



Umicore Call

**Wednesday, 12 June
2024**



Umicore Call on June 12th 2024

Operator: Hello and welcome to this Umicore call. I will be your coordinator for today's conference. Please note, this call is being recorded, and for the duration of the call your lines will be on listen-only. However, you will have the opportunity to ask questions at the end of the call. This can be done by pressing star one on your telephone keypad to register your question. Please refrain to one question at a time. For additional questions, you will be redirected in the queue. If you require assistance at any point, please press star zero, and you will be connected to an operator.

Today we have Umicore CEO, Bart Sap, and Umicore CFO, Wannes Peferoen, as our speakers. I will now hand you over to your host, Bart Sap, to begin today's conference. Thank you. Gentlemen, please begin.

Bart Sap: Good morning, everyone. Before I comment on this morning's disappointing press release and before we engage in Q&A, I would like to start by briefly introducing myself before sharing some of my perspectives on the current events and my overall view on the company's foundations and directions for the future. As you know, I was appointed CEO last May 16th. You understand that the current circumstances are far from what I would have hoped to address during our first exchanges. At the same time, this is the situation we now have in front of us, and together with Wannes and the broader Umicore teams, we will diligently work to bring the necessary clarity and address, with agility and determination, the changes we are now going through.

I've been with the company for almost 20 years now and have held for approximately 17 years several finance and business positions in the former Energy & Surface Technology business group, more particularly focusing on our cobalt and nickel activities, which are obviously closely connected to the overall battery ecosystem and our battery materials activity. The experience that I gained over these years will now help me significantly to shape our battery materials business going forward.

In March 2021, I was appointed EVP of Catalysis, a world-class business. This gave me the opportunity to deeply understand another cornerstone of the company and bring this great business to new heights, together with all the Catalysis colleagues.

Let me now recap the main messages of this morning. Against the backdrop of a sharp slowdown in the growth of EV demand impacting the industry – and you will have seen the numerous announcements in this respect – our customers' demand projections for our battery materials have steeply declined in recent weeks. Consequently, 2024 volumes for our battery materials could be equal or slightly lower than last year. In this context, we have to lower our 2024 guidance for Battery Materials and now expect adjusted EBITDA for this business to be around breakeven. This includes a positive one-off of roughly €50 million. This compares to the initially expected adjusted EBITDA for the business group in the order of €135 million.



The main drivers for this update are threefold. Firstly, the volumes from our legacy contracts are coming to an end faster than anticipated. Secondly, we see a delay in the anticipated ramp-up of new contracts in Europe. And lastly, the volumes for the Chinese battery OEM are not materialising in 2024.

We have started a process of reassessing our growth projections post 2024 in response to the slowdown and ongoing reviews of the investment plans by EV manufacturers. This will lead to a phasing of our CAPEX in order to match the future growth path of customer base. Clearly, we will continue to work closely with our existing and potential customers to create clarity in the coming months.

In the meantime, we expect that our CAPEX for 2024 will not exceed €650 million. Together with my management board, we will speedily assess ways to adjust our cost structure going forward.

I also would like to highlight that the 2024 performance of the Umicore's foundation businesses, Catalysis, Recycling and Specialty Materials, continues to be robust and is overall in line with market expectations. These businesses once more confirm their ability to generate strong earnings, strong free cash flows, and industry leading returns. Bringing this all together, we now expect group adjusted EBITDA for the full year 2024 to be in a range of €760-800 million.

Now before passing to the Q&A, I still would like to share my views on Umicore in its entirety and with which mind-set I will lead the company forward. At Umicore, we have built our businesses around three megatrends: resource scarcity, the growing need for advanced materials, and the mobility transformation. So let me now talk a bit about these three trends and businesses.

It is clear that electromobility is not just a short-term trend. It is a confirmed trajectory that is reshaping the automotive industry. At Umicore, we have recognised this transformative wave, and we maintain a strong belief in the long-term growth path of electrification, and we are also convinced that Umicore has its role to play.

As with any industry transformation, the journey towards electromobility is and will not be linear. The current market changes bring into sharp focus the importance of our extensive technology portfolio, allowing us to navigate the evolving mobility roadmap. Our expertise covers, indeed, all drivetrains, be it now hybrid, full-EV, internal combustion or fuel cells. This breadth of technology resembles our adaptability and positions us as a true transformation partner for the automotive OEMs.

Recycling is a core pillar in our value offer. It represents our commitment to sustainability and a circular economy. It's not just an addition, it is an integral part that completes our business model, and it resonates with our core values and commitments to the environment.

The Specialty Materials business group is equally at the heart of our striving for excellence. It feeds the ever-increasing demand for advanced materials. These materials are not just based on precious and rare metals, of which we have a deep understanding and with which we have a long familiarity. They are essential building blocks to elevate the quality of life for people everywhere.

Catalysis, Recycling and Specialty Materials are the foundations upon which Umicore stands today. They are not just the bedrock of our cash flows and returns, but also a repository of vast knowledge and experience. This underpins our ambition to replicate this success for our Battery Materials business.

And let's now open the Q&A, please.

Questions and Answers

Operator: Thank you very much. Ladies and gentlemen, as a reminder, if you would like to ask a question, please press star one on your telephone keypad. We'll pause for just a moment to allow everyone an opportunity to signal for questions.

We'll take our first question from Alex Stewart from Barclays. Your line is open. Please go ahead.

Alex Stewart (Barclays): Hi there. Good morning. A relatively simple question, I hope. During the last six months, the market was presented with Battery Materials 2.0, and we were assured that revenues were contracted and fixed, and that the reason that you were able to give such detailed guidance so early in the year was that you had very clear visibility, take-or-pay contracts, fixed pricing, 'We're not going to invest unless we have guaranteed demand for these products.' So my question really is, what has changed? Was that wrong? Were actually these guarantees not as rigorous as you thought they were? Because the message that you've given this morning in the press release is radically different to the message that was given at the full year results. And I'm really curious to know whether the full year results was maybe – or the message at the full year results – was maybe a little generous, or whether something ultimately has changed in the structure of these contracts. But any insight on that would be very useful. Thank you.

Bart Sap: Yes. Okay. Good. Let me speak to those points, and thank you for your question. So clearly, over the past weeks, we're starting to get signals from our customers, and myself, and then also the battery materials teams, therefore started exchanging extensively with our customers to clarify the current situation. And in the past days, then, unfortunately, it became clear that the volumes that we had anticipated, especially for the second half of the year of 2024, will not be materialising. Hence, we have to come out today.



The lower volumes were mainly related to three key points: the legacy contracts phasing out more rapidly than expected; the China contract with a Chinese OEM will not materialise in 2024; and the ramp-up of new contracts in Europe will be delayed.

Now, you were referring to the quality of our contracts, and at the same time, I have to say that indeed our European contracts, they do have strong guardrails and take-or-pay provisions. Now, these take-or-pay provisions are basically kicking in along the ramp-up of these contracts. And they have specific volume bands for any given year. Now, as we are in the ramp-up, these guardrails are, let's say, at a lower threshold. However, in the next years, these volumes will start to increase and therefore underpin basically the return of the investments that we have been making and are making in Europe.

On the Chinese contract, I would also have to say that we have mentioned earlier that there are no guardrails with the local OEM, and therefore, of course, when these volumes do not materialise, we are exposed to that volume fluctuation.

Operator: Thank you. We will take our next question from Chetan Udeshi from JPM. Your line is open. Please go ahead.

Chetan Udeshi (JP Morgan): Yeah. Hi. Morning. I had a similar question, but more longer term. I think, in the press release, Bart, you mentioned that you still think Umicore has the right to win in the battery materials space. And I mean, in the last five years, four years, we've just seen more disappointments. Again today, the update is clearly not promising. I'm just curious, why do you think Umicore still has the right to win? Because you mentioned China contract. And China actually is doing quite well on EVs. So it's quite a bit surprising, to me at least, that the Chinese contracts is not – or Chinese contract isn't ramping this year. But what gives you confidence that Umicore still has the right to win in this business? Because it just feels like the scale that Umicore has today is much lower than most of your global competitors. And clearly you can see from the profitability levels this year, you're talking about EBITDA loss actually, if you strip out the one-offs. So just curious, as you reassess the business, or if you've already done that, what gives you confidence that we should still have Umicore as a key player in this business?

And the second question I had was when you say the legacy contracts have completed or expired sooner than expected, isn't that a drag that we should have in mind also going into next year and the year after? Or was that already in your planning, or not necessarily in your planning, but the previous planning that you guys had talked to us about for 2025 and 2026, I think.

And last question, in terms of CAPEX phasing up to €650 million, should we expect at least some cuts to your CAPEX for the next three years based on what you've announced today, or is that too early to conclude? Thank you. Yeah.

Bart Sap: Well, thank you, Chetan, and a very broad question. And of course, I understand all the questions that you're asking. And first of all, what I would like to start is that I recognise the disappointment. The disappointment for the markets, our shareholders, but



also for us here at Umicore. So I really would like to point this forward, this is clearly disappointing.

Now, you will also appreciate that I'm here now a bit less than four weeks. And we are in this full assessment of how our Battery Materials business would need to further develop and what the right composition could be and the right growth trajectory. And I'll come back to that later on. But now to the current situation, actually, we're falling a bit, I would say between two chairs right now. On the one hand, as you mentioned yourself, we have the tail of these legacy contracts. We have a delay in that ramp-up of really strong, underpinned contracts in Europe. And this does not say anything about the next years, of course, of the strength of these contracts going forward. But it faces us today, indeed, with a lower volume situation, while actually from a cost base, we were continuing to invest in technology, engineering, but also the general out-build of the organisation. And, of course, all these elements combined, volume being important and cost indeed, that hits the bottom line hard. I cannot deny that, right?

At the same time, I have to say, you were talking about China, for instance. You say, indeed, EVs and China are going well. There, we also have to recognise that in the Chinese market, it is really LFP being the strong composition today. And NMC is very challenging in the Chinese market. And there, the competition is really strong. Now, to the Chinese accounts, they have revised their forecast, and today I cannot share more than that, as such. Now, I recognise, of course, that LFP is very strong in China. We also see some LFP coming to Europe, and despite all the recycling challenges and future cost that will come along with it. But that's the reality. At the same time, we have a very strong technology position on NMC. Our customers are also seeing different segments in their cars and applications that will require different technologies, and we feel confident that there we are in a very strong position.

You've also seen the news probably this morning that governments are realising that local supply chains are super important because the car industry for the Western markets, such as Europe and the US, is critical. And therefore EV production, battery production, and therefore also the upstream supply chain for battery materials will take ground in Europe. And there we will start from a much stronger level playing field on which we feel that, with our first footprint and our first strong contracts, we are extremely well positioned to leverage that.

Now, regarding the CAPEX, Wannes, maybe you could share some elements.

Wannes Peferoen: Yeah. And also the question on legacy contracts as well.

Bart Sap: Yes.

Wannes Peferoen: So maybe first talking about the legacy contracts. So we have highlighted that in 2024 being a transition year, where we have a combination of legacy contracts but also new contracts kicking in, the new contracts in Europe and that one particular contract in China. So, with that ramp up being delayed, the legacy contracts, of

course, continued to be important. And this is also, unfortunately, against the backdrop of the overall demand, where we see that the anticipated demand from those legacy contracts is weaker than what we planned for.

Going forward, we continue to have some contribution from those legacy contracts throughout the next year, I would say, next years, but that reduces over time. So the new contracts will gain in weight.

Now, looking at the CAPEX phasing, today we have the necessary capacity to meet demand. So this is where we have decided to revise the CAPEX downwards. Initially for this year, we had planned about, somewhat more than €800 million of CAPEX, and we have planned to reduce it to not exceed €650 million. So a significant CAPEX cut for this year. And we are continuing to work together with our customers to get a more clear projection for the longer term. And this will help us in further revising and adjusting the CAPEX needs to the slower pace in the industry, I would say.

Bart Sap: Yes, indeed, Wannes, I think that's exactly right. And you were referring, indeed, to how the CAPEX trajectory is going to be. We have now to assess in the coming months what it will be. But given the current slowdown of electrification, especially in Europe, and also where we find ourselves today, I mean, it is fair to assume that the volume development and the top line revenue developments that we have shared under our RISE 2030 ambition will be lowered down going forward. And we'll get back to you, of course, in the next months while we have actually worked through our plans. And I think we probably will have a CMD around year end, explaining the overall group, so our solid foundation businesses, but also on Battery Materials, we'll come back to you. In the meanwhile, if we have relevant elements, of course we will keep on informing you step by step, as it is, of course, very important to the markets to have the right information.

I also would like to point out that, of course, the strategic assessment or business model update that we're doing for battery materials will always be with the clear ambition of value creation. And we still see this as a real growth business for Umicore.

Chetan Udeshi: So, Bart, can I confirm that you're not ruling out, or you are essentially ruling out that Umicore will exit the battery materials business? That's not a scenario?

Bart Sap: I would say today we are fully committed to this business, and we continue to develop, indeed, with that long-term, value-creating mind-set.

Chetan Udeshi: Thank you very much.

Operator: Thank you. We will take our next question from Riya Kotecha from BofA. Your line is open. Please go ahead.

Riya Kotecha (Bank of America): Hey. Morning. I've got three questions, please. My first one is on the order book. Can you give us some colour as to why some contracts have come to an end faster than expected and others not materialised? Is this a cyclical problem with EV demand in the European market and maybe EU-China tariffs, or rather a technology problem with customers switching to different battery technologies in the mid-term? And therefore, what gives you the confidence that this is a cyclical or a 2024 problem versus a structural or a mid-term problem as well?

And related to that is my second question, which is what gives you the confidence that your most important customer, which is 60% of the order book, has volumes or orders that materialise in the mid-term?

And my third question is just a follow-up on the take-or-pay mechanism. To what extent are you able and willing to secure or enforce some of these binding contracts that were signed two or three years ago, maybe when we weren't going through the cyclical phase in EV demand, rather than give customers the flexibility to adopt the volumes that they need through this growing process, and therefore Umicore takes on some of the pain of those customers as they ramp up?

Bart Sap: So thank you, Riya. And very, very clear questions. Now, it's also again a very broad set of questions, so probably we could talk half an hour on this, but let me try to be concise on the most elements. Yes, right now, indeed, we do see volume impacts in the slowdown of electrification in Europe. We also see EV car imports in Europe slowing down. And we see some stocks for batteries in the overall supply chain. So yes, definitely there is an impact on volumes that is truly market related. And again electromobility, it's a transformation, and it's never a straight line. And even in the next years, we will see some fluctuation going forward. That is true for any major transformation in society. So far, it's clear.

Now, I've mentioned before, I firmly believe that NMC has its right to play and will play a major role in the European and the North American markets, more so than in China, where LFP seems to be really ingrained. And that with the local supply chains, we have the stronger level playing field. At the same time, LFP is there, so I will not deny that. And customers will ultimately decide what they use for certain segments. And that's not for me to speak, of course, to the technology choices of our customers.

Now, if we then say, what is the overall volume development of our customer portfolio and the battery makers with whom we are working? I mean, this is work now we have to do in the next months. That assessment is fully ongoing. And it would not be right for me to say what my assumptions are, because, of course, this is up to our customers to shed some clarity on this.

Now, on the point of the take-or-pay and basically the strong contracts that we have, yes, indeed, we are fully intending to leverage the strong contractual base that we have with our customers. At the same time, of course, it's not our ambition just to build empty capacity in order to be able to collect take-or-pay. That would not be fundamental. So we will

continue to work with our customers, but we intend to leverage these strong clauses in our contracts.

Riya Kotecha: Thank you. That's really helpful. I've just got one follow-up, please. And that's more broadly on the Battery Materials asset base and the commitment to the business. In what case or scenario could you see that you're more focused on Western regions or the European region or the North American region versus potential to strategically exit other regions, such as the China market, which actually has been underutilised since 2021 and, as you said, is now predominantly LFP? So is that scenario something you would consider?

Bart Sap: Well, I'm not going to, let's say, comment on specific outcomes of the assessment that I'm still doing today, of course, but we're looking at things holistically. Footprint consideration and CAPEX phasing is an integral part of that. So once we have news on this, we'll come back to you and share that, of course, pronto, I would say.

Riya Kotecha: Okay. Thanks very much.

Bart Sap: Thank you.

Operator: Thank you. We will take our next question from Georgina Fraser from Goldman Sachs. Please go ahead.

Georgina Fraser (Goldman Sachs): Hi. Good morning, Bart. Good morning, Wannes. I've just got two questions. One of them is, could you help us out a little bit with how to think about the top line in Battery Materials? You did say volumes could be flat or slightly negative. Is there anything that you can tell us about price and mix? And if you could just confirm that the sales that you do have in Battery Materials are all legacy battery materials contracts, and there isn't something else that we're not aware of in there?

And then the second question was, obviously, the focus today is on battery materials, and you've confirmed market expectations for the other divisions. But are you seeing any difference in your expectations in the RISE plan for Catalysis on the back of the change in your Battery Materials expectations? Thanks.

Wannes Peferoen: Yeah.

Bart Sap: So Wannes, maybe you take the first part. I'll go on the second part.

Wannes Peferoen: Yeah, sure. So talking about the top line for 2024, well, basically we anticipated a mix, I would say, the mix being those European contracts ramping up, the Chinese contract contributing, and the legacy contracts. This is where having the Chinese contract not ramping up and having the European contracts where we are delivering, but at

a slower pace than we anticipated, changes somewhat that mix. I think we gave, at the start of the year, a revenue guidance for this year. For the businesses, we typically don't give revenue guidance at the start of the year. We did it exceptionally to set a reference for Battery Materials, but bear with us, in July we will be able to share more on that.

Bart Sap: Yes. And of course, to your question on the Catalysis business group, I'm always extremely proud to talk about this group because, I mean, you all know this is a fantastic business, and my colleagues have been working in a fantastic way to show the results that we are. So yes, I'm proud of that. Now, it's clear that electrification, if it would slow down, right, especially in Europe, then we can expect, of course, that there will be longer and more internal combustion engines to be sold. If we see more hybrids coming to the market again, that would also be a positive for Catalysis to produce. And given our very strong position in the gasoline segments, it's fair to assume that, indeed, there would be an upside. I would like to ask for your patience as we're doing the full assessment. And, of course, with the CMD around the end of the year, we would be sharing, of course, more of this information with you also on the Catalysis division, but I can confirm the fundamentals of this business remain very strong.

Now, something I would like to highlight as well is that, of course, initially, I was expecting only to talk to the market on 26th July to give first indications. And this is not the nicest way to come out to first time, but I think you can realise now that we have also already been giving some of these first indications. We're talking about phasing of CAPEX. We gave you an update that we are assessing our overall footprint. We also gave you the fact that we'll be shifting out our recycling plans, that at the same time, we recognise certain technology trends that we see, in LFP in China and in Europe. And at the same time, we also recognise that we will realign our development, and therefore also our cost base, in line with the overall current market development. And therefore, we will also act swiftly and diligently. At the same time, we also confirmed that we keep underpinning our belief in this Battery Materials business as a great growth engine for Umicore with long-term value creation.

Operator: Thank you. We will take our next question from Geoff Haire from UBS. Please go ahead.

Geoff Haire (UBS): Good morning. Could I just ask a couple of questions? First of all, just on a housekeeping point, you do still intend to split out the RBM business with the first half results. And then the second question I had was that if I remember rightly, and my memory may be hazy, but back in at the end of 2021, when we had the profit warning from Matthias, the comment was that there was a number of high nickel contracts that would come in place in 2024, and that's why you were confident and continuing to ramp up the Polish plant. What has happened to those high nickel contracts? Because this should be the year that those were coming in.

Bart Sap: Yep. Yes. Wannes, why don't you take the first part?

Geoff Haire: I've just got one other question. On the CAPEX phasing, particularly the commitments of volumes that you've made to VW, what flexibility do you have to

significantly reduce the CAPEX commitments you've made, particularly to the JV going forward?

Bart Sap: Okay. No, good. I suggest that maybe, Wannes, you take the first and I'll take the two other ones on the high nickel and the volumes for the joint venture.

Wannes Peferoen: Well, I can be brief on the first one in the sense that, yes, we will proceed with reporting Battery and Fuel separately against the Specialty Materials. So that is something that we will do in July, so basically for the first half of this year.

Bart Sap: Yeah. And referring to the high nickel, I mean, these are indeed the chemistries that we're qualifying and ramping up in our Poland facilities. That is true. And high nickel, I would say, is definitely a segment which is out there. At the same time, now we also see a very strong surging back, let's say, to the mid nickel, high voltage segments, in which we of course also have strong technology and in which we were already a believer quite some time ago.

Now, with coming to the joint venture and the volume flex, I mean, we are committed to the PowerCo joint venture – I mean, the IONWAY joint venture with PowerCo, I should say. I mean, these investments come in waves, and the first wave's CAPEX are ongoing, and they're really on track. So, yes, we will continue to commit to these joint ventures. Yes, the contract that we have with PowerCo will and is value accretive. And, of course, if we see further business potential, we will stick to it. And I can also say more in general, actually, for all our customers, with the capacity we have in place and the contracts and volume development that we see, we can supply our customers, and we'll commit to make sure our customers have the volumes which they require.

Geoff Haire: Okay. Thank you.

Bart Sap: Thank you.

Operator: Thank you. We will take our next question from Sebastian Bray from Berenberg. Please go ahead.

Sebastian Bray (Berenberg): Hello. Hello. Good morning, and thank you for taking my questions. Can I ask about the Canada plant that Umicore had planned? One of the events that shareholders responded to quite positively last year was the news that the Canadian government would make CA\$0.5 billion available for construction of this facility. I can't imagine the government would be delighted if Umicore then says, 'Oh, actually, we can't do this,' but how exactly is Umicore locked into building this plant now legally because of the provision of the grant? Is that delayable CAPEX, given that the US market and North American market appears to be further behind the others?



My second question is on Stellantis, actually, or the ACC Alliance that was the second big component of the Umicore pipeline highlighted at 2022. Bart, I appreciate it's early days, and you may not yet be able to comment on this, but as part of the revisions to the battery facilities that ACC was supposed to construct in Kaiserslautern and in Italy, it was rumoured that Stellantis was considering switching from NMC to LFP for some of its products. Are the statements related to – that Umicore has made in the past related to the pipeline from ACC still valid, or is that the subject of renegotiation? Thank you.

Bart Sap: Okay. No, very clear, very clear. A very interesting questions where I gladly speak to. Now, of course, relating our overall footprint, you will understand that, as you mentioned, it's very early days. I mean, I'm working with the teams, clarifying, of course, the overall volume development that we see with our customers, and footprint is one of the considerations we're looking at. But it's way too early to make any conclusions on this right now. And you will appreciate that this is not yet my time to comment on this so far. At the same time, we are pacing our CAPEX and we will only spend €650 million this year, so in 2024.

Relating to Stellantis and ACC, as you mentioned yourself, there's some speculation. So let me not join the speculative situation. This is a really a discussion to be had, of course, with Stellantis and ACC. And, of course, when things would become clear, we will further engage with our customers and look at the overall volume development. At the same time, I would like to reiterate one more time, we have a solid contract with ACC, and we will leverage the full effect of our take-or-pay clauses, if need be. Of course, this is the last resort you want to do because, of course, we want to do volume. But if it's like this and volumes are not there, that's why these clauses are in the contract.

Sebastian Bray: That's helpful. Bart, if I may press you on the comments that you made earlier to Chetan about this being a core part of the Umicore business, this referring to Rechargeable Battery Materials. There are different definitions of core. And what I'm getting at here is you can be a core holder of something which you only have a 70 or 80% stake in, or you can be a core holder in not [inaudible] giving up any of the business, is potentially seeking a strategic partner whereby Umicore would still fully consolidate the segment revenues and the profitability, but someone to share the burden on CAPEX and potentially the upside if things can be turned around on the menu? Or is it definitely staying 100% Umicore?

Bart Sap: So again, I mean, too early to comment on this, but let me give you maybe some guiding principles that I'm using right now during my assessments. And the first and foremost guiding principle is, first of all, we believe it's still a growth business. It has to be value creative, and we believe it's going to be value creative, right? At the same time, there's several elements that I take into account when looking at my assessment and when actually building out our business going forward.

First of all, customer intimacy, partner intimacy, really being close to the value chain actors or customers, but also upstream. I mean, this is really important for me. I spent lots of time in the raw material space. Relationships are key. And that's where you will also see investing a big part of my time. We will continue to focus on technology leadership and continue to invest because NMC has every right to play and will be a part of the answer of

this big growing market. You will also hear me talk about agility, and we'll have to see how we can actually adjust our business model to weather these fluctuations, which still will be there in the future anyway, because it's a transformation. Remember that, right? So we'll have to be able to deal with those. That is very important.

And now I come to your point. Agility also comes with footprint and cooperation. And I'm currently working on the footprint picture with the teams. And I'm open to building the right partnerships along the value chain, if that unlocks more value than if we would do things alone. So I'm open to partnerships. That's what I've done in the past as well in different businesses.

What we'll also focus on is strengthen our relative cost position. That will be key for the industry, and that will be another strong trend. That means it's not only about our cost. We will work with our customers, of course, to bring that dollar per kilowatt hour down by introducing new chemistries and many other ways, actually, to bring that cost element down. But equally important, and maybe not something that you would expect me to talk about today, but which is a core in every strategy and successful organisation that I consider, is culture. So we're going to strengthen a culture where everybody is mentally and physically safe because it all centres around open dialogue, transparency, however, combined with self-leadership and accountability at all levels in the organisation, because culture is your breeding ground for success and excellent group performance in the long term. So you'll also be hearing me talk about culture going forward.

Sebastian Bray: That's helpful. Thank you for taking my questions.

Bart Sap: Thank you.

Operator: Thank you. This was the last question for today. I will now hand it over to Mr Sap for closing remarks. Please go ahead, sir.

Bart Sap: Thank you. So, many things have been said, and I think the questions and I think the answers were pretty broad and quite wider than a typically, let's say, outlook update. And I did appreciate the opportunity to discuss this.

First of all, I would like to still say three things. I clearly would like to recognise that the news we bring today is disappointing, and disappointing to the markets, and disappointing to our shareholders, and disappointing for everybody here at Umicore. Secondly, our foundation business is truly doing extremely well. Sometimes we forget this, but if you look carefully at these businesses, these are really world-class businesses with industry leading returns, giving us the solidity and backdrop of the company and really being the foundation on which we can build. This is the floor that we have today. At the same time, the success in these foundation businesses also underpin our belief that what we have done before, we can do it also in the Battery Materials space, because we work on the same core competencies. We continue to see this as a growth market and with a clear eye on long-term value creation.

So I would like to thank everybody for dialling in so early this morning. I really look forward to engaging with you in the future as well. And of course, if there would be any remaining questions, please reach out to the Investor Relations team, and we'll gladly work with you. So wish you a wonderful day and talk to you soon.

Operator: Thank you for joining today's call. You may now disconnect.

[END OF TRANSCRIPT]

