



**umicore**  
*materials for a better life*

# 2018 half year performance

31 July 2018

# Overview

Highlights H1 2018

Outlook 2018

Business review H1 2018

Financial review H1 2018

Wrap-up

Q&A



# Highlights H1 2018

## Strong performance in H1 2018



Revenues **+23%** and REBIT **+34%**

ROCE up to **16.6%**

Substantial growth in Energy & Surface Technologies

## Growth investments accelerating



Launch of **€ 660 million** investment for Rechargeable Battery Materials in China and Poland to meet strong demand

**Streamlining of portfolio announced in 2015 completed**

**Successful capital increase in February to fund fast growth**

**Interim dividend of € 0.35**

# Outlook 2018

Umicore expects full year recurring EBIT to be in a range of € 510 million to € 550 million, as previously announced, assuming current market and macroeconomic conditions continue to prevail.

While all three business groups are expected to contribute to this year's revenue and profit growth, the vast majority of the growth is coming from Energy & Surface Technologies.

# Outlook 2018



## CATALYSIS

Higher revenues in H2 2018 driven by recently won gasoline platforms

Unfavourable engine mix in Europe expected to persist throughout the year



## ENERGY & SURFACE TECHNOLOGIES

Higher revenues in H2 2018 driven by the ramp-up of new cathode material capacity

Revenue development in other business units will reflect the usual seasonality



## RECYCLING

Higher revenues year on year as a result of the capacity ramp-up in Hoboken

Maintenance shutdown expected towards the end of the year



# Business review H1 2018



# Catalysis

## 2018 H1 business review

Revenues +12% and recurring EBIT +7%:

### Growth in **Automotive Catalysts**



Higher revenues for HDD catalysts in Europe and Asia; integration of Haldor Topsoe's heavy-duty diesel and stationary catalyst activities

LDV sales volumes above market, revenues reflecting unfavorable engine mix in Europe due to lower diesel market penetration

### Higher revenues for **Precious Metals Chemistry**





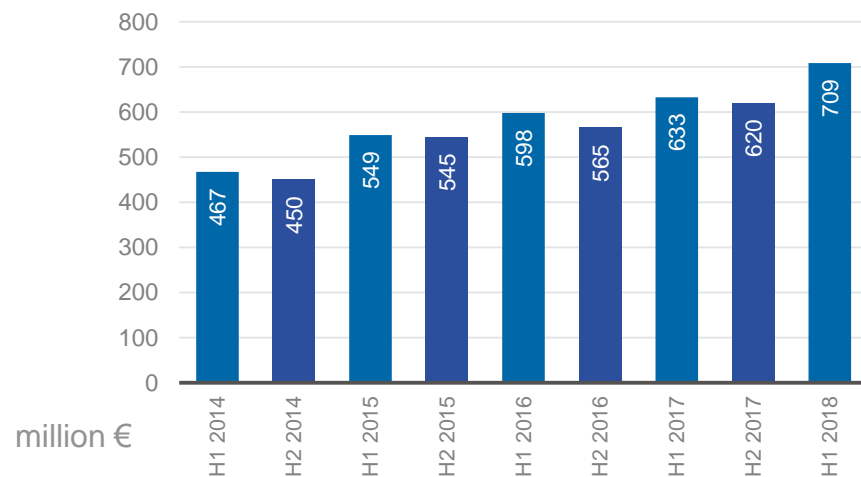
# Catalysis

## 2018 H1 business review

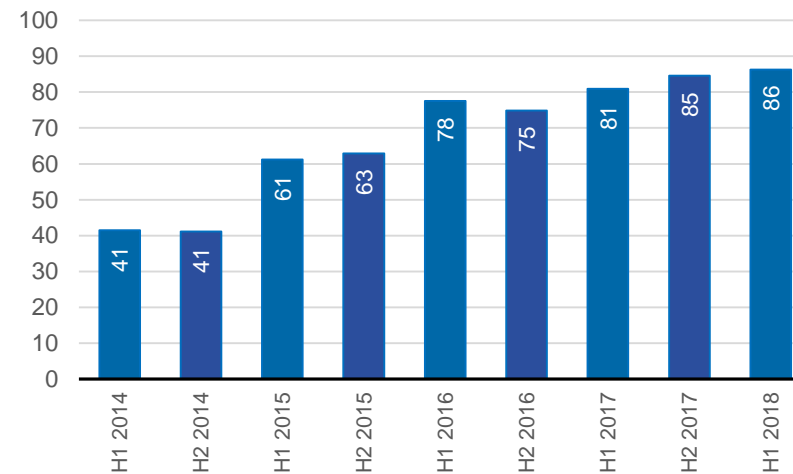


- H1
- H2

### Revenues



### Recurring EBIT







# Energy & Surface Technologies

## 2018 H1 business review



Revenues +63% and recurring EBIT +97%:

Substantial growth in **Rechargeable Battery Materials**

Recurring EBIT supported by scale effects

Investment programs on track



Revenues in **Cobalt & Specialty Materials** well up as a result of higher volumes and favorable market conditions in most activities

Lower revenues for **Electro-Optic Materials** due to subdued demand for substrates used in space photovoltaics and LED

Higher revenues for **Electroplating**



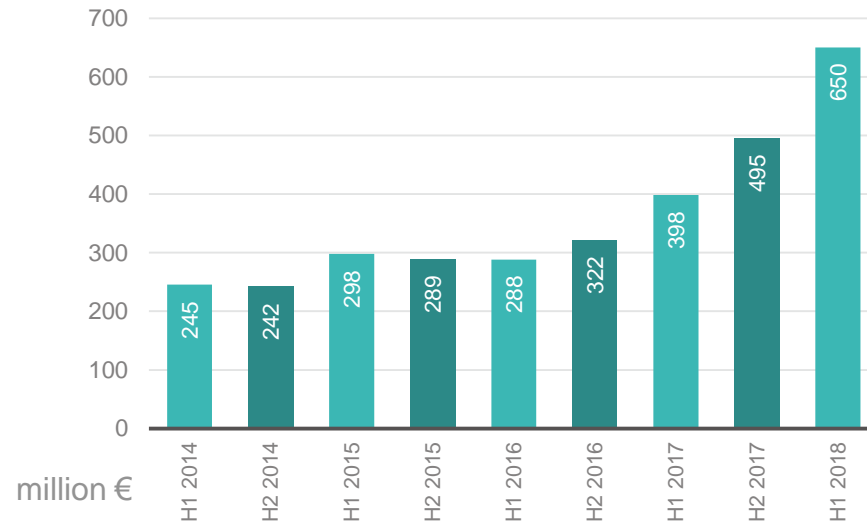
# Energy & Surface Technologies

## 2018 H1 business review

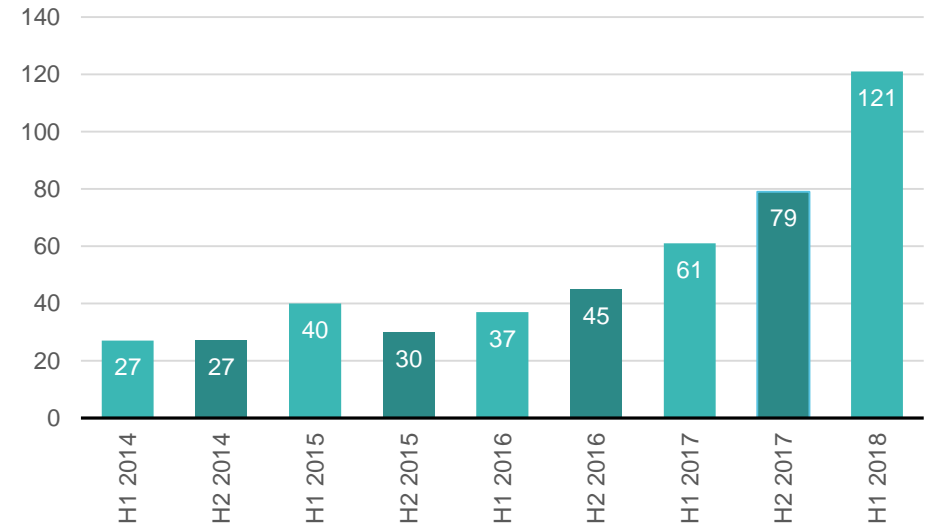


- H1
- H2

### Revenues



### Recurring EBIT





# Recycling

## 2018 H1 business review

Excluding impact from sale of European Technical Materials activities, revenues +5% and recurring EBIT +13%:

### Higher revenues for Precious Metals Refining

Higher processed volumes and supportive metal prices



Mix largely unchanged and commercial conditions in some segments impacted by competitive pressure

Further significant improvement in environmental performance

### Higher revenues in Precious Metals Management and Jewellery & Industrial Metals

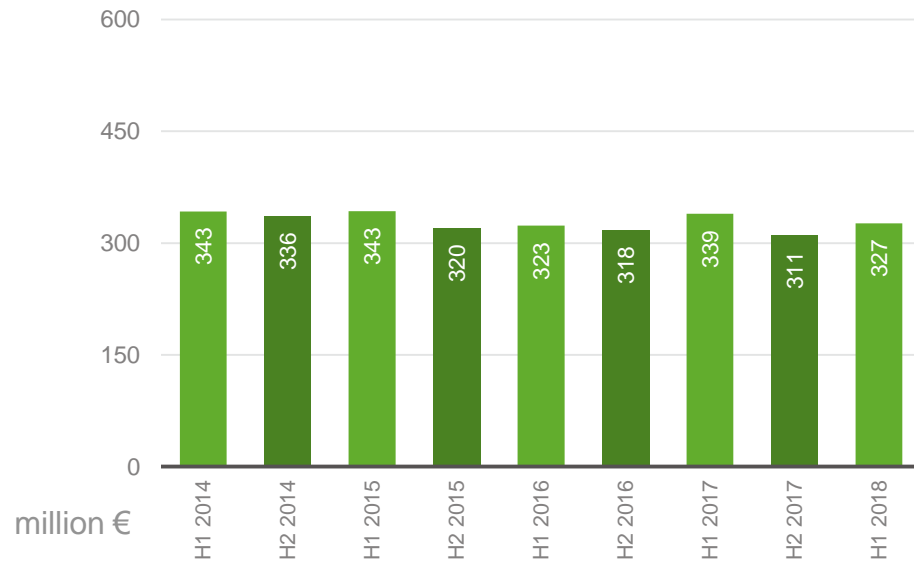




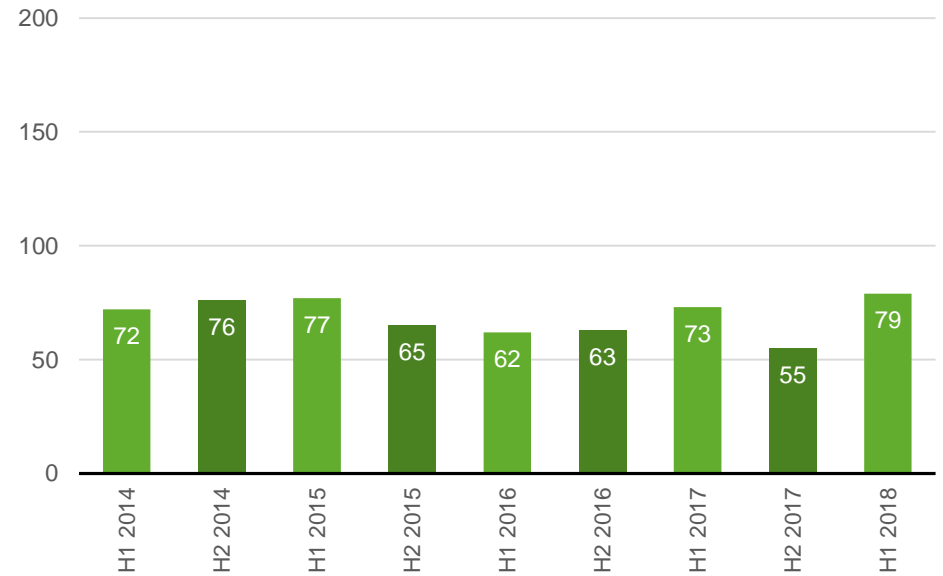
# Recycling

## 2018 H1 business review

### Revenues



### Recurring EBIT



- H1
- H2



# Employees and Safety

## Safety

Accident frequency rate at **3.40**

Accident severity rate at **0.05**



## People

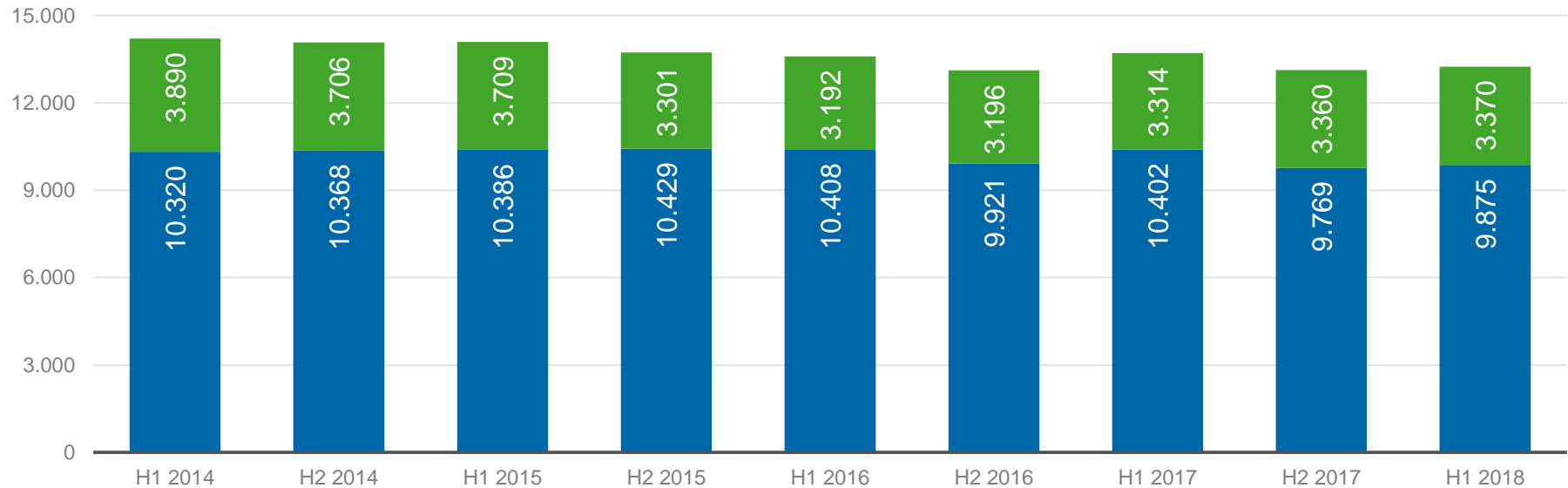


Slight increase in number of employees: organic growth in Rechargeable Battery Materials partially offset by the sale of the European activities of Technical Materials



# Employees and Safety

## People



- Fully consolidated
- Associates

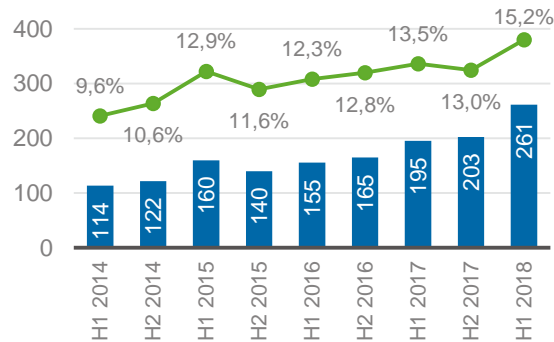


# Financial review

# Substantial growth in earnings and margins

## Group, continued activities

### REBIT & REBIT margin



**Sharp earnings increase**

- Recurring EBIT **+34%**
- Recurring EBITDA **+26%**
- Recurring net profit **+28%**
- Driven mostly by strong performance in Energy & Surface Technologies

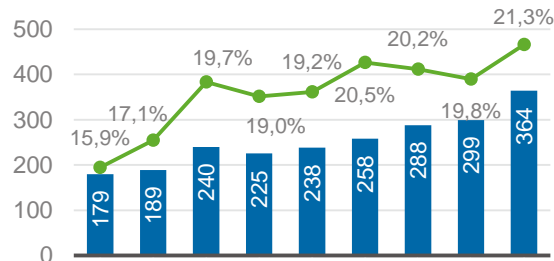


**Margins well up**

- Recurring EBIT margin at **15.2%**
- Recurring EBITDA margin at **21.3%**

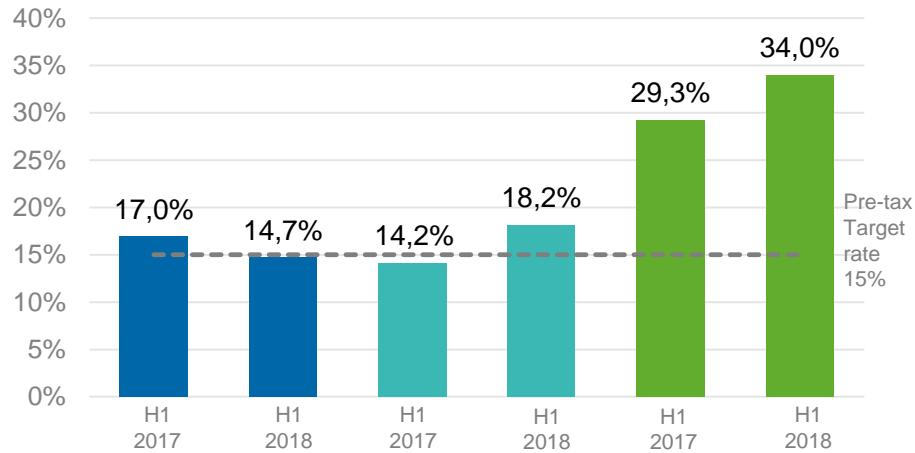


### REBITDA & REBITDA margin





# Strong value creation with ROCE well above 15%



Catalysis ROCE 14.7%, reflecting impact from acquisitions

Energy & Surface Technologies ROCE 18.2%, significant increase driven by strong earnings - despite growth investments

Recycling ROCE increased to 34.0%, reflecting divestment impact and higher earnings

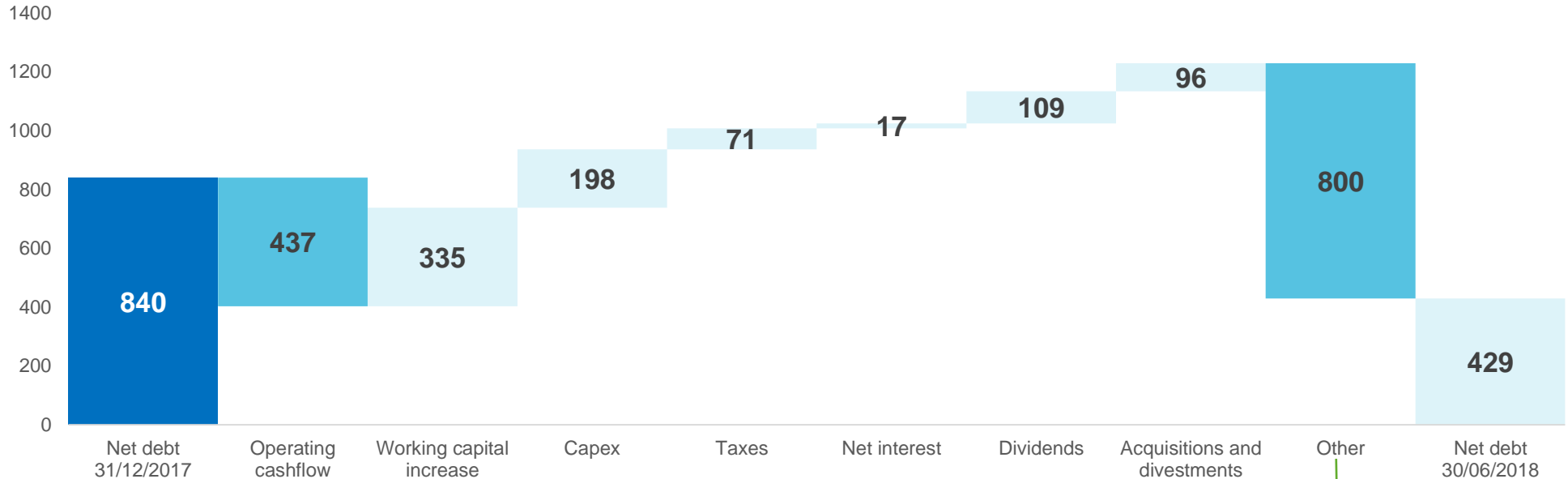


- Catalysis
- Energy & Surface Technologies
- Recycling

Group ROCE	
H1 2017	15.9%
H1 2018	16.6%



# Net debt and cash flows



Operating cashflow = cashflow from operations before change in working capital requirement plus dividend and grants received

Includes € 892 million equity increase

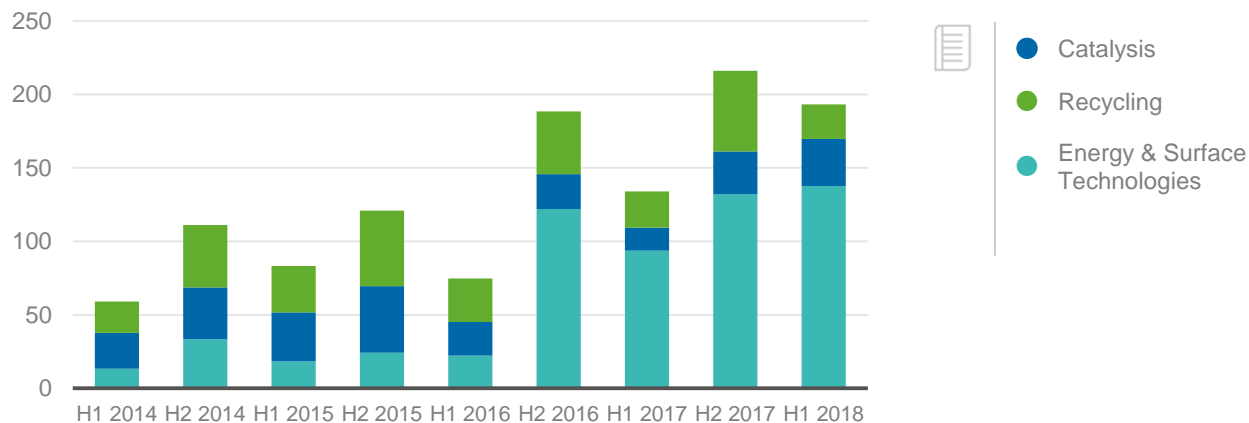
# Expenditures for growth

Capex **€ 198 million** mostly related to growth projects:

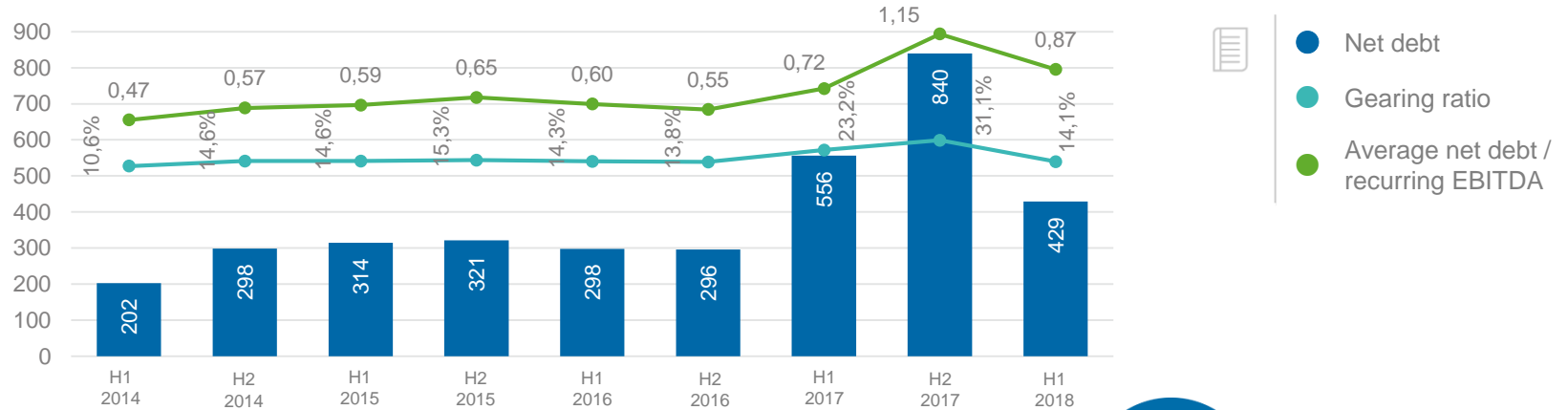
- Energy & Surface Technologies taking up close to **70% of this amount** as a result of ongoing investments to increase cathode materials production capacity
- Environmental performance investments in Hoboken
- Capex expected to **accelerate in H2 2018**

R&D up 8% to **€ 96 million**, reflecting higher expenditures in Energy & Surface Technologies and Catalysis

## Capital expenditure



# Strong capital structure



**Successful February equity raise of € 892 million, equal to 10% new shares**

**Net financial debt decreased to € 429 million**

**Corresponds to :**

0.6 x net debt to recurring EBITDA ratio at end of period

14.1% gearing ratio



# Non-recurring elements



## H1 2018

Restructuring charges & provisions	(12.3)
Impairments on metal inventory	(0.5)
Other	6.9
<b>Non-recurring EBIT</b>	<b>(5.9)</b>
Non-recurring tax result	3.3
Non-recurring minority result	(0.1)
<b>Net non-recurring result</b>	<b>(2.5)</b>

## Small non-recurring EBIT mainly affected by:

- € 12 million restructuring charges, primarily related to the gradual closure of the Guarulhos site in Brazil
- € 7 million other income includes the result from the sale of European Technical Materials operations

Impact on net result of € -2 millions

# Wrap-up



Strong performance: **revenues +23%** and **REBIT +34%** vs. H1 17 continued operations

Growth most pronounced in **Energy & Surface Technologies**, driven by volume growth in Rechargeable Battery Materials

Acceleration of growth investments with launch of **€ 660 million** programme to add capacity for cathode materials in China and Europe

Capital increase of **€ 892 million** to fund fast growth

Recurring EBIT for the full year to be in a range of **€ 510 to € 550 million**

Interim dividend of **€ 0.35**



Q&A

# Financial calendar

**28 August 2018**

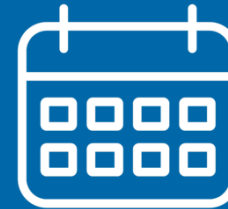
**Payment date for the interim dividend**

**8 February 2019**

**Full Year Results 2018**

**25 April 2019**

**Ordinary General Meeting of Shareholders**





# Financial calendar

## 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.

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