

## TRADING UPDATE Q1 2016

### Highlights

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Revenues increased by 1% in the first quarter of 2016 with strong growth in Automotive Catalysts and Rechargeable Battery Materials more than offsetting the impact of lower metal prices on the various recycling activities.

In Catalysis, revenues were well up (+12%) driven by positive volume and product mix effects in Automotive Catalysts. Revenues for Energy & Surface Technologies were down 4% due to the impact of lower cobalt and nickel prices on the revenues of Cobalt & Specialty Materials. This impact was largely offset by revenue growth in Rechargeable Battery Materials. Revenues in Recycling were 8% lower reflecting lower metal prices and subdued demand in several product businesses.

Investments in Umicore's growth platforms of clean mobility and recycling are on or ahead of schedule and additional capacity expansion investments for Rechargeable Battery Materials are currently being reviewed.

Net debt increased over the quarter as a result of increasing working capital requirements.

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### Outlook

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Based on the first quarter performance and assuming current market conditions continue to prevail, Umicore expects full year recurring EBIT to be in the range of €335 million - €360 million. This reflects strong year-on-year growth in Automotive Catalysts and Rechargeable Battery Materials more than offsetting the impact of lower metal prices on the recycling activities.

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

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## Catalysis

Revenues in Catalysis were up 12% reflecting strong demand in Automotive Catalysts.

Revenues for **Automotive Catalysts** were up considerably, driven primarily by strong demand for Umicore's catalysts for light-duty vehicles and a more supportive product and regional mix in that segment. Revenues for catalysts for heavy-duty diesel vehicles were also higher, benefitting from the ongoing ramp-up of production in Europe and Asia.

The global light-duty vehicle market showed a moderate growth of 0.8%. Increases in North America, Europe and China were largely offset by declines in Japan, South Korea and South America. Umicore's sales volumes and revenues were well ahead of the global car market and in most regions.

In Europe, Umicore's volumes and revenues were up substantially and well above the 1.8% growth in the market. The share of diesel catalysts in Umicore's mix further increased following the roll-out of Euro 6b compliant diesel platforms into new models. Sales volumes of gasoline catalysts were also higher due to the success of previously introduced gasoline platforms and the increasing popularity of direct injection gasoline engines, to which Umicore is well exposed. The new production plant in Poland is now fully operational.

Umicore's volumes and revenues were flat in North America while the car market grew 5%. The market growth was mainly driven by Asian car OEM's to which Umicore has less exposure in North America. In South America, Umicore felt the drop in demand in the car market, which was down by 26%.

In China, Umicore showed good growth and outpaced the car market. Umicore continues to benefit from its strong exposure to international brands as sales of their vehicles are growing faster than those of local brands. The Chinese car market continued to grow, although at a slower rate of 3.9%. Umicore's volumes and revenues were higher in the South Korean market driven by its platform mix. Revenues were also well up for Japanese OEM's globally, where Umicore's strategy to increase its global market share is taking effect.

In India, Umicore's new plant for light-duty vehicle catalysts is fully ramped up and volume and revenue growth were well above those of the car market. Construction of the plant in Thailand is progressing well and is set to come on stream in the third quarter of this year.

Revenues for **Precious Metals Chemistry** were up year on year. This was mainly the result of strong demand from the automotive industry for inorganic chemicals used in catalytic applications.

## Energy & Surface Technologies

Revenues in Energy & Surface Technologies decreased by 4% due to the impact of lower cobalt and nickel prices on the recycling and distribution activities in Cobalt & Specialty Materials. This impact was largely offset by revenue growth in Rechargeable Battery Materials.

Volumes and revenues for **Rechargeable Battery Materials** were well above the first quarter of 2015 driven by growing demand from the automotive segment. Shipments of Umicore's High Energy LCO (lithium cobaltite) cathode materials for high-end portable devices were lower, reflecting some seasonal stock adjustments.

Demand for cathode materials used in the transportation segment was significantly higher year on year. With its diversified customer base and wide range of NMC (nickel manganese cobalt) cathode materials, Umicore continues to benefit from the growing penetration of electrified vehicles in the market and the trend to use larger size batteries to increase the driving range.

Ongoing capacity expansion projects in China are on track to come on stream in 2016. Additional expansion investments in Korea and China are currently being reviewed considering an anticipated acceleration of demand.

Revenues for **Cobalt & Specialty Materials** were down year on year. Prices for nickel and cobalt were substantially below the average of the first quarter last year and this impacted the revenue contribution from both the refining and distribution activities.

Demand in the different product groups was stable with solid demand for nickel sulphates used as precursors for cathode materials as well as metal carboxylates used in various catalytic applications. Volumes in the European and US distribution activities were higher. This could, however, only partially offset the impact of lower metal prices on distribution margins.

The business unit will close its cobalt powders plant for hard metal applications in Shanghai, China, and integrate this activity in the cobalt refining plant in Ganzhou, China.

Revenues for **Electroplating** were down compared to a very strong first quarter in 2015. Demand for precious metals electrolytes was impacted by a general slowdown in the electronics industry, whereas lower order levels for decorative applications reflected an unfavourable customer mix. While sales volumes of precious metal products used in coatings for printed circuit boards were somewhat down, the business unit successfully increased its market share in that segment.

Revenues for **Electro-Optic Materials** were up compared to the first quarter of 2015 reflecting higher revenues for infrared optic products and germanium tetrachloride. The contribution to revenues from the recycling and refining activity as well as the substrates business was in line with the previous year.

**Thin Film Products** recorded lower revenues, due to a slow start in the large area coating activity compared to a relatively strong first quarter for that activity in 2015. Competitive price pressure also weighed on margins.

## Recycling

Revenues in Recycling decreased by 8% reflecting the impact of lower metal prices on the recycling activities as well as lower demand in several product businesses.

Revenues for **Precious Metals Refining** were lower year on year, reflecting the impact of lower metal prices partly offset by a positive mix effect. For precious metals, the impact of lower spot prices was mitigated to a limited extent by pricing contracts secured in early 2015. Spot prices for specialty metals cannot be hedged and had a significant impact on margins.

Processed volumes were slightly lower year on year despite the higher throughput rate achieved following the expansion investments which were carried out in 2015. The volume reduction was caused by the scheduled maintenance shutdown of the Hoboken smelter which commenced towards the end of the quarter.

Supply of industrial by-products remained solid, with large quantities of complex residues arriving from the non-ferrous metal mining and smelting industries. The intake of end-of-life materials – which constitute a smaller share of the supply – was somewhat less supportive, as competitive pressure reduced the overall availability of recyclables.

The auxiliary investments in the framework of the capacity expansion programme of the Hoboken plant are ongoing and are on schedule to be completed by the end of 2016.

Revenues for **Jewellery & Industrial Metals** were down as a result of lower revenues from sales of investment-related products. Demand for industrial applications and jewellery products was somewhat higher while the contribution of the recycling activity was stable.

**Platinum Engineering Metals** recorded lower revenues as a result of a slower start of the performance catalyst business, primarily due to the timing of customer projects. Order levels from the glass manufacturing industry were slightly higher reflecting customer wins. The impact of the cost-efficiency measures taken in 2015 could mitigate to some extent the impact of lower revenues on earnings.

The contribution from the trading activity in **Precious Metals Management** was considerably lower due to the lacklustre metal price environment. Demand for the physical delivery of metals was stable.

Revenues in **Technical Materials** were significantly down year on year as volumes and prices continued to suffer from strong competitive pressure and overcapacity in the different end markets. The business unit was able to offset the impact of lower revenues on earnings by the implementation of productivity and cost-efficiency measures. Additional steps are being considered to make the business more sustainable.

## Discontinued operations

Sales volumes and revenues for **Building Products** were stable year on year. In Europe, revenues were somewhat higher, helped by a mild winter and compared to a low activity level in the first quarter of last year. Sales volumes of building materials in the markets outside Europe were slightly down due to the timing of new project launches.

The product mix further improved with a larger share of revenues from higher added-value products. Product premiums, however, continued to be impacted by strong competitive pressure.

In the French competition case, a hearing took place at the end of March during which Umicore contested all the assertions made by the French Competition Authority. A decision by the Authority will be issued in the coming weeks. Until this time, it is not possible to gauge the impact the decision might have.

Revenues for **Zinc Chemicals** were below the level of the first quarter last year which benefited from a higher zinc price.

Order levels for fine zinc powders were down mainly due to lower demand for use in marine containers in China. Container production was lower as the shipping industry drew down surplus stocks built up in previous periods. Order levels for powders for protective coatings remained solid in the other regions. Sales volumes of zinc oxides were higher due to solid demand from the animal feed industry. Order levels for zinc powders used in primary batteries were slightly up.

The new plant for the production of high grade zinc powders and recycling of zinc residues in Changsha, China, is ramping up according to plan.

## Corporate

**Element Six Abrasives** recorded lower revenues year on year as a result of the difficult trading conditions in several of its key end markets. The market for oil and gas drilling products remained sluggish, with the global rig count continuing to fall.

## 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.

## 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 organized 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 € 10.4 billion (€ 2.6 billion excluding metal) in 2015 and currently employs 10,400 people.

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A conference call and audio webcast will take place today at 08:00 CET in Brussels. Please visit <http://www.umicore.com/en/investors/news-results/press-releases/20160406CalendarQ1-2016EN/>

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