# HALF YEAR RESULTS 2017

## Highlights

Umicore recorded a strong performance in the first half of 2017 generating revenue and earnings growth in all segments. Revenues excluding discontinued operations were up by 13% while recurring EBIT was up by 26%. The most significant growth was generated in Energy & Surface Technologies, as a result of the surge in customer demand for Umicore's cathode materials for rechargeable batteries used in automotive applications.

- Revenues of € 1.5 billion (+7%) or € 1.4 billion (+13%) excluding discontinued operations
- Recurring EBITDA of € 296 million (+14%) or € 288 million (+21%) excluding discontinued operations
- Recurring EBIT of € 204 million (+16%) or € 195 million (+26%) excluding discontinued operations
- ROCE of 15.9% (versus 14.6% in the first half of 2016)
- Recurring net profit (Group share) of € 134 million (+20%)
- Recurring EPS of € 1.23 (+19%)
- Net debt at € 556 million corresponding to a gearing ratio of 23.2%

Umicore's strategy to be a clear leader in clean mobility materials and recycling is underpinned by significant organic investments and acquisitions that enable a growth acceleration. The investment programme to increase production capacity for cathode materials six-fold is making excellent progress and the first additional production lines will be commissioned towards the end of the year. In Catalysis, the acquisition of full ownership of the Ordeg joint venture in Korea and the agreement to acquire the heavy-duty catalysis activities of Haldor Topsoe will further enhance Umicore's position in the light and heavy-duty segments respectively.

Umicore also made further progress in streamlining its portfolio in the first half and, in May, entered into exclusive negotiations to sell its Building Products activities.

Umicore successfully diversified its sources of debt financing and extended the duration of its debt profile through a combination of private debt placements in Europe and in the US for a total amount of close to € 700 million and maturities of 7 to 12 years.

Umicore has decided to stop issuing quarterly trading updates. Management will continue to interact with investors to address strategic themes and discuss the progress towards Umicore's long-term ambitions.

An interim dividend of € 0.65 per share will be paid out in August. In line with the dividend policy, the amount corresponds to half the annual dividend declared for the financial year 2016.

## Outlook

Umicore expects full year recurring EBIT to be at the high end of the previously guided range of € 370 million to € 400 million assuming current market conditions continue to prevail. Excluding discontinued operations, this equates to the high end of a range of € 355 million to € 385 million.

Note: In accordance with IFRS 5 no depreciation charges were recognized for the discontinued operations. All comparisons are made with the first half of 2016, unless mentioned otherwise. All Group KPIs include the discontinued operations, unless mentioned otherwise. In the first half of 2016 Zinc Chemicals contributed six months to the KPIs of discontinued operations and was sold effectively on 1 November 2016.

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## Key figures
(in million €)

| | H1 2016 | H2 2016 | H1 2017 |
|---|---|---|---|
| Turnover* | 5,165.2 | 5,920.7 | 6,469.3 |
| Revenues (excluding metal) | 1,354.4 | 1,313.1 | 1,453.5 |
| Recurring EBITDA | 258.8 | 268.0 | 296.2 |
| Recurring EBIT | 175.7 | 175.0 | 203.6 |
| of which associates | 7.6 | 10.7 | 12.1 |
| Non-recurring EBIT | (67.6) | (42.6) | (14.6) |
| IAS 39 effect on EBIT | (3.5) | (5.5) | (2.9) |
| Total EBIT | 104.6 | 126.9 | 186.1 |
| Recurring EBIT margin | 12.4% | 12.5% | 13.2% |
| Average weighted net interest rate | 1.80% | 1.74% | 2.28% |
| Effective recurring tax rate | 25.6% | 24.5% | 25.8% |
| Recurring net profit, Group share | 111.4 | 121.4 | 134.0 |
| Net profit, Group share | 45.6 | 85.1 | 119.4 |
| R&D expenditure | 78.2 | 77.7 | 89.1 |
| Capital expenditure | 86.0 | 201.3 | 140.6 |
| Net cash flow before financing | 74.4 | 67.5 | (150.7) |
| Total assets, end of period | 4,088.4 | 4,145.7 | 4,733.4 |
| Group shareholders' equity, end of period | 1,727.7 | 1,789.6 | 1,780.8 |
| Consolidated net financial debt, end of period | 297.5 | 296.3 | 556.2 |
| Gearing ratio, end of period | 14.3% | 13.8% | 23.2% |
| Average net debt / recurring EBITDA | 59.8% | 55.4% | 71.9% |
| Capital employed, end of period | 2,391.4 | 2,397.4 | 2,719.4 |
| Capital employed, average | 2,402.9 | 2,394.4 | 2,558.4 |
| Return on capital employed (ROCE) | 14.6% | 14.6% | 15.9% |
| Workforce, end of period (fully consolidated) | 10,408 | 9,921 | 10,402 |
| Workforce, end of period (associates) | 3,192 | 3,196 | 3,314 |
| Accident frequency rate | 2.95 | 3.50 | 2.94 |
| Accident severity rate | 0.87 | 0.16 | 0.08 |

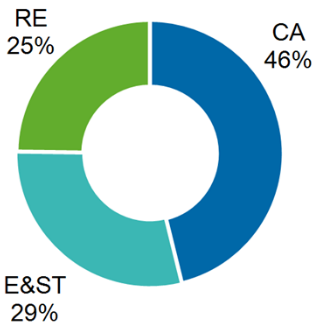
* including the elimination of the transactions between continued and discontinued operations

## Key figures per share
(in € / share)

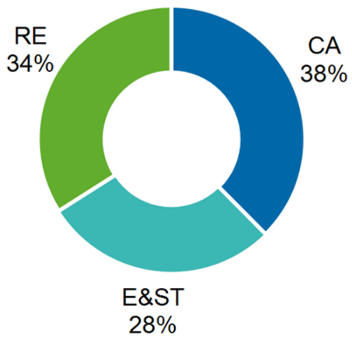
| | H1 2016 | H2 2016 | H1 2017 |
|---|---|---|---|
| Total number of issued shares, end of period | 112,000,000 | 112,000,000 | 112,000,000 |
| of which shares outstanding | 108,981,475 | 109,326,850 | 109,582,806 |
| of which treasury shares | 3,018,525 | 2,673,150 | 2,417,194 |
| Average number of shares outstanding | | | |
| basic | 108,538,699 | 109,228,899 | 109,389,502 |
| diluted | 109,098,483 | 110,026,232 | 110,278,589 |
| Recurring EPS | 1.03 | 1.11 | 1.23 |
| Basic EPS | 0.42 | 0.78 | 1.09 |
| Diluted EPS | 0.42 | 0.77 | 1.08 |
| Dividend | 0.60 | 0.70 | 0.65 |
| Net cash flow before financing, basic | 0.69 | 0.62 | -1.38 |
| Total assets, end of period | 37.51 | 37.92 | 43.20 |
| Group shareholders' equity, end of period | 15.85 | 16.37 | 16.25 |

## Segment split

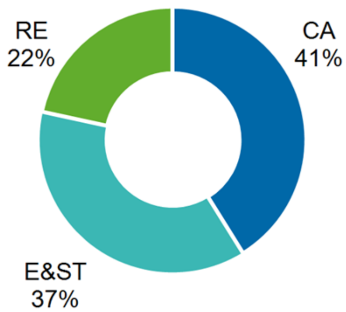
**Revenues**
(excluding metal)




**EBIT**
(recurring)




**Capital employed**
(average)




CA = Catalysis, E&ST = Energy & Surface Technologies, RE = Recycling
Corporate not included

# Catalysis

| **Catalysis key figures** (in million €) | **H1 2016** | **H2 2016** | **H1 2017** |
|---|---|---|---|
| Total turnover | 1,395.3 | 1,383.9 | 1,562.0 |
| Total revenues (excluding metal) | 598.0 | 565.4 | 632.8 |
| Recurring EBITDA | 102.3 | 101.1 | 108.9 |
| Recurring EBIT | 77.6 | 74.9 | 80.9 |
| of which associates | 5.1 | 4.1 | 0.4 |
| Total EBIT | 76.3 | 49.2 | 78.1 |
| Recurring EBIT margin | 12.1% | 12.5% | 12.7% |
| R&D expenditure | 51.2 | 50.8 | 59.8 |
| Capital expenditure | 22.8 | 23.7 | 15.8 |
| Capital employed, end of period | 895.6 | 911.2 | 998.3 |
| Capital employed, average | 931.9 | 903.4 | 954.7 |
| Return on capital employed (ROCE) | 16.6% | 16.6% | 17.0% |
| Workforce, end of period (fully consolidated) | 2,495 | 2,464 | 2,707 |
| Workforce, end of period (associates) | 172 | 177 | - |

## Overview and outlook

Revenues and earnings for Catalysis increased 6% and 4% respectively, reflecting growth in both the Automotive Catalysts and the smaller Precious Metals Chemistry business units.

Umicore expects that the patterns observed in the first half of 2017 will persist in the second half of the year. Revenues for the full year are set to be higher than in 2016 although growth will be less pronounced.

## H1 2017 Business Review

Revenues for **Automotive Catalysts** increased year on year. This was mainly due to a higher contribution from the heavy-duty diesel catalyst segment, where revenues increased on the back of further ramp-up of Euro VI compliant platforms and the launch of new heavy-duty diesel platforms in China. The increased revenues for the business unit also reflected the second quarter consolidation of Ordeg, following the acquisition of the remaining 50% stake in this South Korean automotive catalyst joint venture.

After a strong start to the year, global car production tailed off in the second quarter with particularly North American and European car production slowing down. For the first six months, growth of global car production remained solid with a 2.6% year-on-year increase. Excluding the impact of the full consolidation of Ordeg, Umicore’s revenues and volumes, however, were slightly below the market growth. This was mainly due to a significant drop in demand in the second quarter from its Korean customers as their vehicle sales in China declined sharply.

European car production was up 1.2% with growth in gasoline car production offsetting a year-on-year decrease in diesel car production. Umicore’s volumes outperformed the car market due to strong demand for its gasoline catalysts, in particular for the more efficient direct injection gasoline engines.

In North America, Umicore's volumes and revenues decreased more than the car market, which was down 0.5%. The main reasons for the revenue decrease were the delayed introduction of certain platforms and the less favourable customer mix with Umicore being relatively less exposed to Asian car OEMs in North America. Umicore's volumes and revenues increased in South America, where the market has started to recover from very low levels.

Umicore's revenues and volumes continued to grow in China albeit without matching the 3.1% growth of the car market. This is mainly due to Korean brands - to which Umicore is well exposed - losing market share to local OEMs. In South Korea, Umicore's revenues and volumes were down, in line with the market. Umicore's volumes and revenues continued to increase with Japanese OEMs globally and locally as the Japanese automotive market showed healthy recovery. In India, volumes and revenues outpaced the market, while in Thailand, the ramp-up of production at Umicore's new facility continued.

On 20 June 2017, Umicore announced the agreement to acquire the heavy-duty diesel and stationary catalyst businesses of Haldor Topsoe. The transaction is expected to be finalised by the end of 2017.

Revenues for **Precious Metal Chemistry** were well up compared to the previous year reflecting higher volumes across product groups. The sales volumes of advanced metal organic precursor technologies used in semiconductor and LED applications are ramping up following the recent opening of a new production unit in Germany.

# Energy & Surface Technologies

| **Energy & Surface Technologies key figures** (in million €) | **H1 2016** | **H2 2016** | **H1 2017** |
|---|---|---|---|
| Total turnover | 683.6 | 785.3 | 1,144.7 |
| Total revenues (excluding metal) | 288.3 | 321.8 | 398.4 |
| Recurring EBITDA | 59.1 | 72.5 | 88.9 |
| Recurring EBIT | 36.9 | 44.8 | 61.2 |
| of which associates | (0.8) | 1.8 | 3.4 |
| Total EBIT | 38.6 | 35.7 | 56.6 |
| Recurring EBIT margin | 13.1% | 13.3% | 14.5% |
| R&D expenditure | 10.0 | 10.2 | 13.8 |
| Capital expenditure | 22.4 | 122.0 | 93.6 |
| Capital employed, end of period | 697.9 | 752.0 | 977.0 |
| Capital employed, average | 665.6 | 725.0 | 864.5 |
| Return on capital employed (ROCE) | 11.1% | 12.4% | 14.2% |
| Workforce, end of period (fully consolidated) | 2,286 | 2,357 | 2,682 |
| Workforce, end of period (associates) | 888 | 847 | 895 |

## Overview and outlook

Revenues in Energy & Surface Technologies were up 38%, driven primarily by strong growth in Rechargeable Battery Materials and – to a lesser extent – Cobalt & Specialty Materials. Revenues in the other business units were also higher. Earnings were up 66% as a result of higher revenues and scale effects. The major capacity expansion in Rechargeable Battery Materials is progressing well, with the first additional production lines coming online towards the end of the year.

The Rechargeable Battery Materials business will continue to benefit from the growing levels of demand. The market trends in the other activities are expected to remain broadly unchanged in the second half of the year although the revenue development will likely reflect the usual seasonality.

## H1 2017 Business Review

Revenues for **Rechargeable Battery Materials** increased substantially year on year, driven by strong demand for Umicore's cathode materials used in Li-ion batteries.

Strong growth in volumes and revenues was recorded for Umicore’s NMC (nickel manganese cobalt) cathode materials used in Li-ion batteries for the transportation segment. The electric vehicle market continues to go from strength to strength. The first six months of the year saw a more than 40% year-on-year increase of full electric and plug-in hybrid vehicles sales and major automotive OEMs are further increasing their offerings of electrified car models with longer driving ranges. NMC is the preferred cathode material technology used in these vehicles. Umicore, with its wide range of NMC materials and broad customer base, is capturing significant growth in this segment and demand for its materials is outpacing the market. To cater for the surge in customer orders, Umicore is massively adding capacity, with the first additional production lines coming online towards the end of the year. In total, the € 460 million expansion project will increase production capacity more than six-fold between 2015 and 2019.

Demand remained strong for Umicore’s proprietary High Energy LCO (lithium cobaltite) cathode materials used in high-end portable electronics. Application trends like bigger screens, increased data transmission and lightweight devices are supportive for high performance polymer Li-ion batteries where High Energy LCO remains the preferred cathode material. Shipments of Umicore’s NMC cathode materials for energy storage applications were also higher year on year.

Revenues for **Cobalt & Specialty Materials** were well up year on year as a result of higher volumes and favourable market conditions in most end-markets.

In the distribution and – to a lesser extent – in the refining and recycling activities, volumes were well up and revenues were further supported by higher prices. In the product businesses, sales volumes of nickel compounds benefitted from continued strong demand from the battery, plating and catalyst industries. Revenues for the tool materials activity were also up on the back of higher volumes and the successful integration of the recently acquired activities in France. Sales volumes for carboxylates used in catalytic applications remained solid and the business unit is expanding its production capacity in Bruges.

Revenues for **Electroplating** were up compared to the previous year, mainly driven by higher demand for base metal electrolytes and platinised products. Sales of precious metal compounds used for industrial applications and printed circuit board coatings were also higher.

Revenues for **Electro-Optic Materials** increased compared to the previous year as a result of strong demand for substrates for both space photovoltaics and LED applications, partly offset by lower revenues in high purity chemicals. Revenues for finished infrared optics were stable.

Revenues from **Thin Film Products** increased, mainly driven by higher sales volumes for rotary ITO (indium tin oxide) targets used in the display segment. Revenues from products sold to the microelectronics and optics industries also increased on the back of continued strong demand in Europe and Asia.

# Recycling

| **Recycling key figures** (in million €) | **H1 2016** | **H2 2016** | **H1 2017** |
|---|---|---|---|
| Total turnover | 3,076.7 | 3,809.7 | 3,961.9 |
| Total revenues (excluding metal) | 323.3 | 317.9 | 339.5 |
| Recurring EBITDA | 91.3 | 96.0 | 104.1 |
| Recurring EBIT | 61.5 | 63.4 | 73.3 |
| Total EBIT | 56.4 | 59.1 | 69.8 |
| Recurring EBIT margin | 19.0% | 19.9% | 21.6% |
| R&D expenditure | 12.0 | 11.0 | 9.6 |
| Capital expenditure | 29.6 | 42.7 | 24.7 |
| Capital employed, end of period | 466.9 | 498.1 | 503.6 |
| Capital employed, average | 466.4 | 482.5 | 500.9 |
| Return on capital employed (ROCE) | 26.4% | 26.3% | 29.3% |
| Workforce, end of period (fully consolidated) | 3,188 | 3,170 | 3,090 |

## Overview and outlook

Revenues and recurring EBIT for Recycling increased 5% and 19% respectively, driven by higher processed volumes in Precious Metal Refining and more supportive metal prices.

The ramp-up of the new capacity in the Hoboken plant continues and should lead to higher processed volumes for the full year compared to 2016. Similar to last year there will be a maintenance shutdown in the second half of the year.

## H1 2017 Business Review

Revenues for **Precious Metals Refining** were up year on year, as a result of higher processed volumes and more supportive metal prices. Although average prices for most PGMs and certain specialty metals were higher year on year, the metal price environment became less supportive towards the end of the period.

After the gradual start-up at the beginning of the year, the ramp-up of the additional capacity in Hoboken gathered pace in the second quarter and led to an increased throughput rate and higher processed volumes compared to the first half of 2016. The auxiliary investments in the framework of the capacity expansion programme in Hoboken came on stream in the period.

The supply mix remained largely unchanged. Availability of the more complex residues from non-ferrous smelting and mining industries was roughly stable, while the availability of end-of-life materials such as spent automotive catalysts and electronic scrap remained under competitive pressure.

As part of Umicore's endeavors to improve environmental performance, several investments are currently underway with the priority being the revamping of the lead refinery to reduce lead emissions further.

Revenues for **Jewellery & Industrial Metals** increased year on year mainly driven by the recycling activity which benefited from a more favourable metal price environment. Revenues from the product businesses were lower due to reduced demand for silver investment coins.

Revenues for **Platinum Engineering Materials** were in line with the previous year reflecting stable demand for both glass and performance catalysts applications. Construction of the facility in China for equipment used in production of display glass has started.

The contribution from the trading activity in **Precious Metals Management** was higher year on year as a result of a more favourable metal price environment. Order levels for the physical delivery of metals also increased, benefiting from higher demand for industrial metals.

While sales volumes in **Technical Materials** benefited from somewhat better market conditions in Europe and North America, revenues were flat year on year due to the closure of the production facility in China at the end of 2016. Earnings improved as a result of cost reduction and productivity measures. Alternative strategic options for the business unit, including a possible sale of all or part of its activities, are being considered.

# Corporate

| **Corporate key figures** (in million €) | H1 2016 | H2 2016 | H1 2017 |
|---|---|---|---|
| Recurring EBITDA | (14.2) | (12.0) | (14.0) |
| Recurring EBIT | (20.6) | (18.3) | (20.1) |
| of which associates | 2.2 | 5.0 | 7.4 |
| Total EBIT | (24.0) | (25.6) | (31.6) |
| R&D expenditure | 3.1 | 4.5 | 4.7 |
| Capital expenditure | 3.7 | 6.0 | 4.7 |
| Capital employed, end of period | 173.9 | 137.0 | 148.1 |
| Capital employed, average | 160.8 | 155.4 | 142.5 |
| Workforce, end of period (fully consolidated) | 972 | 984 | 987 |
| Workforce, end of period (associates) | 1,645 | 1,752 | 1,966 |

## H1 Corporate Review

Corporate costs remained roughly at the same level as in the first half of 2016.

Revenues for **Element Six Abrasives** increased year on year reflecting higher demand in different product groups. This was particularly the case for oil and gas drilling products, where demand increased on the back of a further recovery of the market. Sales volumes for precision tooling products used in automotive and aerospace applications continued to grow. Earnings were further supported by the impact of previously implemented cost reduction measures.

## Research & development

R&D expenditure in fully consolidated companies including discontinued operations amounted to € 89 million, up from € 78 million in the same period in 2016. The year-on-year increase reflects a higher level of R&D in Catalysis and Energy & Surface Technologies. The R&D spend represented 6% of revenues and capitalized development costs accounted for € 8 million in the total amount.

## People

At Group level 27 lost time accidents were recorded, equal to the first half of 2016, and this resulted in a frequency rate of 2.94. The severity rate was 0.08 (compared to 0.87 in H1 2016).

The number of employees in the fully consolidated companies including discontinued operations increased from 9,921 at the end of 2016 to 10,402 at the end of June 2017. The increase was mainly the result of organic growth in Rechargeable Battery Materials, as well as the acquisition of full ownership of Ordeg in Automotive Catalysts and the acquisition of Eurotungstene in Cobalt & Specialty Materials. These increases were to a certain extent offset by the headcount reduction in Technical Materials following the closure of its production site in China.

# Discontinued operations

| **Discontinued operations key figures** (in million €) | **H1 2016** | **H2 2016** | **H1 2017** |
|---|---|---|---|
| Total turnover | 347.6 | 305.1 | 221.6 |
| Total revenues (excluding metal) | 147.5 | 110.6 | 86.1 |
| Recurring EBITDA | 20.4 | 10.3 | 8.4 |
| Recurring EBIT* | 20.3 | 10.3 | 8.3 |
| of which associates | 1.1 | (0.2) | 0.9 |
| Total EBIT | (42.6) | 8.4 | 13.2 |
| Recurring EBIT margin | 13.0% | 9.5% | 8.6% |
| R&D expenditure | 1.8 | 1.3 | 1.1 |
| Capital expenditure | 7.5 | 7.0 | 1.9 |
| Capital employed, end of period | 157.0 | 99.2 | 92.4 |
| Capital employed, average | 178.2 | 128.1 | 95.8 |
| Return on capital employed (ROCE) | 22.8% | 16.1% | 17.3% |
| Workforce, end of period (fully consolidated) | 1,467 | 946 | 936 |
| Workforce, end of period (associates) | 487 | 420 | 453 |

* In accordance with IFRS 5 no depreciation charges were recognized for discontinued operations.

## H1 2017 Business Review

Sales volumes and revenues in **Building Products** were stable compared to the previous year. While competitive pressure persisted in the more commoditized market segments, the product mix remained strong.

On 23 May 2017, Umicore announced that it entered into exclusive negotiations with Fedrus International, a Belgian-based producer and distributor of building materials, with a view to the sale of its Building Products activities. The proposed transaction is subject to an information and consultation process with the employee representative bodies.

# Financial review

## Non-recurring items and IAS 39

Non–recurring items had a negative impact of € 15 million on EBIT. The main items consisted of an impairment of Umicore's shareholding in Nyrstar of € 7 million and environmental provisions of € 5 million which were booked for the remediation of historical pollution. The impact of non-recurring charges on the net result (Group share) amounted to € 11 million.

IAS 39 accounting rules had a negative effect of € 3 million on EBIT and a negative impact of € 4 million on net result (Group share). All IAS 39 impacts are non-cash in nature.

## Financial result and taxation

Net recurring financial charges totalled € 19 million, stable compared to the previous year. The average weighted net interest rate increased to 2.28%.

The recurring tax charge for the period amounted to € 45 million corresponding to a recurring effective tax rate for the period of 25.8%, stable vs 25.6% in the same period last year.

## Cashflows

Cashflow from operations was € 93 million, including an increase in working capital of € 156 million as a result of the business expansion, in particular in the Energy & Surface Technologies business group.

Capital expenditures totalled € 141 million, driven by Umicore's growth projects in clean mobility and recycling. The Energy & Surface Technologies business group represented the vast majority of the expenditures. Group capex in the second half is expected to outpace this amount on the back of the announced capacity expansion project for Rechargeable Battery Materials in China and South Korea.

Acquisitions accounted for a cash out of € 81 million, the bulk of which was linked to the acquisition of the remaining 50% stake in Ordeg.

## Financial debt

Net financial debt at 30 June 2017 stood at € 556 million, up from € 296 million at the start of the year and driven primarily by growth and the Ordeg acquisition. This amount includes the proceeds from the € 330 million European private debt placement. The funds from the € 360 million US private debt placement will be drawn in December.

Group shareholders' equity stood at € 1,781 million resulting in a net gearing ratio (net debt / net debt + equity) of 23.2%. The average net debt to recurring EBITDA ratio corresponded to 71.9%.

## Hedging

Over the course of the first half of 2017, Umicore entered into forward contracts in order to secure an additional portion of its structural price exposure for certain precious metals and base metals in 2018 and 2019.

## Dividend and shares

The Board of Directors has approved an interim dividend of € 0.65 per share. This corresponds to half the annual dividend declared for the financial year 2016, in line with the dividend policy. The interim dividend will be paid out on 29 August 2017.

In the first half of 2017 Umicore bought back 349,000 of its own shares. During the period 604,956 shares were used in the context of exercised stock options and stock grants. On 30 June 2017 Umicore held 2,417,194 shares in treasury, representing 2.16% of the Group's outstanding shares.

## Quarterly Reporting

Umicore has decided to stop issuing quarterly trading updates. Management will continue to interact with investors in the course of the year to address strategic themes and discuss the progress towards Umicore's long-term ambitions.

## Statutory auditor’s report on the review of the consolidated condensed interim financial information for the period ended on 30 June 2017

### Introduction

We have reviewed the accompanying consolidated condensed interim financial information, consisting of the consolidated balance sheet of Umicore and its subsidiaries (jointly “the Group”) as of 30 June 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in the equity of the Group and the consolidated cash flow statement for the six-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Sint-Stevens-Woluwe, 28 July 2017

The statutory auditor

PwC Bedrijfsrevisoren/Reviseurs d'Entreprises SCCRL
Represented by

Kurt Cappoen
Registered auditor

## Management responsibility statement

I hereby certify that, to the best of my knowledge, the consolidated condensed interim financial information for the period ended on 30 June 2017, prepared in accordance with the IAS 34 “Interim Financial Reporting”, as adopted by the European Union, and with legal requirements in Belgium, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole for the period ended 30 June 2017. The commentary on the overall performance of the Group from page 1 to 13 includes a fair review of the development and performance of the business and the position of the Group and its undertakings included in the consolidation as a whole.

Brussels, 28 July 2017

Marc Grynberg
Chief Executive Officer

Consolidated condensed interim financial information for the period ended on 30 June 2017

## Consolidated income statement

| (in million €) | H1 2016 | H2 2016 | H1 2017 |
|---|---|---|---|
| Turnover | 4,821.5 | 5,622.0 | 6,247.9 |
| Other operating income | 27.3 | 32.5 | 50.4 |
| Operating income | 4,848.8 | 5,654.6 | 6,298.2 |
| Raw materials and consumables | (4,126.2) | (4,914.2) | (5,433.6) |
| Payroll and related benefits | (327.1) | (309.0) | (348.3) |
| Depreciation and impairments | (77.7) | (114.6) | (107.4) |
| Other operating expenses | (173.5) | (206.2) | (241.0) |
| Operating expenses | (4,704.5) | (5,544.0) | (6,130.2) |
| Income (loss) from other financial assets | (4.3) | (1.6) | (6.9) |
| **Result from operating activities** | 139.9 | 109.1 | 161.2 |
| Financial income | 1.9 | 2.9 | 2.3 |
| Financial expenses | (9.9) | (10.1) | (16.3) |
| Foreign exchange gains and losses | (1.2) | (1.3) | (7.2) |
| Share in result of companies accounted for using the equity method | 7.3 | 9.5 | 12.0 |
| **Profit (loss) before income tax** | 138.0 | 110.1 | 151.9 |
| Income taxes | (33.4) | (23.0) | (35.3) |
| **Profit (loss) from continuing operations** | 104.6 | 87.1 | 116.6 |
| Profit (loss) from discontinued operations* | (52.3) | 2.0 | 8.9 |
| Profit (loss) of the period | 52.2 | 89.2 | 125.5 |
| of which minority share | 6.6 | 4.0 | 6.1 |
| of which Group share | 45.6 | 85.1 | 119.4 |
| (in € / share) | | | |
| Basic earnings per share from continuing operations | 0.90 | 0.76 | 1.01 |
| Total basic earnings per share | 0.42 | 0.78 | 1.09 |
| Diluted earnings per share from continuing operations | 0.90 | 0.76 | 1.00 |
| Total diluted earnings per share | 0.42 | 0.77 | 1.08 |
| Dividend per share | 0.60 | 0.70 | 0.65 |

* Attributable to equityholders of these companies

## Consolidated statement of comprehensive income

| (in million €) | H1 2016 | H2 2016 | H1 2017 |
|---|---|---|---|
| **Profit (loss) of the period from continuing operations** | 104.6 | 87.1 | 116.6 |
| **Items in other comprehensive income that will not be reclassified to P&L** | | | |
| Changes in post employment benefits, arising from changes in actuarial assumptions | (30.2) | 2.6 | 6.3 |
| Changes in deferred taxes directly recognized in other comprehensive income | 9.5 | (3.5) | (0.8) |
| **Items in other comprehensive income that may be subsequently reclassified to P&L** | | | |
| Changes in available-for-sale financial assets reserves | - | 0.1 | - |
| Changes in cash flow hedge reserves | 20.3 | 15.7 | 1.6 |
| Changes in deferred taxes directly recognized in other comprehensive income | (6.7) | (3.8) | 0.1 |
| Changes in currency translation differences | 6.8 | 23.4 | (70.8) |
| **Other comprehensive income from continuing operations** | (0.2) | 34.5 | (63.5) |
| **Total comprehensive income from discontinued operations** | (54.4) | (1.0) | 9.4 |
| **Total comprehensive income for the period** | 49.9 | 120.6 | 62.6 |
| of which Group share | 42.6 | 115.7 | 58.9 |
| of which minority share | 7.3 | 4.9 | 3.7 |

The deferred tax impact on the other comprehensive income is related to the cash flow hedge reserves for € 0.1 million and to post employment benefit reserves for € (0.8) million.

## Consolidated balance sheet

| (in million €) | 30/06/2016 | 31/12/2016 | 30/06/2017 |
|---|---|---|---|
| **Non-current assets** | 1,627.0 | 1,727.4 | 1,738.7 |
| Intangible assets | 249.8 | 305.3 | 294.3 |
| Property, plant and equipment | 1,032.4 | 1,070.4 | 1,159.6 |
| Investments accounted for using the equity method | 188.4 | 195.3 | 126.8 |
| Available-for-sale financial assets | 27.9 | 26.4 | 18.9 |
| Loans granted | 1.6 | 1.2 | 3.9 |
| Trade and other receivables | 16.1 | 11.1 | 11.1 |
| Deferred tax assets | 110.8 | 117.6 | 124.2 |
| **Current assets** | 1,985.4 | 2,164.8 | 2,713.2 |
| Loans granted | 1.9 | 14.8 | 1.7 |
| Inventories | 1,029.1 | 1,188.8 | 1,329.2 |
| Trade and other receivables | 826.6 | 844.3 | 1,130.5 |
| Income tax receivables | 30.5 | 32.5 | 35.2 |
| Cash and cash equivalents | 97.3 | 84.5 | 216.6 |
| Assets of discontinued operations | 476.1 | 253.5 | 281.6 |
| **Total assets** | **4,088.4** | **4,145.7** | **4,733.4** |
| **Equity of the Group** | 1,785.6 | 1,848.0 | 1,839.0 |
| Group shareholders' equity | 1,749.3 | 1,829.0 | 1,810.5 |
| Share capital and premiums | 502.9 | 502.9 | 502.9 |
| Retained earnings | 1,520.9 | 1,560.0 | 1,592.1 |
| Currency translation differences and other reserves | (172.8) | (144.2) | (199.1) |
| Treasury shares | (101.7) | (89.6) | (85.4) |
| Minority interest | 57.0 | 58.4 | 58.1 |
| Elements of comprehensive income of discontinued operations | (20.7) | (39.4) | (29.7) |
| **Non-current liabilities** | 473.5 | 491.3 | 818.3 |
| Provisions for employee benefits | 343.2 | 337.9 | 333.9 |
| Financial debt | 24.5 | 24.4 | 354.3 |
| Trade and other payables | 27.0 | 41.7 | 39.6 |
| Deferred tax liabilities | 6.0 | 6.9 | 7.9 |
| Provisions | 72.8 | 80.4 | 82.6 |
| **Current liabilities** | 1,488.3 | 1,661.5 | 1,907.2 |
| Financial debt | 379.4 | 400.8 | 471.8 |
| Trade and other payables | 1,026.3 | 1,161.4 | 1,321.4 |
| Income tax payable | 48.4 | 57.7 | 62.6 |
| Provisions | 34.2 | 41.7 | 51.3 |
| Liabilities of discontinued operations | 341.1 | 144.9 | 169.0 |
| **Total equity & liabilities** | **4,088.4** | **4,145.7** | **4,733.4** |

## Consolidated statement of changes in the equity of the Group
(in million €)

| | Share capital & premiums | Reserves | Currency translation & other reserves | Treasury shares | Minority interest | Total for continuing operations | Elements of comprehensive income of discontinued operations | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Balance at the beginning of H1 2016** | **502.9** | **1,501.3** | **(175.5)** | **(129.9)** | **52.6** | **1,751.3** | **33.7** | **1,785.0** |
| Result of the period | - | 98.1 | - | - | 6.5 | 104.6 | (52.3) | 52.2 |
| Other comprehensive income for the period | - | - | (1.1) | - | 0.9 | (0.2) | (2.1) | (2.3) |
| Total comprehensive income for the period | - | 98.1 | (1.1) | - | 7.3 | 104.3 | (54.4) | 49.9 |
| Changes in share-based payment reserves | - | - | 3.8 | - | - | 3.8 | - | 3.8 |
| Dividends | - | (76.2) | - | | (2.8) | (79.1) | - | (79.1) |
| Transfers | - | (2.2) | - | 2.2 | - | - | - | - |
| Changes in treasury shares | - | - | - | 26.0 | - | 26.0 | - | 26.0 |
| **Balance at the end of H1 2016** | **502.9** | **1,520.9** | **(172.8)** | **(101.7)** | **57.0** | **1,806.4** | **(20.7)** | **1,785.6** |
| Result of the period | - | 83.1 | - | - | 4.0 | 87.1 | 2.0 | 89.1 |
| Other comprehensive income for the period | - | - | 33.6 | - | 0.9 | 34.5 | (3.0) | 31.5 |
| Total comprehensive income for the period | - | 83.1 | 33.6 | - | 4.9 | 121.6 | (1.0) | 120.6 |
| Dividends | - | (65.5) | - | - | (1.9) | (67.4) | - | (67.4) |
| Transfers | - | 9.1 | (9.1) | - | - | - | - | - |
| Changes in treasury shares | - | - | - | 12.0 | - | 12.0 | - | 12.0 |
| Changes in scope | - | 12.4 | 4.1 | - | (1.6) | 14.9 | (17.7) | (2.8) |
| **Balance at the end of H2 2016** | **502.9** | **1,560.0** | **(144.2)** | **(89.6)** | **58.4** | **1,887.5** | **(39.4)** | **1,848.0** |

## Consolidated statement of changes in the equity of the Group
(in million €)

| | Share capital & premiums | Reserves | Currency translation & other reserves | Treasury shares | Minority interest | Total for continuing operations | Elements of comprehensive income of discontinued operations | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Balance at the beginning of H1 2017** | **502.9** | **1,560.0** | **(144.2)** | **(89.6)** | **58.4** | **1,887.5** | **(39.4)** | **1,848.0** |
| Result of the period | - | 110.5 | - | - | 6.1 | 116.6 | 8.9 | 125.5 |
| Other comprehensive income for the period | - | - | (61.0) | - | (2.4) | (63.5) | 0.6 | (62.9) |
| Total comprehensive income for the period | - | 110.5 | (61.0) | - | 3.7 | 53.2 | 9.4 | 62.6 |
| Changes in share-based payment reserves | - | - | 6.1 | - | - | 6.1 | 0.3 | 6.4 |
| Dividends | - | (76.5) | - | - | (4.0) | (80.5) | - | (80.5) |
| Transfers | - | (1.9) | - | 1.9 | - | - | - | - |
| Changes in treasury shares | - | - | - | 2.4 | - | 2.4 | - | 2.4 |
| **Balance at the end of H1 2017** | **502.9** | **1,592.1** | **(199.1)** | **(85.4)** | **58.1** | **1,868.6** | **(29.7)** | **1,839.0** |

## Consolidated cashflow statement
(in million €)

| | H1 2016 | H2 2016 | H1 2017 |
|---|---|---|---|
| Profit (loss) from continuing operations | 104.6 | 87.1 | 116.6 |
| Adjustments for profit of equity companies | (7.3) | (9.5) | (12.0) |
| Adjustment for non-cash transactions | 74.2 | 114.7 | 90.8 |
| Adjustments for items to disclose separately or under investing and financing cashflows | 40.4 | 26.3 | 40.2 |
| Change in working capital requirement | (12.8) | 26.1 | (155.4) |
| Cashflow generated from operations | 199.1 | 244.7 | 80.2 |
| Dividend received | 6.8 | 1.7 | 8.5 |
| Tax paid during the period | (37.4) | (27.9) | (37.1) |
| Government grants received | - | (2.3) | 0.2 |
| **Net operating cashflow** | 168.5 | 216.2 | 51.9 |
| Acquisition of property, plant and equipment | (77.2) | (129.8) | (134.2) |
| Acquisition of intangible assets | (9.9) | (70.8) | (12.8) |
| Acquisition of new subsidiaries, net of cash acquired | - | - | (81.1) |
| Acquisition of financial assets | (8.6) | - | (0.1) |
| New loans extended | 0.0 | (13.0) | (2.1) |
| Sub-total acquisitions | (95.7) | (213.6) | (230.2) |
| Disposal of property, plant and equipment | 0.8 | 3.5 | 1.1 |
| Disposal of intangible assets | - | 0.8 | 1.3 |
| Disposal of subsidiaries and associates, net of cash disposed | - | 138.6 | 0.0 |
| Disposal of financial fixed assets | 5.5 | - | 0.4 |
| Repayment of loans | 0.8 | (0.1) | 13.0 |
| Sub-total disposals | 7.1 | 93.6 | 15.8 |
| **Net cashflow generated by (used in) investing activities** | (88.6) | (120.0) | (214.4) |
| Own shares | 26.0 | 12.0 | 2.4 |
| Interest received | 1.2 | 2.1 | 1.8 |
| Interest paid | (5.0) | (4.7) | (6.1) |
| New loans and repayments | (10.8) | 17.3 | 369.3 |
| Dividends paid to Umicore shareholders | (72.7) | (65.5) | (77.5) |
| Dividends paid to minority shareholders | (1.2) | (3.5) | (4.0) |
| **Net cashflow generated by (used in) financing activities** | (62.5) | (42.4) | 285.9 |
| Effect of exchange rate fluctuations | 1.7 | (0.3) | 6.3 |
| **Total net cashflow of the period** | 19.0 | 53.6 | 129.7 |
| **Net cash and cash equivalents at the beginning of the period for continuing operations** | 66.2 | 85.2 | 71.3 |
| **Impact of final financing carved out entities** | - | (67.5) | 3.2 |
| **Net cash and cash equivalents at the end of the period for continuing operations** | 85.2 | 71.3 | 204.2 |
| **Cash for discontinued operations** | 30.9 | 45.3 | 54.1 |
| of which cash and cash equivalents | 128.2 | 129.8 | 270.7 |
| of which bank overdrafts | (12.1) | (13.2) | (12.4) |

# Notes to the consolidated condensed interim financial information for the period ended on 30 June 2017

## Note 1: Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

They do not include all the information required for full annual financial statements and should therefore be read in conjunction with the consolidated financial statements for the year 2016 as published in the 2016 Annual Report.

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors held on 28 July 2017.

## Note 2: Changes in accounting policies and presentation rules and impacts

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statement for the year ended 31 December 2016.

## Note 3: Segment information

## Condensed segment information H1 2016

(in million €)

| | Catalysis | Energy & Surface Technologies | Recycling | Corporate | Eliminations | Total Continued operations | Discontinued operations | Total |
|---|---|---|---|---|---|---|---|---|
| Total segment turnover | 1,395.3 | 683.6 | 3,076.7 | 12.6 | (346.8) | 4,821.5 | 347.6 | 5,169.0 |
| of which external turnover | 1,392.0 | 657.9 | 2,758.9 | 12.6 | - | 4,821.5 | 347.6 | 5,169.0 |
| of which inter-segment turnover | 3.3 | 25.7 | 317.8 | - | (346.8) | - | - | - |
| Total segment revenues (excluding metal) | 598.0 | 288.4 | 323.3 | - | (2.7) | 1,206.9 | 147.6 | 1,354.5 |
| of which external revenues (excluding metal) | 597.4 | 288.2 | 321.3 | - | - | 1,206.9 | 147.6 | 1,354.4 |
| of which inter-segment revenues (excluding metal) | 0.6 | 0.2 | 2.0 | - | (2.7) | - | - | - |
| Recurring EBIT | 77.6 | 36.9 | 61.5 | (20.6) | - | 155.4 | 20.3 | 175.7 |
| of which from operating result | 72.5 | 37.8 | 61.5 | (22.8) | - | 148.9 | 19.2 | 168.1 |
| of which from equity method companies | 5.1 | (0.8) | - | 2.2 | - | 6.5 | 1.1 | 7.6 |
| Non-recurring EBIT | 0.7 | 2.1 | (2.2) | (3.9) | - | (3.3) | (64.3) | (67.6) |
| of which from operating result | - | 2.1 | (2.2) | (3.8) | - | (3.9) | (64.6) | (68.6) |
| of which from equity method companies | 0.7 | - | - | (0.1) | - | 0.6 | 0.3 | 0.9 |
| IAS 39 effect on EBIT | (2.0) | (0.5) | (3.0) | 0.5 | - | (4.9) | 1.4 | (3.5) |
| of which from operating result | (1.6) | (0.5) | (3.0) | - | - | (5.1) | 1.4 | (3.7) |
| of which from equity method companies | (0.3) | - | - | 0.5 | - | 0.2 | - | 0.2 |
| Total EBIT | 76.3 | 38.6 | 56.4 | (24.0) | - | 147.2 | (42.6) | 104.6 |
| of which from operating result | 70.8 | 39.4 | 56.4 | (26.6) | - | 139.9 | (44.0) | 95.9 |
| of which from equity method companies | 5.5 | (0.8) | - | 2.7 | - | 7.3 | 1.4 | 8.7 |
| Capital expenditure | 22.8 | 22.4 | 29.6 | 3.7 | - | 78.5 | 7.5 | 86.0 |
| Depreciation & amortization | 24.7 | 22.2 | 29.7 | 6.3 | - | 83.0 | 0.1 | 83.1 |

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## Condensed segment information H2 2016

(in million €)

| | Catalysis | Energy & Surface Technologies | Recycling | Corporate | Eliminations | Total Continued operations | Discontinued operations | Total |
|---|---|---|---|---|---|---|---|---|
| Total segment turnover | 1,383.9 | 785.3 | 3,809.7 | 19.1 | (375.9) | 5,622.1 | 305.1 | 5,927.2 |
| of which external turnover | 1,378.1 | 756.8 | 3,468.1 | 19.1 | - | 5,622.1 | 305.1 | 5,927.2 |
| of which inter-segment turnover | 5.8 | 28.6 | 341.6 | - | (375.9) | - | - | - |
| Total segment revenues (excluding metal) | 565.4 | 321.8 | 317.9 | - | (2.7) | 1,202.5 | 110.6 | 1,313.1 |
| of which external revenues (excluding metal) | 564.9 | 321.7 | 315.9 | - | - | 1,202.5 | 110.6 | 1,313.1 |
| of which inter-segment revenues (excluding metal) | 0.6 | 0.1 | 2.0 | - | (2.7) | - | - | - |
| Recurring EBIT | 74.9 | 44.8 | 63.4 | (18.3) | - | 164.7 | 10.3 | 175.0 |
| of which from operating result | 70.8 | 42.9 | 63.4 | (23.3) | - | 153.8 | 10.5 | 164.3 |
| of which from equity method companies | 4.1 | 1.8 | - | 5.0 | - | 10.9 | (0.2) | 10.7 |
| Non-recurring EBIT | (26.7) | (3.0) | (8.3) | (7.8) | - | (45.8) | 3.2 | (42.6) |
| of which from operating result | (26.7) | (3.0) | (8.3) | (6.2) | - | (44.1) | 3.2 | (40.9) |
| of which from equity method companies | - | - | - | (1.7) | - | (1.7) | - | (1.7) |
| IAS 39 effect on EBIT | 1.0 | (6.1) | 4.0 | 0.6 | - | (0.4) | (5.1) | (5.5) |
| of which from operating result | 1.4 | (6.1) | 4.0 | (0.1) | - | (0.7) | (5.1) | (5.8) |
| of which from equity method companies | (0.4) | - | - | 0.7 | - | 0.3 | - | 0.3 |
| Total EBIT | 49.2 | 35.7 | 59.1 | (25.6) | - | 118.5 | 8.4 | 126.9 |
| of which from operating result | 45.6 | 33.8 | 59.1 | (29.6) | - | 109.0 | 8.6 | 117.6 |
| of which from equity method companies | 3.6 | 1.8 | - | 4.0 | - | 9.5 | (0.2) | 9.3 |
| Capital expenditure | 23.7 | 122.0 | 42.7 | 6.0 | - | 194.3 | 7.0 | 201.3 |
| Depreciation & amortization | 26.2 | 27.7 | 32.6 | 6.3 | - | 92.9 | - | 93.0 |

## Condensed segment information H1 2017

(in million €)

| | Catalysis | Energy & Surface Technologies | Recycling | Corporate | Eliminations | Total Continued operations | Discontinued operations | Total |
|---|---|---|---|---|---|---|---|---|
| Total segment turnover | 1,562.0 | 1,144.7 | 3,961.9 | 25.8 | (446.5) | 6,247.9 | 221.6 | 6,469.5 |
| of which external turnover | 1,550.1 | 1,115.3 | 3,556.7 | 25.8 | - | 6,247.9 | 221.6 | 6,469.5 |
| of which inter-segment turnover | 12.0 | 29.4 | 405.2 | - | (446.5) | - | - | - |
| Total segment revenues (excluding metal) | 632.8 | 398.4 | 339.5 | - | (3.2) | 1,367.4 | 86.1 | 1,453.5 |
| of which external revenues (excluding metal) | 631.8 | 398.3 | 337.4 | - | - | 1,367.4 | 86.1 | 1,453.5 |
| of which inter-segment revenues (excluding metal) | 1.0 | 0.1 | 2.1 | - | (3.2) | (0.0) | - | (0.0) |
| Recurring EBIT | 80.9 | 61.2 | 73.3 | (20.1) | - | 195.3 | 8.3 | 203.6 |
| of which from operating result | 80.5 | 57.8 | 73.3 | (27.5) | - | 184.1 | 7.4 | 191.4 |
| of which from equity method companies | 0.4 | 3.4 | - | 7.4 | - | 11.2 | 0.9 | 12.1 |
| Non-recurring EBIT | (1.5) | (0.1) | (1.1) | (12.0) | - | (14.8) | 0.2 | (14.6) |
| of which from operating result | (1.1) | (0.1) | (1.1) | (11.7) | - | (14.1) | 0.2 | (14.0) |
| of which from equity method companies | (0.4) | - | - | (0.3) | - | (0.6) | - | (0.6) |
| IAS 39 effect on EBIT | (1.3) | (4.5) | (2.4) | 0.6 | - | (7.6) | 4.5 | (2.9) |
| of which from operating result | (2.2) | (4.5) | (2.4) | 0.1 | - | (9.0) | 4.5 | (4.3) |
| of which from equity method companies | 0.9 | - | - | 0.5 | - | 1.4 | - | 1.4 |
| Total EBIT | 78.1 | 56.6 | 69.8 | (31.6) | - | 172.9 | 13.2 | 186.1 |
| of which from operating result | 77.2 | 53.2 | 69.8 | (39.2) | - | 161.0 | 12.3 | 173.2 |
| of which from equity method companies | 0.9 | 3.4 | - | 7.6 | - | 12.0 | 0.9 | 12.9 |
| Capital expenditure | 15.8 | 93.6 | 24.7 | 4.7 | - | 138.7 | 1.9 | 140.6 |
| Depreciation & amortization | 27.9 | 27.7 | 30.8 | 6.1 | - | 92.5 | 0.1 | 92.6 |

## Note 4: Non-recurring results and IAS 39 impact included in the results, including discontinued operations

| **Impact of IAS 39 & non-recurring elements** (in million €) | **Total** | **of which: recurring** | **Non-recurring** | **Effect IAS 39** |
|---|---|---|---|---|
| **H1 2016** | | | | |
| Profit from operations | 95.9 | 168.1 | (68.6) | (3.7) |
| of which income from other financial investments | (4.3) | 0.1 | (4.4) | - |
| Result of companies accounted for using the equity method | 8.7 | 7.6 | 0.9 | 0.2 |
| EBIT | 104.6 | 175.7 | (67.6) | (3.5) |
| Finance cost | (9.4) | (19.3) | - | 9.9 |
| Tax | (43.0) | (38.2) | (2.8) | (2.1) |
| Net result | 52.2 | 118.3 | (70.4) | 4.4 |
| of which minority share | 6.6 | 6.9 | (0.4) | 0.1 |
| of which Group share | 45.6 | 111.4 | (70.0) | 4.3 |
| **H2 2016** | | | | |
| Profit from operations | 117.6 | 164.3 | (40.9) | (5.8) |
| of which income from other financial investments | (0.4) | (0.0) | (0.4) | - |
| Result of companies accounted for using the equity method | 9.3 | 10.7 | (1.7) | 0.3 |
| EBIT | 126.9 | 175.0 | (42.6) | (5.5) |
| Finance cost | (11.3) | (12.6) | - | 1.3 |
| Tax | (26.5) | (37.1) | 8.5 | 2.2 |
| Net result | 89.1 | 125.3 | (34.1) | (2.0) |
| of which minority share | 4.0 | 3.9 | 0.2 | (0.1) |
| of which Group share | 85.1 | 121.4 | (34.4) | (2.0) |
| **H1 2017** | | | | |
| Profit from operations | 173.2 | 191.4 | (14.0) | (4.3) |
| of which income from other financial investments | (6.9) | 1.2 | (8.0) | - |
| Result of companies accounted for using the equity method | 12.9 | 12.1 | (0.6) | 1.4 |
| EBIT | 186.1 | 203.6 | (14.6) | (2.9) |
| Finance cost | (21.9) | (18.8) | - | (3.0) |
| Tax | (38.7) | (44.5) | 3.8 | 1.9 |
| Net result | 125.5 | 140.2 | (10.8) | (4.0) |
| of which minority share | 6.1 | 6.2 | (0.1) | (0.1) |
| of which Group share | 119.4 | 134.0 | (10.7) | (3.9) |

Non–recurring items had a negative impact of € 15 million on EBIT. The main items consisted of an impairment of Umicore's shareholding in Nyrstar of € 7 million and of environmental provisions of € 5 million which were booked for the remediation of historical pollution. The impact of non-recurring charges on the net result (Group share) amounted to € 11 million.

IAS 39 accounting rules had a negative effect of € 3 million on EBIT and a negative impact of € 4 million on net result (Group share). All IAS 39 impacts are non-cash in nature.

## Note 5: Share based payments

A charge of € 6.4 million was recognised in the income statement in respect of stock options and shares granted to senior executives of the company in 2017.

## Note 6: Financial instruments

The fair value of financial instruments held for cash flow hedge and other financial instruments are based on inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (Level 2). For available-for-sale financial assets, it is based on quoted prices in active markets for identical assets (Level 1).

Umicore hedges its structural and transactional commodity (metal and energy), currency and interest rate risks using respectively commodity derivatives (mainly quoted on the London Metal Exchange), currency derivatives and Interest Rate Swaps with reputed brokers and banks.

### 6.1 Financial instruments related to cash-flow hedging

| | Notional or contractual amount | | Fair value | |
|---|---|---|---|---|
| (in thousand €) | **31/12/2016** | **30/06/2017** | **31/12/2016** | **30/06/2017** |
| Forward commodities sales | 78,820 | 86,500 | 4,558 | (127) |
| Forward commodities purchases | (52,408) | (49,071) | 9,051 | 1,628 |
| Forward currency contracts sales | 352,559 | 346,320 | 3,169 | 16,303 |
| Forward IRS contracts | - | - | (2,550) | (1,951) |
| **Total fair value impact subsidiaries** | **-** | **-** | **14,228** | **15,853** |
| Recognized under trade and other receivables | - | - | 21,347 | 20,706 |
| Recognized under trade and other payables | - | - | (7,119) | (4,853) |
| **Total** | **-** | **-** | **14,228** | **15,853** |

The fair values of the effective hedging instruments are in the first instance recognized in the fair value reserves recorded in equity and are derecognized when the underlying forecasted or committed transactions occur.

The forward commodities sales contracts are set up to hedge primarily the precious metals. The forward commodity purchase contracts are set up to hedge primarily the electricity, gas and fuel oil price risks.

The forward currency contracts are set up to hedge amongst other USD, KRW, BRL, CNY, CAD and ZAR.

The terms and conditions of the forward contracts are common market conditions.

In those circumstances whereby the hedge accounting documentation as defined under IAS 39 is not available, financial instruments used to hedge structural risks for metals and currencies are measured as if they were held for trading. However, such instruments are being used to hedge future probable cash-flows and are not speculative in nature.

Umicore has not faced any ineffectiveness on cash flow hedging in P&L in 2016 and 2017.

### 6.2 Other financial instruments

| (in thousand €) | Notional or contractual amount 31/12/2016 | 30/06/2017 | Fair value 31/12/2016 | 30/06/2017 |
|---|---|---|---|---|
| Forward commodities sales | 174,163 | 80,539 | 4,451 | (578) |
| Forward commodities purchases | (147,073) | (120,399) | (1,414) | (171) |
| Forward currency contracts sales | 697,010 | 738,159 | (5,109) | 7,231 |
| Forward currency contracts purchases | (274,284) | (439,484) | 6,304 | (5,634) |
| **Total fair value impact subsidiaries** | **-** | **-** | **4,233** | **848** |
| Recognized under trade and other receivables | - | - | 15,959 | 11,451 |
| Recognized under trade and other payables | - | - | (11,725) | (10,603) |
| **Total** | **-** | **-** | **4,233** | **848** |

In the absence of hedge accounting documentation as defined under IAS 39, financial instruments used to hedge transactional risks for metals and currencies are measured as if they were held for trading. However, such instruments are being used to cover existing transactions and firm commitments and are not speculative in nature.

The fair values are immediately recognized in the income statement under Other operating income for the commodity instruments and the Net Finance cost for the currency instruments.

## Note 7: Shares

The total number of issued shares at the end of June is 112,000,000.

Of the 2,673,150 treasury shares held at the end of 2016, 35,956 shares were used for the employee free share program and 569,000 shares were used to honour the exercising of stock options during the period. Umicore also bought back 349,000 of its own shares. On 30 June 2017, Umicore owned 2,417,194 treasury shares, representing 2.16% of the total number of shares issued at that date.

## Note 8: IFRS developments

New and amended standards and interpretations need to be adopted in the first interim financial statements issued after their effective date (or date of early adoption). There are no new IFRSs or IFRICs that are effective for the first time for this interim period that had a material impact on the Group, except if disclosed above in Note 2.

## Note 9: Contingencies, accounting estimates and adjusting events

The Group has no material pending files anymore that can be qualified as contingent liabilities or contingent assets, according to the definition of IFRS.

## Note 10: Rights and commitments

Umicore successfully issued € 360 million US Private Placement notes with a closing on 7 December 2017. It is expected that by year-end this USPP will be reflected in the consolidated balance sheet.

## Note 11: Business combinations

In March 2017, Umicore announced and completed the acquisition of the combined 50% shareholdings of Samkwang Glass Ind. Co., Ltd. and OCI Company Ltd. in the South Korean automotive catalyst joint venture, Ordeg Co. Ltd. Umicore – which previously held 50% of the equity – now has full ownership of Ordeg which enables the company to better address the global needs of its Korean automotive catalyst customers. Ordeg is fully consolidated as from 1st April 2017. A preliminary opening balance sheet has been prepared as of 1st April but may still be subject to adjustments on a number of restatements over the coming 12 months.

At the end of March 2017, Umicore acquired 100% of Eurotungstene, a company within the Eramet Group specialised in developing, manufacturing and marketing metal powders used in diamond tools and hard metal applications. The acquisition of Eurotungstene, which is integrated into the Cobalt & Specialty Materials business unit will allow Umicore to broaden its product portfolio to better serve the needs of its customers. Eurotungstene is fully consolidated as from 1st April 2017. A preliminary opening balance sheet has been prepared as of 1st April but may still be subject to adjustments on a number of restatements over the coming 12 months.

The combined purchase price of these two acquisitions amounts to € 87.1 million. As a result of these acquisitions, the following assets and liabilities have been acquired and consolidated since 1st April 2017: (In)tangible assets for € 62.2 million, working capital for € 143.8 million, current and non-current financial debt for € 46 million and cash and cash equivalents for € 6.1 million. A combined badwill of € 3.9 million was recognized.

In June 2017, Umicore announced that is has reached an agreement to acquire the heavy duty diesel and stationary catalyst businesses of Haldor Topsoe for an enterprise value of DKK 900 million (approx. € 120 million) plus an earn-out. Haldor Topsoe is a leading producer of high performance catalysts for a wide range of industries. Its automotive catalysts are used in emission systems for on-road and non-road heavy-duty diesel applications and ensure compliance with the most stringent emission norms, including Euro VI. Its stationary business offers catalytic solutions to treat $NO_x$ emissions from industrial sources such as gas-fired power plants as well as marine applications. The businesses currently employ some 280 people, serve customers from production plants in Frederikssund (Denmark), Houston (Texas), Tianjin (China) and Joinville (Brazil) and has R&D facilities in Lyngby (Denmark). The transaction is subject to customary closing conditions, including regulatory filings, and is expected to be finalized around year-end.

## Note 12: Discontinued operations

In 2015, a process was initiated to prepare the Zinc Chemicals and Building Products business units for a future outside the Umicore Group. Management has analysed whether criteria were met to present both activities as discontinued operations. The criteria to classify both activities as discontinued operations were met in June 2015.

In June 2016, Umicore has reached an agreement to sell its Zinc Chemicals business unit to OpenGate Capital, a US-based private equity firm with a focus on developing a broad portfolio of high-quality industrial activities. Zinc Chemicals was effectively sold at the end of October 2016.

In May 2017, Umicore announced that it has received a binding offer from Fedrus International, a Belgian-based producer and distributor of building materials, to acquire its Building Products activities which trade under the brand name VMZINC®. Based on this binding offer, Umicore has decided to pursue exclusive negotiations with Fedrus International. The proposed transaction is subject to an information and consultation process with employee representatives. It is expected that this process will be completed the coming months. In the meantime, Building Products is still presented as discontinued operations.

Concerning the contingency regarding the French Competition Authority, there are no changes compared to what was published in December 2016.

## Assets and liabilities of discontinued operations

| (in million €) | 30/06/2016 | 31/12/2016 | 30/06/2017 |
|---|---|---|---|
| **Non-current assets** | 164.2 | 90.3 | 90.6 |
| Property, plant and equipment | 123.1 | 62.1 | 63.9 |
| Investments accounted for using the equity method | 23.5 | 16.0 | 16.0 |
| Other non-current assets | 17.6 | 12.2 | 10.8 |
| **Current assets** | 311.8 | 163.1 | 190.9 |
| Inventories | 149.6 | 92.5 | 90.9 |
| Trade and other receivables | 128.9 | 23.9 | 45.0 |
| Cash and cash equivalents | 30.9 | 45.3 | 54.1 |
| Other current assets | 2.5 | 1.4 | 0.9 |
| **Total assets** | 476.1 | 253.5 | 281.6 |
| **Non-current liabilities** | 46.3 | 39.8 | 38.9 |
| Provisions for employee benefits | 38.5 | 36.9 | 36.5 |
| Financial debt | 0.8 | 0.5 | 0.4 |
| Other non-current liabilities | 7.0 | 2.4 | 2.0 |
| **Current liabilities** | 294.8 | 105.1 | 130.1 |
| Financial debt | 21.1 | 0.4 | 0.4 |
| Trade and other payables | 265.3 | 103.5 | 125.0 |
| Other current liabilities | 8.4 | 1.3 | 4.8 |
| **Total liabilities** | 341.1 | 144.9 | 169.0 |

## Condensed income statement of discontinued operations

| (in million €) | H1 2016 | H2 2016 | H1 2017 |
|---|---|---|---|
| Operating income | 350.5 | 310.8 | 223.2 |
| Operating expenses | (394.6) | (302.2) | (211.2) |
| **Result from operating activities** | (44.0) | 8.6 | 12.0 |
| Finance cost - Net | (0.1) | (2.9) | (0.6) |
| Share in result of companies accounted for using the equity method | 1.4 | (0.1) | 0.9 |
| **Profit (loss) before income tax** | (42.8) | 5.6 | 12.3 |
| Income taxes | (9.6) | (3.5) | (3.4) |
| Profit (loss) of the period | (52.3) | 2.0 | 8.9 |
| (in € / share) | | | |
| Basic earnings per share from discontinued operations | (0.48) | 0.02 | 0.08 |
| Diluted earnings per share from discontinued operations | (0.48) | 0.02 | 0.08 |

## Condensed cashflow statement of the discontinued operations

| (in million €) | H1 2016 | H2 2016 | H1 2017 |
|---|---|---|---|
| Net operating cashflow | 3.5 | (66.9) | 15.2 |
| Net cashflow generated by (used in) investing activities | (7.4) | 36.3 | (1.7) |
| Net cashflow generated by (used in) financing activities | (2.3) | (20.3) | (1.7) |
| Effect of exchange rate fluctuations | (0.8) | (2.1) | 0.2 |
| Total net cashflow of the period | (7.0) | (53.0) | 12.0 |
| Net cash and cash equivalents at the beginning of the period for discontinued operations | 37.9 | 30.9 | 45.3 |
| Impact of final financing carved out entities | - | 67.5 | (3.2) |
| Net cash and cash equivalents at the end of the period for discontinued operations | 30.9 | 45.3 | 54.1 |

## Forward looking statements

This document 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. As a result, neither Umicore nor any other person assumes any responsibility for the accuracy of these forward-looking statements.

## Glossary

For a glossary of used financial and technical terms please refer to:
http://www.umicore.com/en/investors/financial-data/glossary/

## For more information

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## Financial calendar

| | |
|---|---|
| 25 August 2017 | Ex-interim dividend trading date |
| 28 August 2017 | Record date for the interim dividend |
| 29 August 2017 | Payment date for the interim dividend |
| 9 February 2018 | Full Year Results 2017 |
| 24 April 2018 | Annual General Meeting |

## 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 mobility materials 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.

Umicore's industrial and commercial operations as well as research & development activities are located across the world to best serve its global customer base. The Group generated a turnover of € 6.5 billion (€ 1.5 billion excluding metal) in the first half of 2017 and currently employs 10,400 people.

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A conference call and audio webcast will take place today at 9:30 CET in Brussels. Please visit:
http://www.umicore.com/en/investors/financial-calendar/hyr2017en/

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