



umicore
materials for a better life

Umicore H1 2019 performance

31 July 2019

RESTORIUM DO
MARZANIA PRÓB



Overview

Highlights H1 2019

2019 outlook

H1 2019 business review

Financial review

Wrap up

Q&A



Highlights H1 2019

Robust performance in challenging market conditions and compared to record levels in 2018

Catalysis: substantially outperforming automotive market

E&ST: disciplined approach to capital spending, adapting to short-term fluctuations in demand

Recycling: significant improvement in throughput rates following last wave of investment

Free Cash Flow of € 50 m (- € 104 m in H1 18); cashflow from operations of € 308 m (€ 102 m in H1 18) including stable working capital

Successful placement of € 390 m private debt at low fixed interest rates

Interim dividend of € 0.375

Committed to long-term strategy in clean mobility materials and recycling

Important steps taken to expand integrated and sustainable battery materials value chain in Europe

Agreement to acquire Freeport Cobalt's refining and cathode precursor activities in Finland

Long-term partnership with Glencore for sustainable cobalt supply

Capacity expansions supporting growth in Automotive Catalysts; greenfield sites under construction in China and Poland for battery materials

Continued investments in R&D

H2 2019 perspectives



CATALYSIS

Strong performance expected despite persisting headwinds in automotive industry

Market share gains in gasoline

Benefitting from cGPFs in Europe and China

Capacity expansions in Poland, China and India

Revenue growth in Precious Metals Chemistry



ENERGY & SURFACE TECHNOLOGIES

Volume growth expected in cathode materials

Full impact of subsidy cuts on EV demand in China

Potential pick-up in demand for ESS

Lower demand from portable electronics and e-buses

New capacity in China, at an adapted pace

Higher D&A and upfront greenfield costs

Persisting low cobalt price



RECYCLING

Continued increase of throughput rate and favorable supply environment

Annualized processed volumes well above 2018 record level

Favorable supply environment

Tailwinds from metal prices

July fire in Hoboken (REBIT impact of about € 10 m)

2019 outlook confirmed

Umicore confirms its outlook of recurring EBIT for the full year 2019 in a range of € 475 million to € 525 million, assuming no material further deterioration of the macroeconomic environment



CATALYSIS

Recurring EBIT to grow year on year



ENERGY & SURFACE TECHNOLOGIES

Recurring EBIT well below the level of last year



RECYCLING

Recurring EBIT to grow year on year



H1 2019 business review



Catalysis H1 2019 market context



Strong headwinds in the automotive industry

Global light-duty vehicle production contracted by 6.7% year on year

China down 12.1%

Europe down 6.4%

North America down 3.6%

China, the world's largest car market, significantly declining since H2 2018 after years of strong growth

Falling diesel production in Europe (-13%), share of 36% of car production in the region

No concrete signs of immediate recovery



Catalysis H1 2019 performance



Revenues +1% and stable REBIT; in strong contrast with declining auto market

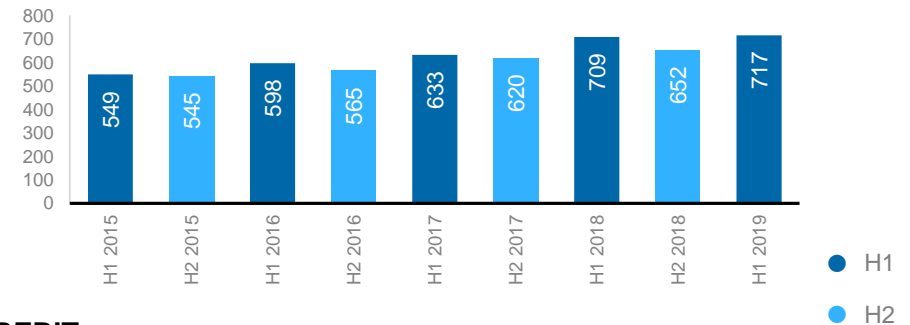
Automotive Catalysts (~90% Catalysis revenues)

- Market share gains in light duty gasoline
- Growing penetration of cGPFs
- Good customer and platform mix esp. in China
- Higher revenues in heavy-duty diesel

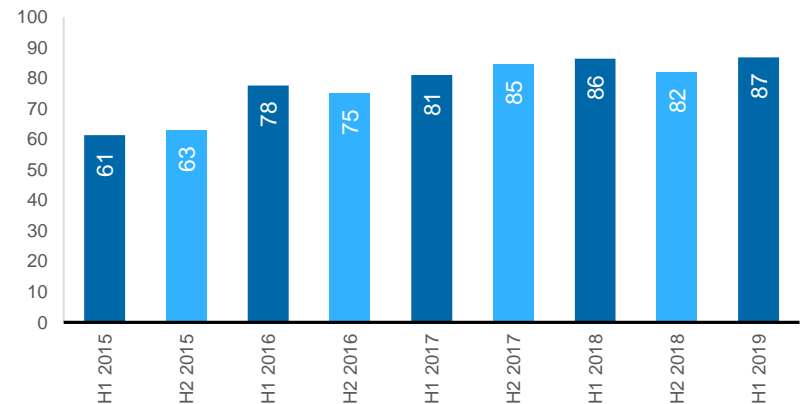
Precious Metals Chemistry

- Strong demand from pharmaceutical and chemical industries
- Higher revenues from fuel cell catalysts

REVENUES



REBIT



million €



Strong growth drivers in Catalysis

Tightening emission norms for LDV and HDD, in particular in China, Europe and India

Significant value uplift especially in gasoline catalysts

Increasing share of gasoline platforms in the global mix

Increasing uptake of fuel cell drivetrains

Umicore best positioned to capture growth in growing gasoline segment

Largest share of cGPF platforms won in China and Europe

Umicore well positioned to capture growth in HDD segments

Umicore expanding capacity in fuel cells



E&ST H1 19 market context



Slowing growth pace of demand for cathode materials and lower metal prices

Transportation: slowdown in EV demand in China, the world's largest EV market

ESS in Korea: production of new systems halted after safety incidents

Subdued demand for high-end portable electronics

Depressed cobalt price and inflow of unethically sourced artisanal cobalt

Excess customer inventories of high-cobalt containing products



E&ST H1 19 performance



Revenues -7%; REBIT -16% reflecting slowdown in demand and lower metal prices

Rechargeable Battery Materials

Lower NMC for ESS and LCO sales
Flat demand for automotive applications

Recycling and refining activities hit by lower metal prices

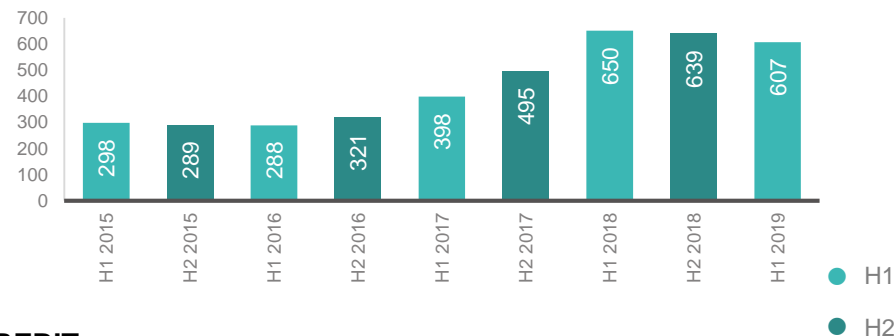
Cobalt & Specialty Materials

Customer destocking of excess inventories
Activities impacted by low metal prices
Inflow of cheaper unethically sourced artisanal cobalt

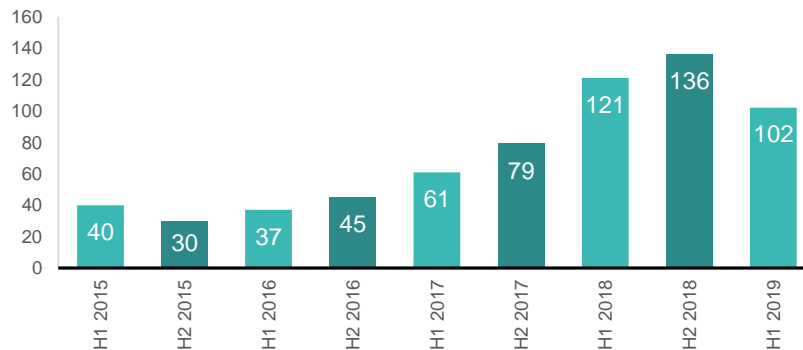
Revenues for **Electroplating** slightly down; stable for **Electro-Optic Materials**

Battery materials value chain is ~70% E&ST revenues

REVENUES



REBIT



million €



Strong growth drivers for E&ST

Electrification and technology differentiation

Electrification confirmed as the main avenue to drastically reduce vehicle emissions in mid & long term

Strongly supported by legislation:

Continued regulatory push in China despite earlier than anticipated subsidy cuts

CO₂ legislation in Europe

and evidenced by the massive roll-out of car OEM's e-mobility strategies

Technology roadmap offers ample room for innovation and differentiation:

Product: range, charging times, durability

Process: ability to scale up fast, cost efficient and flexible processes, quality consistency

Closed loop offering

Umicore ideally positioned to address the long-term requirements of this industry, while managing short-term fluctuations with agility



Expanding integrated and sustainable battery materials supply chain



Agreement to acquire Freeport Cobalt's refining and cathode precursor activities in Finland

Fully integrated and sustainable battery materials supply chain in Europe

To support Umicore's and its customers' European growth plans

Supply precursors for cathode materials production in Poland, due to start in H2 2020

Complementary IP and know-how for refining and precursor production

Team of experienced battery industry professionals

Acquisition earnings accretive from 2020 and value accretive from 2021

Closing subject to customary conditions and approvals

Partnership with Glencore for sustainable cobalt supply

Long-term supply guarantee for substantial part of our cobalt needs

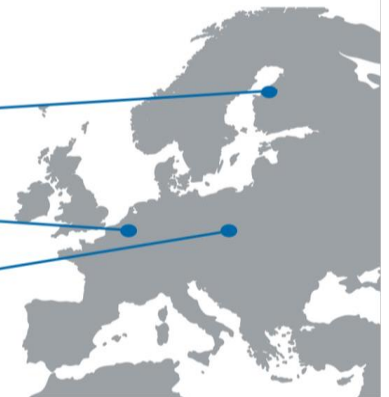
Cobalt sourced from state-of-the-art industrial mining operations, then shipped to our refineries globally

Umicore battery supply chain in Europe

Kokkola (Finland):
cobalt refinery and
precursor production

Olen (Belgium):
R&D
Hoboken (Belgium):
battery recycling

Nysa (Poland):
cathode materials
production





Recycling H1 2019 market context

Supportive market environment



Strong supply mix

Increased availability of complex materials, in particular end-of-life materials

Stricter enforcement of import ban of e-scrap in China

High volumes of more complex spent catalysts

Higher prices for certain PGMs



Recycling H1 2019 performance



Revenues and REBIT -2%(*) due to extended maintenance shutdown

Precious Metals Recycling (~70% Recycling revenues)

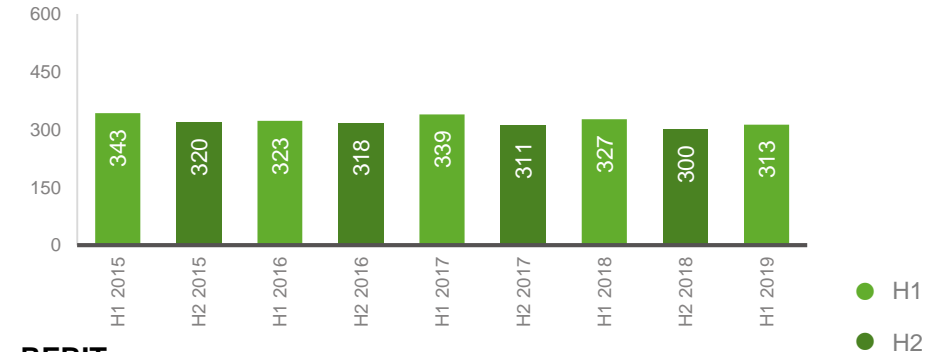
Better throughput rates following latest wave of investments in Hoboken

Lower processed volumes due to extended scheduled shutdown

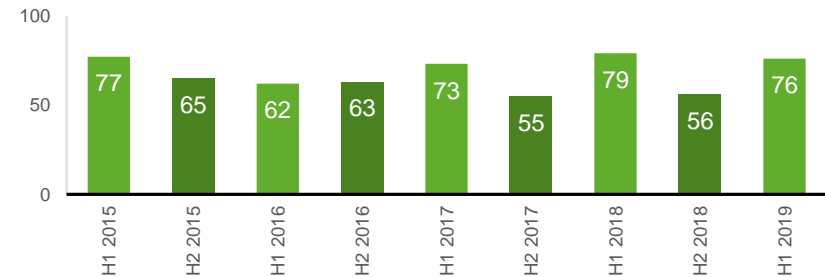
Better supply mix and higher metal prices

Revenues for **Jewelry & Industrial Metals** slightly up; higher earnings contribution from **Precious Metals Management**

REVENUES



REBIT



(*) excluding the impact of the divestment of the European activities of Technical Materials at the end of January 2018



Strong drivers for Recycling

Increasing resource scarcity
and need for closing the loop

Growing complexity of
materials to recycle

Eco-efficient recycling
processes are becoming the
norm

Umicore uniquely positioned to
capture growth in this segment
as the world's largest and most
complex precious metal
recycler with world class
environmental and quality
standards

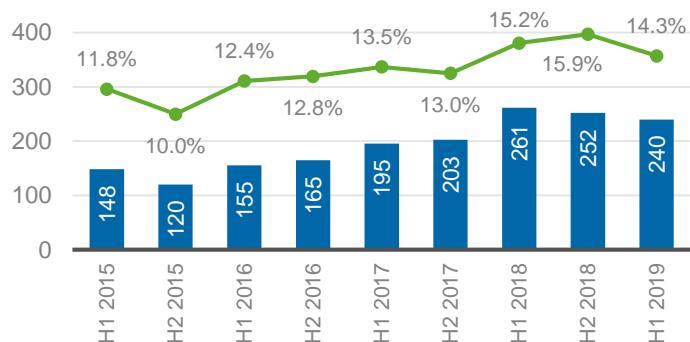


Financial review

Robust performance in a challenging environment



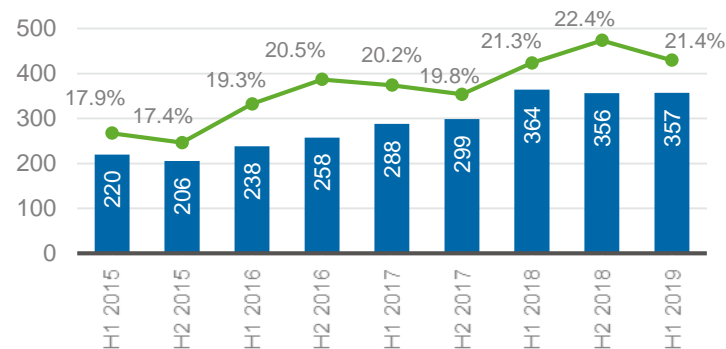
REBIT & REBIT margin



Down compared to a record H1 18 and resilient sequential performance

	vs H1 18	vs H2 18
Revenues	- 3 %	+ 3 %
Recurring EBIT	- 8 %	- 5 %
Recurring EBITDA	- 2 %	=

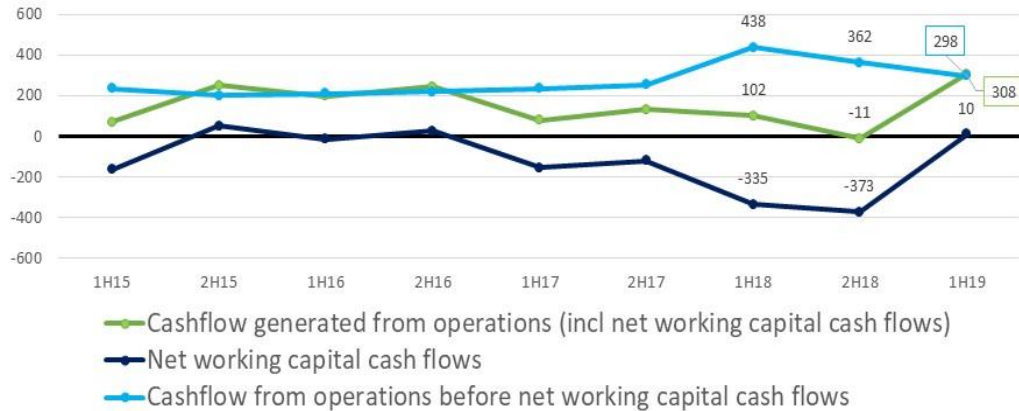
REBITDA & REBITDA margin



Robust margin performance despite higher costs (D&A and greenfield expansions) :

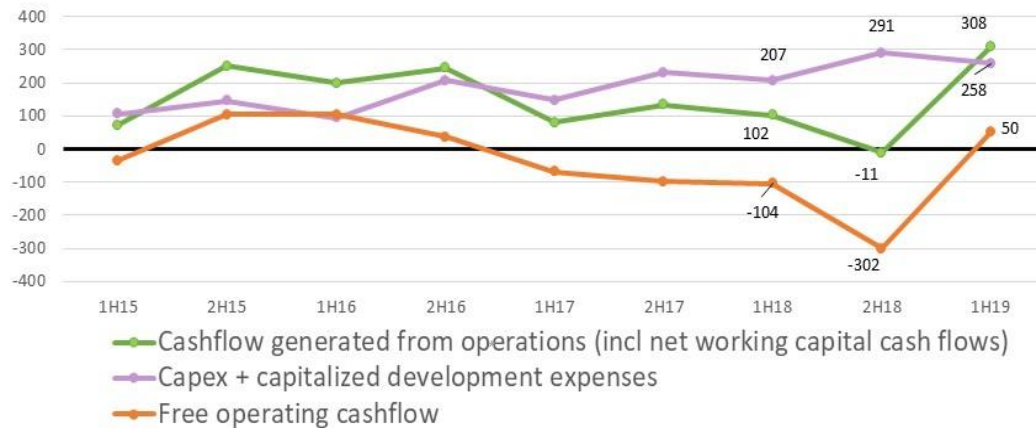
Recurring EBIT margin of 14.3%
 Recurring EBITDA margin of 21.4%
 Adoption of IFRS 16 lease standard increasing D&A and recurring EBITDA by € 7.3 million
 ROCE of 12.3% reflecting impact of recent investments

Stronger free operating cash flows



Cashflow generated from operations tripled compared to H1 18 and highest in recent years

Stable net working capital in 1H19 versus last year's strong increase



Higher capex (€ 241 m) of which two thirds in E&ST

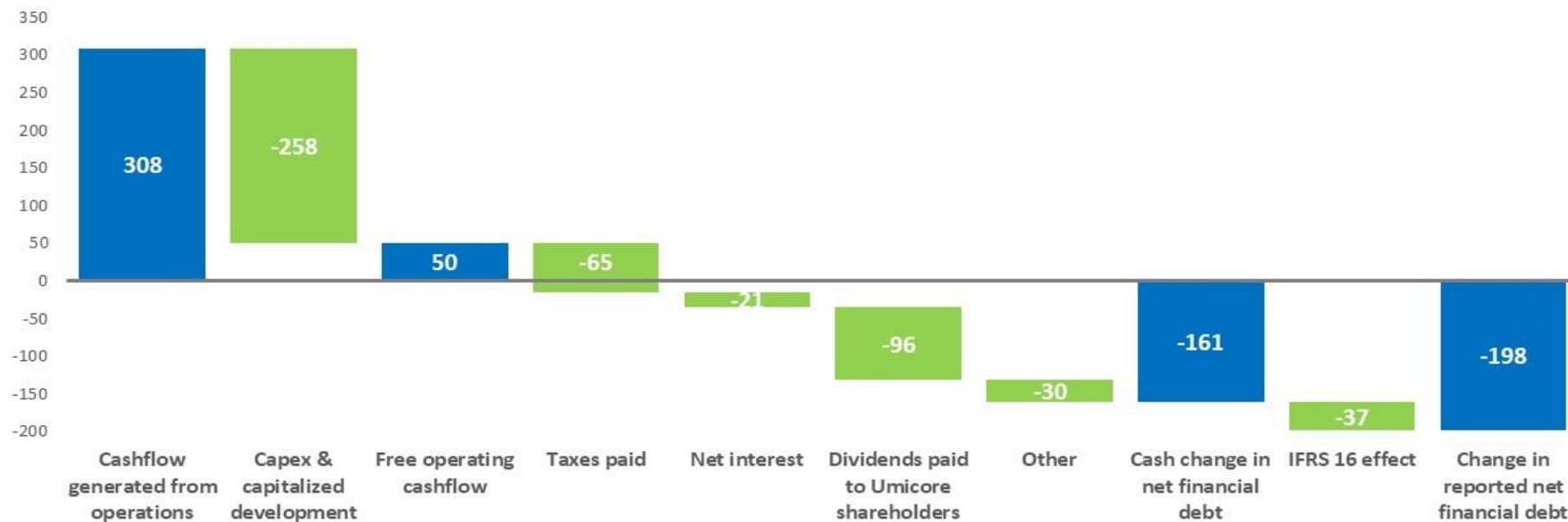
Complemented by increased capitalized development expenses (€ 17 m) also mostly in E&ST

Substantial improvement in free operating cashflow year on year (€ 50 m in H1 19)

Full year projected capex of appr. € 600 m and targeting stable working capital

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

Net cash flow profile



Free operating cashflow of € 50 m
(- € 104 m in H1 18)

Tax and net interest cash out of € 86 m
(€ 88 m in H1 18)

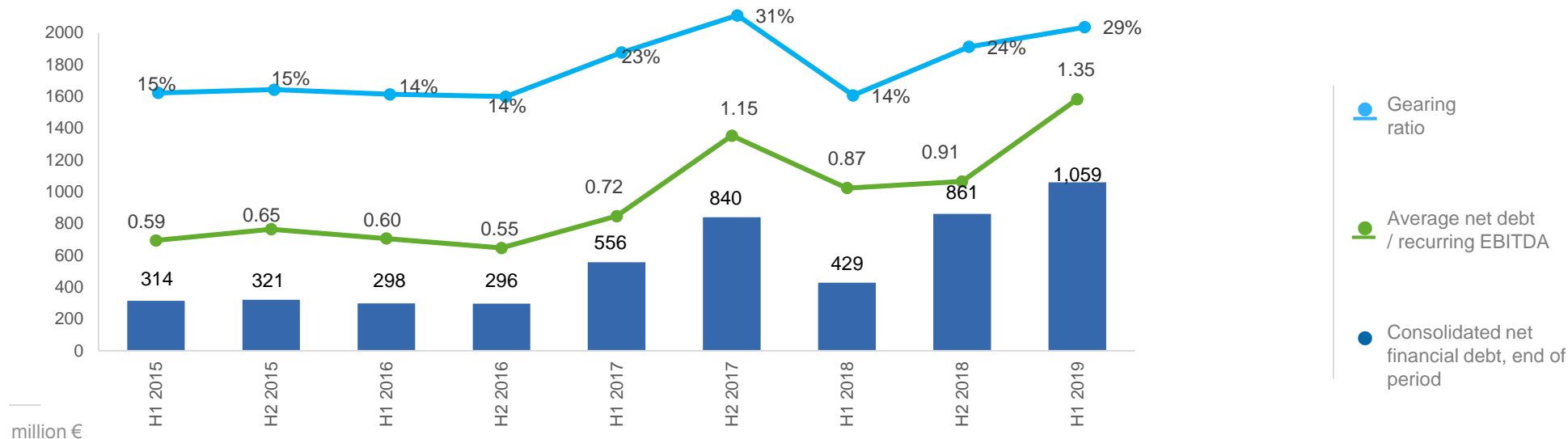
Higher dividend pay-out to Umicore shareholders
(€ 96m vs € 91m in H1 18)

Non-cash increase in net financial debt of € 37 m from IFRS 16 adoption

* Cashflow generated from operations includes net working capital cash flows

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

Maintaining a strong capital structure



Net financial debt € 1,059 m

Modest impact from the adoption of IFRS 16 due to limited use of operating leases (€ 37 m)

Corresponds to :

1.35 x average net debt to recurring EBITDA ratio

29% net gearing ratio

Ample funding headroom to execute growth strategy, no need for additional capital injection

Further extended funding base

Issuance of € 390 m US private placement notes,
complementing existing committed credit facilities :

Historically low, fixed interest rates

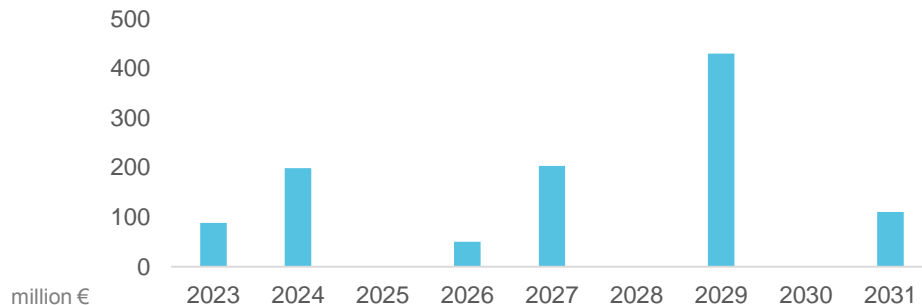
Maturities of 7, 10 and 12 years

Expected drawdown in September

Total of committed medium and long term debt facilities
amounting to € 1,875 million.

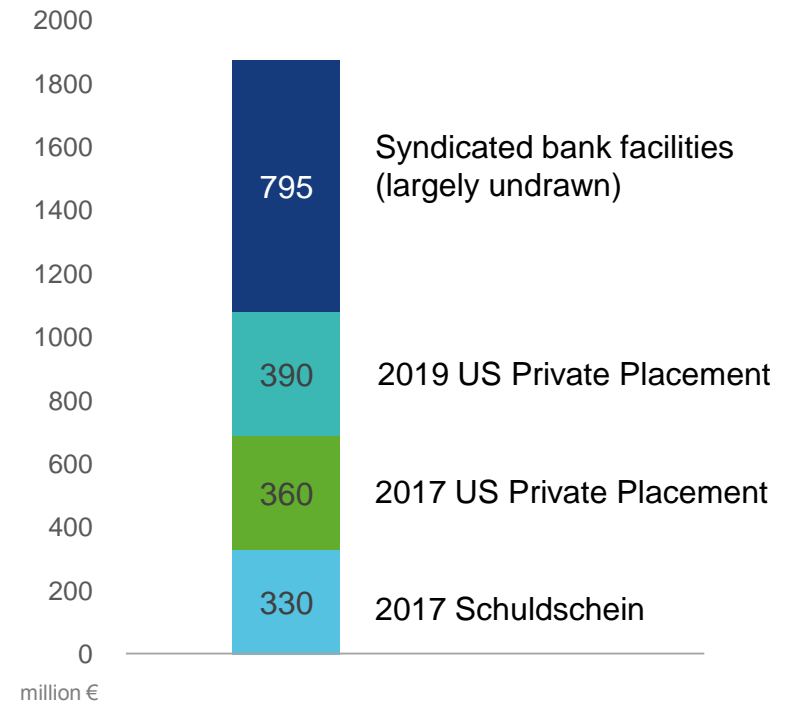
No major maturities before 2029

Debt maturity profile



Committed medium & long term facilities

Total of € 1,875 m



Accounting changes and non-recurring items

Adoption of IFRS 16 lease agreements standard

Adoption of IFRIC 23 Interpretation on uncertain tax positions

Change in valuation principles of permanently tied-up metal inventories :

Existing separate inventory category of metal stock with indefinite use required to run operations without business interruptions

Change from LOCOM to IAS 16 & IAS 36 rules to reduce future non-cash and non-recurring earnings volatility without underlying commercial and operational performance relevance

Market value of Group's total permanently tied-up metal inventories double current book value

Limited negative non-recurring EBIT items (€ 3 m)



Wrap-up

Wrap-up

Performance in H1 and outlook for the full year in line with guidance provided in April

Robust H1 performance in challenging market conditions

Catalysis: substantially outperforming the automotive market

E&ST: adjusting capital spending to current slower pace of growth

Recycling: significant improvement in throughput rates

Drivers behind growth strategy in clean mobility materials and recycling intact

Dealing with agility in challenging market conditions while consistently executing long-term strategy

Robust performance and strong balance sheet providing ample room to fund growth, R&D investments and dividends



Q&A

Financial calendar

27 August 2019

Payment date for the interim dividend

7 February 2020

Full Year Results 2019

30 April 2020

Ordinary General Meeting of Shareholders



Forward-looking statements

This presentation contains forward-looking information that involves risks and uncertainties, including statements about Umicore'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 Umicore.

Should one or more of these risks, uncertainties or contingencies materialize, or should any underlying assumptions prove incorrect, actual results could vary materially from those anticipated, expected, estimated or projected.

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