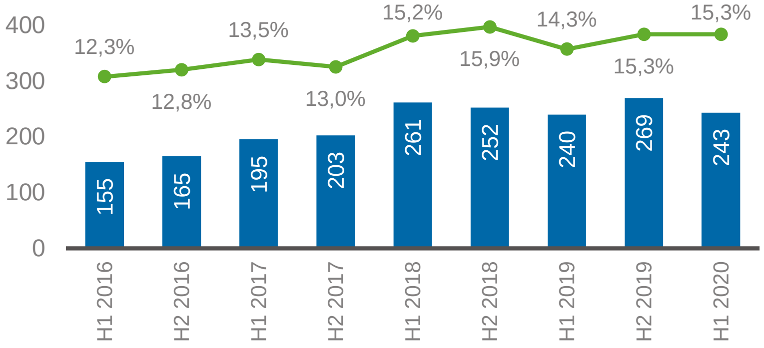
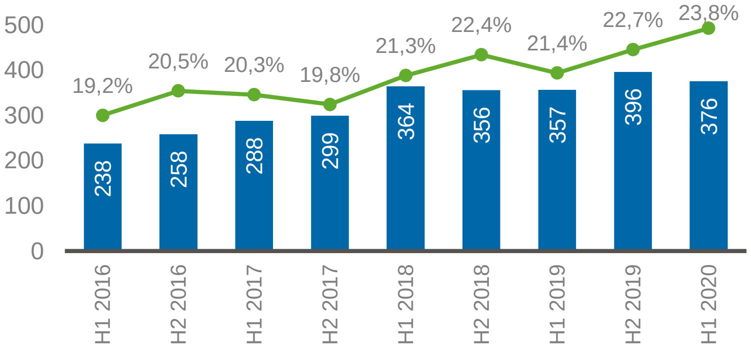
Adj. EBIT & Adj. EBIT margin



Adj. EBITDA & Adj. EBITDA margin



million €

Adjusted EBIT at € 243 million, in line with H1 19

- Stellar Adjusted EBIT growth in Recycling offset by decreases in Catalysis and E&ST
- € 16 million higher D&A charges year on year from recent investments & acquisition
- Increased Adjusted EBIT margin, supported by higher Recycling margin

Adjusted EBITDA increasing 5%

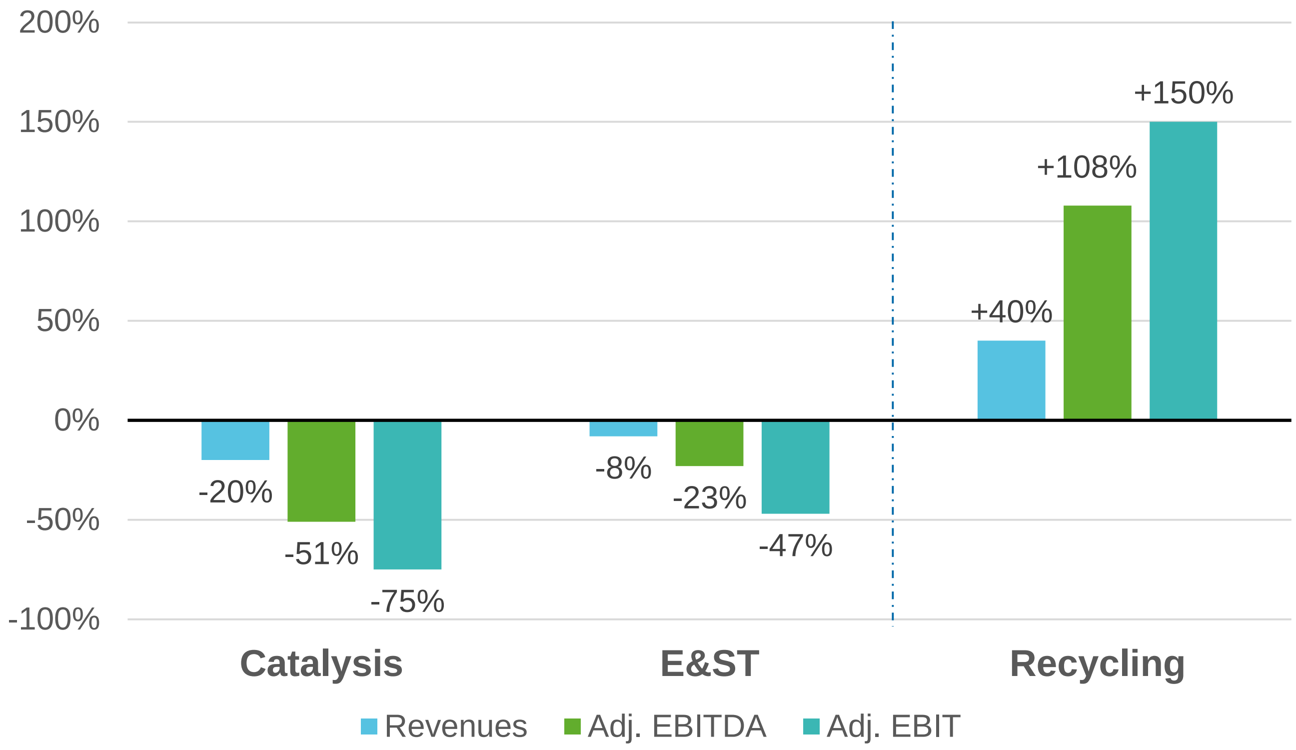
- Strong operating cash flow with second highest half year Adjusted EBITDA contribution of recent years
- High Adjusted EBITDA margin further increased in H1 20

Group, excluding discontinued activities, million €

Pronounced offsetting operating leverage effects

Negative in Catalysis and E&ST vs positive in Recycling

H1 YoY evolution



Group

Revenues -4%

Adj. EBITDA +5%

Adj. EBIT +1%

Full P&L

Million €	H1 2020	H1 2019
Adjusted EBIT	243.0	239.6
- Net finance cost	(44.5)	(39.2)
- Adjusted Tax	(47.5)	(46.2)
Adjusted net result	151.1	154.1
- Minorities	(2.7)	(3.1)
Adjusted net result Group share	**148.4**	**151.0**
Adjusted EPS	*0.62*	*0.63*
Adjustments to net result Group share	(57.5)	(2.7)
Net result Group share	**90.9**	**148.3**

Stable Adjusted net Group result and Adjusted EPS, reflecting stable operating income

Higher interest charges on the back of higher financial debt, partly offset by lower forex costs

Stable adjusted tax charge and stable effective adjusted group tax rate (24.3%)

Substantial adjustments in response to COVID-19

EBIT adjustments

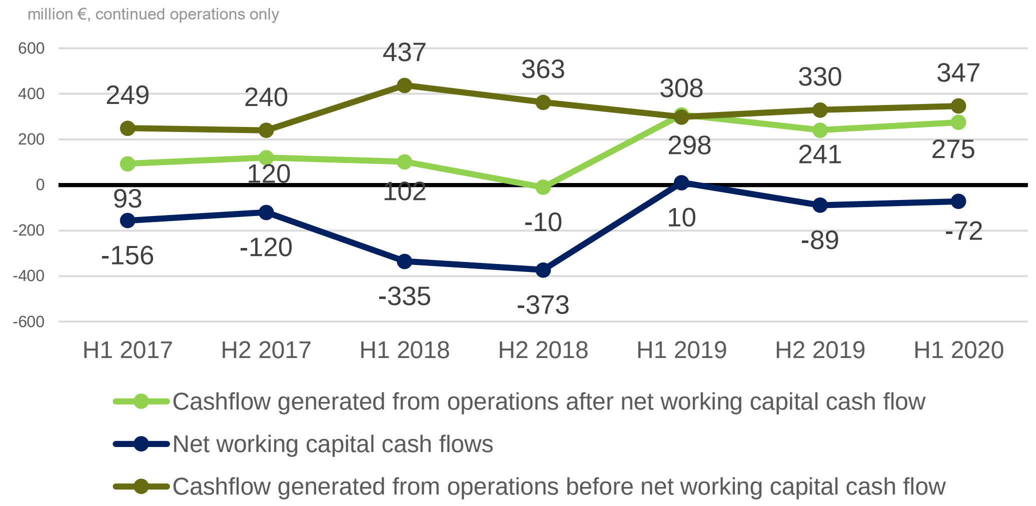
	H1 2020
Restructuring-related charges	(30.9)
Selected non-current asset impairments	(31.5)
Other adjustments	(9.9)
Total EBIT adjustments	**(72.3)**
Adjustment to tax result	13.6
Adjustment to minorities	1.2
Net adjustments (Group Share)	(57.5)

million €

EBIT adjustments of - € 72 million :

- Reflects impact of COVID-19
- Combination of :
  - impact from restructuring measures (€ 31 million); and
  - impairment of selected non-current assets (€ 31 million)
- € 48 million non-cash charges, € 24 million cash-nature items
- Additional sizeable adjustments may be required in H2 20

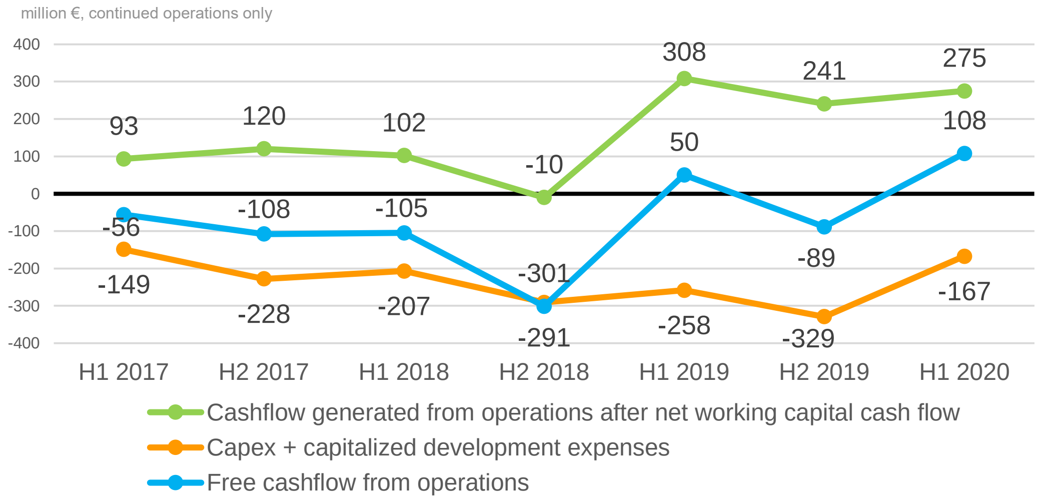
Increase in free operating cash flows



Cash flow from operations before changes in working capital up at € 347 million

Increase in cash working capital of € 72 million mostly driven by higher precious metal prices

Cash working capital increase in Catalysis and Recycling, partly offset by decrease in E&ST



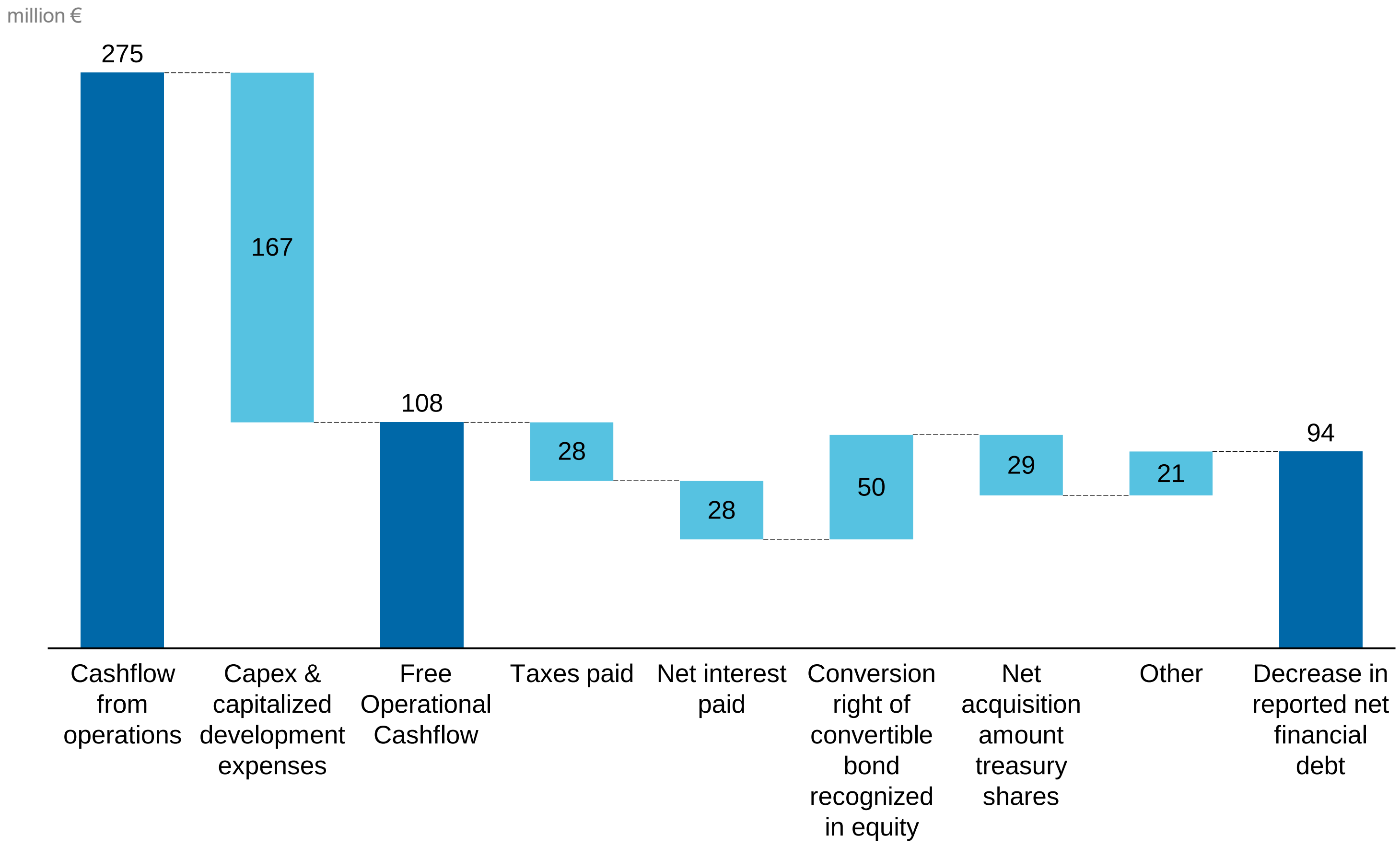
*Free cashflow from operations = cashflow generated from operations – capex & capitalized development expenses

Free cash flow from operations up at € 108 million

More than double last year's number

Capex delayed in view of market context
(€ 152 million vs € 241 million in H1 19)

Net cash flow bridge



Free operating cashflow of € 108 million translating in similar decrease in reported net financial debt (€94 million) versus start of the year

Includes € 50 million portion of convertible bond accounted for as equity

Combined cash out related to net interest charges and taxes below level of H1 19

Benefiting from absence of final 2019 dividend payout

Further strengthening and diversification of funding base

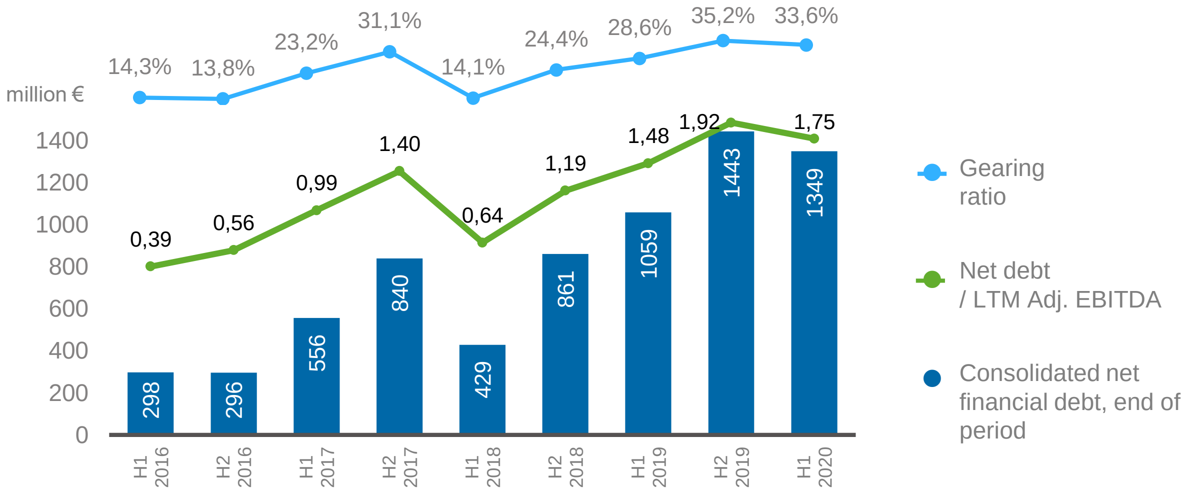
Stable net financial debt of € 1,349 m, slightly below the level of end 2019

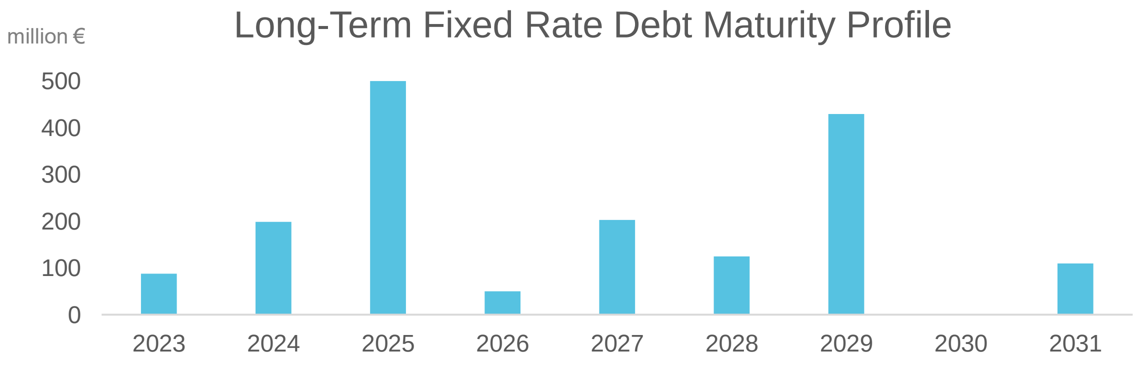
Corresponds to robust credit ratios :

- **Net debt / LTM Adjusted EBITDA ratio of 1.75x**
- **Net gearing ratio of 34 %**

Further extended strong liquidity base in June :

- **€ 125 m 8-year EIB loan**
- **€ 500 m 5-year convertible bond**
- **€ 1.2 bn cash on balance sheet at 30 June in addition to appr. € 1 bn of committed undrawn credit lines**





Wrap-up

Wrap-up

Umicore's priority remains to keep its employees healthy and ensure safe working conditions

Strong performance in Recycling offset COVID-19 impact in Catalysis and Energy & Surface Technologies

Resilient H1 20 results, in most challenging context ever faced, highlight merits of complementarity of activities within portfolio

Portfolio of complementary activities, prudent liquidity management and disciplined investment approach make Umicore well equipped to maintain its strategic course and emerge stronger from this crisis

Long-term strategic drivers remain intact, supporting growth opportunities in clean mobility and recycling

Q&A

Financial calendar

21 August 2020	**Ex-interim dividend trading date**
24 August 2020	**Record date for the interim dividend**
25 August 2020	**Payment date for the interim dividend**