

## TRADING UPDATE Q3 2016

### Highlights

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Revenues were up 7% compared to the third quarter last year, reflecting solid growth across the business groups.

In Catalysis, revenues were up by 10% driven largely by strong growth in Automotive Catalysts for both light-duty vehicles and heavy-duty diesel applications. Revenues in Energy & Surface Technologies were up by 8% primarily due to the continued rise in demand for Rechargeable Battery Materials used in the transportation segment. The 7% revenue increase in Recycling mainly reflects higher processed volumes and solid supply conditions in Precious Metals Refining.

The Group's strategic growth investments are on track. The construction of the new automotive catalyst production plant in Thailand was completed and first deliveries are expected in the first quarter of 2017. The expansion program to triple capacity for NMC cathode materials in China and Korea by the end of 2018 is underway and the ongoing smaller capacity expansion projects in China will be commissioned before the end of 2016.

The scheduled maintenance shutdown of the smelter in Hoboken will be brought forward to December 2016. While this will affect processed volumes for 2016, it will not impact the overall ramp-up plan.

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### Outlook

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Umicore expects full year recurring EBIT to be in the previously guided range of €345 to €365 million\* despite the effect of the rescheduled shutdown of the Hoboken smelter at the end of the year.

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\*Including the contribution of Zinc Chemicals for the full year

Note: All comparisons are made with the third quarter of 2015, unless mentioned otherwise.

## Catalysis

Revenues for Catalysis were up 10% driven mainly by strong growth in Automotive Catalysts.

Revenues for **Automotive Catalysts** were higher year on year, both for light-duty vehicles and heavy-duty diesel applications. In the light-duty vehicles segment, solid demand was recorded for Umicore's catalysts, particularly for gasoline engines. Demand for catalysts for heavy-duty diesel vehicles was well up in Europe and Asia.

The global light-duty vehicle market showed substantial growth of 5% year on year, driven by the Chinese car market which grew by 21% compared to a weak third quarter in 2015. Umicore's revenues grew faster than the market, while Umicore's volumes grew in line with the market.

In Europe, Umicore's volumes and revenues strongly outperformed the market, which after several quarters of growth, fell by 1.6%, with diesel losing some ground to gasoline. Demand for Umicore's gasoline catalysts was strong, due to good exposure to successful gasoline platforms, in particular the more efficient direct injection gasoline engines.

In North America, Umicore's volumes and revenues did not follow the 1.6% market growth, which was mainly driven by Asian OEMs to which Umicore is less exposed. In South America, volumes and revenues were down in line with the depressed market.

The car market in China grew substantially compared to the third quarter of 2015 when zero growth was recorded. Umicore strongly outperformed the market both in volumes and revenues mainly due to a strong exposure to global car manufacturers which have been outgrowing local brands.

In South Korea, Umicore's volumes and revenues were down in line with the market, which was impacted by strikes at the major car manufacturers. In Japan, volumes and revenues exhibited good growth and Umicore further increased its market share with Japanese OEMs globally.

In Thailand, the construction of the new catalyst production plant was completed in the third quarter, as planned, and commissioning has started. First deliveries are expected in the first quarter of 2017.

Revenues for **Precious Metal Chemistry** increased year on year driven by higher demand for organic compounds for life science applications and – to a lesser extent – inorganic chemicals used in catalytic applications. Order levels for active pharmaceutical ingredients were lower year on year due mainly to the timing of customer orders.

## Energy & Surface Technologies

Revenues for Energy & Surface Technologies increased by 8% reflecting primarily strong growth in Rechargeable Battery Materials and – to a lesser extent – higher demand in the Cobalt & Specialty Materials and Electroplating business units.

Revenues and volumes for **Rechargeable Battery Materials** continued to grow and were well up year on year. This reflects strong growth in demand for Umicore's NMC (nickel manganese cobalt) cathode materials used in the transportation segment. With its diversified and global customer base and its wide range of NMC cathode materials, Umicore is benefiting from the market penetration of electrified vehicles globally and the trend towards larger batteries to further increase driving range. Shipments of Umicore's high energy LCO (lithium cobaltite) cathode materials for high-end portable devices continued to be solid.

The recently announced € 160 million expansion program to triple capacity for NMC cathode materials in China and Korea is underway and new capacity will gradually come on stream as of the second half of 2017. The ongoing smaller capacity expansion projects in China will be commissioned before the end of 2016.

Revenues for **Cobalt & Specialty Materials** increased year on year reflecting a higher contribution from cobalt and nickel refining and the ceramics and chemicals activity.

In the refining activity, the impact of lower nickel and cobalt prices was more than offset by volume growth. Revenues for ceramics & chemicals benefited from a greater contribution from the distribution activities in Europe and US where strong volume growth was recorded. Demand for nickel sulphates for battery and plating applications was also higher. Revenues for tool materials were lower in a highly competitive market.

Revenues for **Electroplating** were well up year on year reflecting higher sales volumes across product groups. Order levels for decorative applications increased mainly on the back of the pink gold coatings trend for fashion jewellery. Sales volumes of precious metals based electrolytes were driven by solid demand from the portable electronics segment while revenues from coating products used in printed circuit boards benefited from a good customer mix.

Revenues for **Electro-Optic Materials** were down year on year primarily due to a reduced contribution from the recycling and refining activity. Order levels in the product businesses were somewhat lower, in line with market demand.

**Thin Film Products** recorded lower revenues year on year as a result of competitive pressure in the large area coating activity while demand for the optics and electronics products remained strong. The new facility in China for the production and recycling of ITO targets is ramping up production.

## Recycling

Revenues for Recycling increased by 7% as a result of higher processed volumes in Precious Metals Refining and higher revenues for the Jewellery & Industrials Metals and Platinum Engineered Materials business units.

Revenues for **Precious Metals Refining** were up year on year reflecting higher processed volumes as throughput increased following the recent expansion investments. Metal prices had no material impact on the revenue evolution as the impact of higher prices for gold, silver and some PGMs was more than offset by lower prices and subdued demand for certain specialty metals. Supply remained solid throughout the quarter, with large quantities of complex residues coming from the non-ferrous refining and mining industries.

The smelter in Hoboken will be shut down for maintenance in December, somewhat ahead of schedule. While this will impact processed volumes for 2016, it will facilitate the commissioning of the new investments and will not affect the overall ramp-up plan.

**Jewellery & Industrial Metals** recorded higher revenues year on year driven by a stronger contribution from the recycling activity, which was supported by higher metal prices. The product businesses, however, recorded lower revenues mainly due to lower demand for investment products.

Revenues for **Platinum Engineering Materials** were up year on year driven by higher order levels for glass applications. Demand for platinum gauzes used in the fertilizer industry was stable.

The contribution from **Precious Metals Management** was stable.

Revenues for **Technical Materials** were slightly up year on year despite severe competitive pressure. Earnings were further supported by strong cost control and productivity measures.

## Corporate

While the contribution from **Element Six Abrasives** was higher in the quarter, year-to-date contribution remains significantly lower. There was a modest quarter on quarter improvement in demand for oil and gas drilling while sales of materials used in the mining sector were stable year on year. Order levels for precision tools used in consumer electronics were below the strong level of the third quarter of 2015.

## Discontinued operations

Revenues for **Zinc Chemicals** were down year on year, primarily as a result of lower demand for fine zinc powders used in protective coatings. Order levels for zinc battery materials and zinc oxides were stable, while the higher zinc price supported refining margins.

Revenues for **Building Products** were down year on year, mainly as a result of lower demand in Europe, in particular in France. Sales volumes in the markets outside Europe also decreased due to the delay of new building projects.

Umicore has formally lodged two appeals against the decision and fine pronounced by the French Competition Authority in June 2016 relating to the sales of zinc cladding materials and rainwater systems.

## For more information

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## Umicore profile

Umicore is a global materials technology and recycling group. It focuses on application areas where its expertise in materials science, chemistry and metallurgy makes a real difference. Its activities are organised in three business groups: Catalysis, Energy & Surface Technologies and Recycling. Each business group is divided into market-focused business units offering materials and solutions that are at the cutting edge of new technological developments and essential to everyday life.

Umicore generates the majority of its revenues and dedicates most of its R&D efforts to clean technologies, such as emission control catalysts, materials for rechargeable batteries and recycling. Umicore's overriding goal of sustainable value creation is based on an ambition to develop, produce and recycle materials in a way that fulfils its mission: materials for a better life.

The Umicore Group has industrial operations on all continents and serves a global customer base; it generated a turnover of €5.2 billion (€1.4 billion excluding metal) in the first half of 2016 and currently employs 10,400 people.

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A conference call and audio webcast will take place today at 09:30 CET in Brussels. Please visit:  
<http://www.umicore.com/en/investors/news-results/press-releases/20161010calendarq3-2016en/>

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