

Umicore and PowerCo establish joint venture for European battery materials production

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Operator: Hello and welcome to a call on a unique partnership between Umicore and PowerCo. My name is Jess and I'll be your coordinator for today's event. For the duration of the call, your lines will be on listen-only. However, there will be the opportunity to ask a question. This can be done by pressing start one on your telephone keypad to register your question at any time. If at any point you require assistance, please press star zero and you will be connected to an operator.

I will now hand over to your host, Mathias Miedreich, CEO, to begin today's call. Thank you.

Mathias Miedreich: Thank you very much and welcome also from my side. Good morning, everybody. It is a pleasure today that we can announce the successful signing of the joint venture agreement with Volkswagen through PowerCo on the creation of what we think are milestone in the European electrification target. And I'm not only happy that we can announce this today. We have discussed it several times before. We received many questions 'When will we be ready?', but it was important for us to take the time for this agreement; because first of all, it's a substantial agreement that should last for a very long time; and secondly, we also have specific requirement as Umicore to close such agreements which is value creation.

And I'm also happy today because we have also been able to agree with our partner that we can share a quite considerable level of detail on those agreements and the proof points why this is value-creative for us, and why this is aligned with our target that we have communicated in our Capital Market Day.

So, I will walk you through the presentation on page two and the following ones, and then we have enough time for all the question and answers you might have on the subject.

First of all, I would like to go back to our Capital Markets Day. In June, we have communicated our RISE 2030 strategy that was showing that Umicore has the unique opportunity for tremendous growth, being positioned on one of the key mega-trends of our century – the mobility transformation. And with our specific set of assets, portfolios, experience, and, you know, customer intimacy, we think that we are very well-positioned to participate in this growth.

Also, we have communicated is that there are significant investments needed to participate. Now the important point is that those investments, we will only do if they create value for our shareholders; if they create value in terms of being significantly above the cost of capital in terms of ROCE. And we have also communicated that our goal for the business of rechargeable battery materials the ROCE target is 12.5%, and also, we have said that we will reach value-creative territory as from 2026. And I'm very happy that with this agreement that we have signed, we are ticking all the boxes of the strategy in terms of growth, as we will see in a minute, but also in terms of value creation. Because what the two partners have agreed is that this joint venture will create value-creative returns that are guaranteed – and I will elaborate a little bit more what it means 'guaranteed' – and are in line with our 2030 return ambitions, as I have just laid out.

So this is a milestone from my point of view, being a long time in the automotive industry. Clearly, a win-win situation that has been created. And I would like to explain you now in more details the set-up of this joint venture.

On the next page, page three, we will talk about the 'why'. Why have both partners decided to come together? And history teaches us that joint ventures, partnerships, but especially joint ventures, are only long-lasting and only longevity if there is a clear balance, if there is a win-win for both partners if both can see it as value creation. And our ambitions that we have are very big. 160 GW by 2030 is a very substantial part of the European supply chain. So our corporation is not only value-creative for both partners, it's also very bold. It will be the first and only large-scale fully integrated supply chain in the automotive industry in Europe. And when I talk about fully integrated, it is truly integrated from the mines to refining that Umicore will provide into the pCAM and ultra-precision and high purity CAM products from Umicore into the unified sale of PowerCo, and finally into the electric vehicles of Volkswagen. So that's really one of its kind. It's bringing a considerable first move advantage to both partners and sharing the benefits of these partnerships in a very extensive way.

Now in detail what have been, you know, what are the value propositions for both partners? For Umicore, I think it's pretty obvious. We have access to a majority – a bit portion of the European cathode active material market through Volkswagen, that is the leading player in this regard that is the biggest European OEM, one of the largest car manufacturers in the world. And having, you know, secured – contractually secured those volumes is very important. But probably what's even more important, that these volumes are secured at guaranteed value-creative returns. And that's I think what's outstanding and what's also a proof point for Umicore's unique position in this industry being able to have such agreements.

Now, why would our partner do that? Because also we bring a significant benefit to Volkswagen and to PowerCo. Because we are enabling securitisation of supply for the ambitious ramp-up strategy. And as we have said before, batteries and software, these are the make-or-breaks in the future for the car manufacturers. And with us now opening our ecosystem and supply chain as assets and capabilities to Volkswagen, to PowerCo in this regard will give them the securitisation of supply and with that a tremendous securitisation of the overall strategy towards the end of the decade. So you can really say that it's value creation for both partners that is materialised in this joint venture.

Now, how does the joint venture look like in detail? We go to the next page, page four. As we said before, it is an equal joint venture between Umicore and Volkswagen or PowerCo – Volkswagen through PowerCo. PowerCo being a 100% subsidiary of Volkswagen. This joint venture will produce pCAM and CAM. But this is not the only agreement that we have made and I will detail more on that in the later pages.

So we have on top of that an agreement on refining that will be done by Umicore towards the joint venture. A contract between Umicore and PowerCo – I will detail it out, as I said – for the first 60 GWh of refining to secure the ramp-up of the first gigafactories. And then in the next step potentially including refining into the joint venture as well as battery recycling that as we have previously announced is the ambition of both partners to also include into this partnership.

On top of that, Umicore and PowerCo will also collaborate on the sourcing of sustainable and responsibly acquired metals and raw materials. So, we will make our over 200 years of expertise and make that available to PowerCo. And PowerCo will use this to source those metals and those metals will be consigned by PowerCo through the joint venture which is, of course, very positive also for the working capital equation of the new company to be formed.

Now, more details on the governance and management of the joint venture set-up, you can find on page five. As we said, it's a joint control joint venture with governance right and reserve methods for both partners. However, the operational management is performed by Umicore. Umicore will also appoint the CEO of the joint venture because, obviously, we have the know-how and the capabilities to run such an operation in the most efficient way and also to be able to utilise then economies of scale and synergies, vice versa, with our other operations. Also, Umicore will make the necessary IP available to the joint venture. I'm saying that because it's also an important step that we are securing this IP as a key asset of Umicore. However, it will be made available and then also valorised back to Umicore from the joint venture.

We are currently anticipating in terms of accounting to use the equity accounting method. But, of course, we will provide additional disclosures to reflect the significant economic interest of the JV, joint venture, to us, to Umicore. And as we have said, both partners are sharing the cost investment revenues and profits on a 50-50 basis and the underlying agreements are designed to meet both partners' profitability and return criteria, and that's also a very important point, are reflecting the shared ambition of both partners, PowerCo and Umicore, to have true value creation enabled by the joint venture.

Now next page, you will see a little bit more about the dimensions. As we have said, very bold ambitions – to power 2.2 million vehicles in 2030. For that, both partners will invest €3 billion in the time horizon where the magnitude of the investment €2.5 billion will be done until 2026. And it is a co-investment on a 50-50 basis, as said before, starting with 40 GWh in 2025/26 to supply the PowerCo Salzgitter Gigafactory in the first step, and then ramping up alongside the ramp-up of the further gigafactories that will produce the unified cell until the end of the decade in Europe.

So those investments, the investments into the joint venture will be funded by a mix of equity and non-recourse debt. And currently, PowerCo announced Umicore, we are striving to have a 50% debt-to-equity ratio in this regard.

Now, we have talked a lot about the contractual agreement, the set-up, and I think it's beneficial to summarise again what are those agreements and why are they value-creative. So, first of all, of course, we have the joint venture. But then there is a supply agreement between the joint venture and PowerCo with an agreed ramp-up scenario, as I have just said, towards the 160 GWh 2.2 million vehicles per year that can only be changed through a mutual agreement of both partners.

So it is kind of set in stone until both decide it should be different. And there are mechanisms in place, very significant mechanisms of which, for example, a take-or-pay – a firm take-or-pay offtake commitments and others that will guarantee – I repeat guarantee – as minimum value-creative returns in the joint venture. And this I think is an extraordinary achievement that will

help us to further strengthen the point that what we have communicated in our 2030 ambitions is a very realistic target. And we are going forward under that same assumption that we will always or we only invest if we can get value-creative returns.

But that's not the only agreement. There is also the refining agreement. As I have just said, 60 GWh refining to start support the joint venture that is supplied by Umicore. Also, here we have similar safeguarding mechanisms in place that will on a standalone basis for Umicore grant the same securitisation of value-creative returns. And then finally there is the agreement between Umicore and the joint venture regarding license, licensings of the IP and remuneration – valorisation of that IP back to Umicore together with a strong set of Service Level Agreements.

So all together all those agreements, I want to really phrase it, this is now specifically are securing and guaranteeing as a minimum – as a minimum – the ROCE target that we have communicated in our Capital Markets Day on a large portion of the investments also that we have communicated and the consecutive revenue. So not – it's not only a great deal for Umicore. It's a great deal for Volkswagen in terms of securing the ambitious roadmap to go forward. And also it's an achievement and a proof of concept for our RISE 2030 strategy and highlights from our point of view the uniqueness that Umicore has with its offering in this fast-growing market.

That's so much as a short introduction, and now I will be happy to answer your questions in more detail.

Questions and Answers

Operator: If you would like to ask a question, please press star one on your telephone keypad. Please ensure your line is unmuted locally as you will be advised when to ask your question. So once again, that's star one, if you would like to ask a question.

And the first question comes from the line of Ranulf Orr from Citi. Please go ahead.

Ranulf Orr (Citi): Hi there, thank you for taking the questions. Just to two to start for me, if that's alright. Firstly, on the investment in the JV, €1.5 billion from you. I guess, is that included in the – the original €5 billion CAPEX programme you were talking about at the CMD? And then my second question is just on profitability, your kind of earnings expectations from the JV. I mean, at what point does this break even for Umicore? I mean does it follow the traditional, you know, profitability curve that your company returns business full to date, you know, with very limited earnings in the early years and kind of, we only see the earnings coming through sort of towards 2030? Thank you.

Mathias Miedreich: Yeah, absolutely. So, answering the first question, yes, it is completely in line and compliant with what we have communicated in our Capital Market Day. That was – that was included as it was agreed now. And in terms of profitability also what is true for this joint venture and that was already built in the – in the curve that we described, that the RBM, as we have said will be entering – of course, there is a first investment and there is a burden on the ROCE because of the investment but will be value-creative as of 2026, and the same is

valid here for this joint venture, it is the same curve because it was already at the time in June when we have communicated it completely included as it was closed now – as it was signed now.

Ranulf Orr: Okay. So you're saying we should consider RBM and the JV as kind of one entity within your guidance or should we think of them separately [inaudible].

Mathias Miedreich: Yeah. I think the targets, the mechanics, and the value creation potential that we have described being the result of our investments they are equally valid for our business that we're doing as a standalone business as Umicore as well as this joint venture. Of course, from a consolidation point of view it is not like that. We have said it's an equity method. But we will provide – we understand that it will be important to provide more transparency and more insight also on the – on the proceeds of the joint venture so that we can give a kind of pro forma overall picture of our battery material business that is meaningful to the – to the market.

Ranulf Orr: Great, thank you.

Operator: The next question comes from the line of Geoff Haire from UBS. Please go ahead.

Geoff Haire (UBS): Yeah. Good morning and thank you for the opportunity to ask a question. I just wanted to ask where the location of the plants will be? Obviously, Nysa will be the one with the others, or is all of this capacity going to be in Poland? And secondly, will the – have you – can you outline some of your thoughts around the energy costs this plant has given, given the European energy costs are significantly higher structurally probably for the next decade? And then thirdly, I was just wondering when you talk about take-or-pay contracts does that imply that if there's a volume drop at VW, that they will pay you even if they don't take product from you up to a certain point? Is that how we should think about it?

Mathias Miedreich: Yeah. Thank you, Geoff, three very relevant questions. So, first of all, location. So the headquarter of the joint venture, so the holding if you want, the management will be here Brussels. And we will, you know, jointly decide on the plant location. So why I'm saying that? Of course, it's there's kind of a very strong industrial logic to co-locate this into – into Poland at Nysa. But, of course, we want to make sure to look at all of the options also in terms of external funding, of course. But we will together with PowerCo make this decision rather quickly because we will already in 2023, of course, going into the ramp-up.

But the other thing you have to see is that also over the course of the decade there will be a ramp-up of the gigafactories of Volkswagen throughout Europe. And of course, we will make sure that the joint venture is always set up in the most economic way and the most value-creative way to deliver that based on also the locations.

Now, energy cost. You know, one good argument for Nysa would be that we have been able to conclude already long-term PPAs on renewable energy. Now the aspect of renewability is very important. But in this context also the aspect of pricing is important. And with that, it gives us also, at the time when we closed it, probably not the intended main benefit, but now it's a very important benefit, also you know secured – largely secured cost situation. So we feel privileged in this regard.

And now coming to take-or-pay. Yeah, indeed it's a take-or-pay industry standard. Why? It will be either the capacities are utilised or there is a financial competition for that. And that as I said is necessary because the agreement, you know, it was a requirement that we had and that shared in the overall value creation picture was that the returns need to be secured independent of the end market success of the electric vehicles of Volkswagen.

Geoff Haire: And not wanting to be too negative but in the event that financial compensation is needed, is that done on a quarterly, six-month, annual basis?

Mathias Miedreich: Yeah. I think this is – this is a little bit too much of detail that we – that we – at least at this point in time wouldn't want to share.

Geoff Haire: Okay.

Operator: The next question comes from the line of Charlie Webb from Morgan Stanley. Please go ahead.

Charles Webb (Morgan Stanley): Morning, everyone. Again, thanks for taking questions. Maybe just first around the guaranteed minimum value-creative return. What are the assumptions for WACC and what is that minimum value accretion? Is it 100 basis points higher than the WACC? Is it 200 basis points? How are you thinking about that?

Mathias Miedreich: Yeah, yeah.

Charles Webb: And just linked to that quickly, you know, how do you think about inflation and rising rates? Is there a kind of – a degree of inflation baked into that or is it a fixed return that you're looking for?

Mathias Miedreich: Yeah. So let me describe it in the best way. So what you should take a reference of in – you know, in terms of what is guaranteed, on a Umicore level we will be able to achieve it is in line with ROCE target that we have communicated for the battery material business in our CMD and that you would say is significantly above the WACC, which currently is at 9.5-10%. So that's not just a little bit more, but significantly more. But the reference would be our what – our ROCE target that we have communicated in the – in the CMD.

And of course, this is only possible if the agreement has also a dynamic element of it, that will make sure that those returns are also met if the inflation should be different than the initial assumption. So, I think that's what I can share with you.

Charles Webb: Thank you. Maybe just one other one around, you know, other customers and Umicore's independence. As you say, clearly, a big partnership. And you know, I think partnership's going to be important in this market. But how do you think other – you know, how do you maintain Umicore's independence for your other customers and other opportunities? You know, how are you going about thinking about that and, you know, do you have any concern there?

Mathias Miedreich: Yeah. That's actually that is a very strategic point and what I have personally made sure to keep a close contact to our other customers in this whole process and to reassure them that Umicore is continuing to be an independent player in that market. And I was also a little bit positively surprised that I mainly got positive feedback in a way to say if we

can guarantee – and I gave this guarantee to our key other customers – that this will not deteriorate our focus on their concerns, they saw it as a positive because it will help us on a Umicore level also to use the economies of scale, access to raw materials, etcetera, that we can potentially or for sure utilise also for our other businesses. In this regard, they will benefit from that.

But, of course, we will not be able to make ten of this agreement that we have just made. We are you know very selective in how we are further rolling out our agenda and the prime element will always be can we serve, can we fulfil the commitment that we have with our other customers? And in this set-up, we are very confident that we can do it.

Charles Webb: Okay, thank you. And sorry, just get one last one in, in terms of energy is there any specification around what – you know, you talk about this being geared towards kind of unified power that Volkswagen is talking about. Does that mean that this is – the technology is your manganese-rich technology, is that the focus here, or is it that all technologies can be considered? Just trying to understand what's going to be going through the plant.

Mathias Miedreich: Yeah, absolutely. So the – if you want the mainstream is, of course, NMC batteries and high-nickel NMC batteries – battery materials that are part of this – of this agreement. But also it's explicitly, you know, further development of that to look to other segments of the market which are the, you know, cost – design-for-cost segment. And yes indeed, HLM is a very important technology that is also discussed in that matter.

Charles Webb: Okay, that's very helpful. Thank you very much.

Operator: The next question comes from the line of Chetan Udeshi from JP Morgan. Please go ahead.

Chetan Udeshi (JP Morgan): Yeah. Hi, morning. Thank you. I was just looking at the slide number six, sorry, and it says both partners to co-invest €2.5 billion by end of 2026. I just wanted to understand that CAPEX for 2026 because it seems very too high for 40 GWh capacity. So can you maybe – because if I do the calculation euro per tonne, which is like completely off the mark compared to what we typically see. So are you including some of the CAPEX for the further expansion in that number as well, which is 160 GW?

Mathias Miedreich: Yeah, Chetan. Yeah, exactly, that's a good point to explain. Because first of all, the – what the investment is, of course, kind of, first of all, not for the 40 GWh. It is for the preparation of the next waves to come. So we have an agreed wave-by-wave plan that we currently have synchronised with the gigafactory ramp-up plan of Volkswagen, of course, that we cannot share right now. But we are closely aligned. And that means, first of all, you have to put this to a much bigger capacity. You have to hold it in front of a much bigger capacity that is invested and then will go on-stream consecutively; and secondly, what is also important is that this is not the investment for CAM. This is the investment for the full value chain – CAM, pCAM, but also refining – because that's ultimately what we want to do, and we want to go forward.

Chetan Udeshi: Is the refining part different from the €500 million investment you guys talked about for recycling for Umicore standalone? So this is going to be a separate capacity for this?

Mathias Miedreich: No, this – yeah, this is – so just to – this is not to be – to be mixed up. So the €500 million that we have communicated was for battery recycling which is a completely different bucket. What I was talking about is the supply chain, the refining of the virgin metals that come before. So my point was only to say in terms of comparability of CAPEX density. If you make the maths – if you make the math it's important to say that this is not CAM, but it's CAM plus pCAM investment that we have here, which is anticipated. So it's not 40 GWh, it's more to, you know, towards nearly coming to the full extension. There is only one step left afterwards. And it's more steps in the supply chain than just CAM.

Chetan Udeshi: That's clear, thank you.

Operator: The next question comes from the line of Sebastian Bray from Berenberg. Please go ahead.

Sebastian Bray (Berenberg): Hello, good morning and thank you for taking my questions. Congratulations on concluding the negotiations with VW. My first one is on control for this JV. The slides make reference to Umicore having 50% plus one share. Is that just symbolic or does Umicore actually have majority control to a small extent, despite the fact this JV is nominally described as 50-50, and why would it choose to consolidate at equity rather than just do a pro-rata 50-50 consolidation?

And my second question follows on from Chetan's on CAPEX intensity. €3 billion now in CAPEX terms, is that figure inflation-adjusted or nominal, i.e., by the time we get to 2026 or 2027, are we actually going to be talking about €4-4.5 billion potentially or is something being done to lock in that level of CAPEX? Thank you.

Mathias Miedreich: Yeah. Thanks, Sebastian. Indeed, it's really true joint control. The 50 plus one has technical reasons that were necessary but it's not reflecting a control on one or the other side. It's really joint control.

And second question, in terms of CAPEX, inflation, etcetera. Now, there are two elements. There is of course, a certain assumption that we have already taken on inflation at the point in time where that was possible. Now the other thing that I have tried to allude on in the previous answer is that there is, you know, certain flexibility in the protection mechanisms that will react also to inflation that – you know, I think you understand what I mean. So, that means our measures are, first of all, early taking certain assumptions; secondly, constantly working on CAPEX density from technical side to have even potential maybe beyond what we have initially planned; and thirdly, kind of, there is a contractual element as well that makes us confident that we can deal with this topic.

Sebastian Bray: Thank you. And just to clarify, this additional project, if we go back to the CMD guidance of 400 GWh or more by 2030, gives Umicore 80 GWh of that as per your own definition or 160 GWh?

Mathias Miedreich: No. We have – so in that scope, we have included as of 160 GWh. That was the view that we have applied.

Sebastian Bray: That's helpful, thank you. Last one from me. The recycling not being included within the scope of the JV, was that never on the table or was it included in discussions? Because if I think about this from a PowerCo perspective if I'm going to go through all the trouble of creating an integrated supply chain and I know Umicore has the right technology and ambition to invest, why not sign an agreement at this stage?

Mathias Miedreich: Yeah, yeah, yeah. Indeed, no, that's true. And that's actually the next point on our roadmap. We had decided to work on first things first because now we need to secure the ramp-up of the Volkswagen, the PowerCo Gigafactory. So, but we have, you know, already also communicated previously but also in this release reconfirmed the joint ambitions that the next step should be to integrate indeed the recycling of the unified cell into the joint venture. Because ultimately, it's the only thing that makes sense – to create a truly circular supply chain and that is also very high on the – on the agenda of both partners. But believe me, for the time being we are happy that we have concluded this agreement and the next one, we will – we will take when the time is right.

Sebastian Bray: Helpful. Thanks for taking my questions.

Operator: The next question comes from the line of Alex Stewart from Barclays. Please go ahead.

Alex Stewart (Barclays): Hello, good morning. Thank you for taking my question or questions – I've got two. Firstly, on the split of returns, you say that both companies are investing half of the CAPEX and taking half of the profits, so the economics on the P&L are presumably identical. You're saying that both companies, this will be a value-accretive deal. My assumption is that Volkswagen have a lower cost of capital to you. So does that mean that they are making a bigger spread over their cost of capital or is the transfer of technology through the licensing agreement the balancing item, so actually although you're making the same money from the project, you will ultimately take more economic value out of it because of the transfer of license? I'd be interested to know how substantial that portion is.

And then just secondly, the – how will you be able to repatriate cash from the venture? Will it start paying dividends on day one or perhaps only when it's fully ramped up? I'd be interested to know how you actually get the cash out of it. Thanks very much.

Mathias Miedreich: Yeah. Thank you for the relevant questions. So, I will try to answer maybe for the – for the cash details. You know, at this point in time, we don't feel ready to communicate about that, about this kind of detail. Now and also, I don't – I don't feel in a position to comment about Volkswagen cost of capital so I will not. But I can confirm that, of course, the IP license agreement is an additional positive contribution to the value creation for Umicore.

Alex Stewart: So, I suppose, maybe you don't want to comment on Volkswagen's financials. But if I look at the total value to Umicore shareholders, can you give us some sense of how important the profit from the venture is versus the licensing income contributing your technology, just some sense of how important your technology to this is.

Mathias Miedreich: No, obviously, I think the main value creation is coming, obviously, from the joint venture. So the joint venture is in itself value-creative. It has a strong industrial logic

and it's set up as a, you know, successful entity in itself. All the other elements are, of course, you know, increasing the value creation for Umicore. But the core of it is the joint venture in itself.

Alex Stewart: Thank you.

Operator: The next question comes from the line of Riya Kotecha from Bank of America. Please go ahead.

Riya Kotecha (Bank of America): Hi, good morning. Thank you for taking my question. I have a few, please. I'll take them one by one. My first one is whether the CAPEX of €3 billion covers all different chemistries? So, Volkswagen exclusively mentioned the HLM or manganese in its roadmap, and you aim to commercialise as well from mid-decade. And so, does the €3 billion mean that you will be able to produce either high-nickel or HLM, or should we expect some boundary of CAPEX in the case that you need to better equip your plants?

Mathias Miedreich: Yes. The Umicore production system that we have developed meanwhile and that we have rolled out in our plant in Nysa last week is actually capable to, on the same CAPEX, on the same line, to produce mid-nickel, high-nickel, HLM, and also solid-state battery materials. Yes, of course, between all of those chemistries there is a certain difference also in terms of machinery or process, but it's you know very small in terms of dimension versus the main CAPEX.

So my point is that the CAPEX that has been announced is €3 billion will be – will put the joint venture in a position to play along all those lines, except, of course, LFP. LFP is not compatible as we have said before with the set-up.

Riya Kotecha: Right. That's clear, thank you. And then with regard to the take-or-pay contracts can you confirm that the volume is for the fixed – the 100% of the 106 GWh by 2030, or is it more a minimum proportion of that?

Mathias Miedreich: No, it's not 100% fixed. But it is fixed to a very large portion. Of course, as usual in the industry, there is certain room to breathe, right, of volume fluctuation. But my comment on guaranteed value-creative returns was already taking into account a situation where we would, you know, be in a situation of volume shortfall. So all these mechanisms together are you know securing that. So, short answer no, it's not 100%. It's a percentage below 100%, but it's a significantly high percentage.

Riya Kotecha: Okay, thanks for that. And another one just on how you've sort of negotiated the pricing of the contract. Is that something that's been locked in and you know, if there's, say, a change in chemistry, do you expect to achieve the same pricing? So, that's one part of the pricing question.

The second part is how should we think about sort of the pricing for a large Volkswagen contract in comparison to, say, your ATC contracts?

Mathias Miedreich: Okay. Clear, two questions. So the pricing model, of course, is – is fixed pricing with annual agreed price downs on a fixed chemistry. This is important because that's what Volkswagen, of course, needs to get out of this deal – security of planning and security of

supply. But I say it's based on a specific roadmap of chemistries. If there is a deviation to the plan, of course, then there is also a deviation to the pricing which is usual in the industry.

Now your question, do we – what is the difference in price levels between different customers? We don't comment on this. But I can tell that, overall, you know, there is a certain market price that you can see out there, and all of our contracts are, you know, in line or around this market pricing. There is no one that is significantly sticking out in a negative way.

Riya Kotecha: Okay. That's clear, thanks. And my last one is just in terms of how you're sort of allocating resources and focussing on different expansion programmes. So, obviously, you have the North American plant that you're trying to ramp-up in Canada, and with the US IRA, there's now a big focus on the US. So how are you sort of dividing your resources among those regions and making sure maybe you're not focussing too much on one large contract and giving sort of due attention to both? Yeah.

Mathias Miedreich: Yeah. That's actually a very good topic. Because with the IRA, you know, we are very happy to hear that, and all the consequences and all the kind of restructuring of the – what was already thought to be fixed supply chains now create additional opportunities for us, that we will also harvest. But the same thing is – is true. As we said before, we will only do that, first of all, if we can create value creation for our shareholders. So in terms of the agreements that we will do, have to be value-creative. But also, only if we can fulfil if we are 100% sure that we will fulfil the commitments we give to our customers.

And that means that I think, first of all, this is a market – especially, North America – where companies like Umicore can be selective. And secondly, what we are benefiting from is that – and all of you that have maybe followed the releases around our gigafactory in Nysa, we have now developed a standardised set of modules in terms of manufacturing. So that means when we are expanding capacities or setting up a greenfield, we don't have to reinvent the wheel. We kind of – it sounds now, of course, more easy than it is – duplicate standard modules into another location. Of course, there is still a lot of hard work behind, but with that, we can also reduce the workload of the individual project in this regard.

So that makes me and the whole team of RBM confident that this is a absolutely doable task in front of us.

Operator: The next question comes from the line of Gunther Zechman from Bernstein. Please go ahead.

Gunther Zechman (Bernstein): Hi, good morning. Just one from my side, please. How exclusive are the volumes to Volkswagen? Say for example they hit take-or-pay levels, could you sell the volume to a different customer, like it's the norm in other industries that have take-or-pay contracts like industrial gases?

Mathias Miedreich: Yeah. So there is, of course, you know, there is an exclusivity and not an exclusivity. Let me explain. The volumes that are in that contract, of course, they are – they are exclusive for – so in both ways. So we cannot use the joint venture now to supply to other parties without the consent of Volkswagen. Of course, that wouldn't make sense because it is built to support the ramp-up strategy of Volkswagen. But then the other way round as well,

there is you know, a binding commitment to take these volumes to the 160 GWh, so that makes us comfortable.

Then, outside of that, it's, of course, not exclusive because we are allowed to work with any other customers. And also, Volkswagen is allowed outside of that commitment to further add other sources of supply to their battery strategy for Europe. So, in this regard, that is potentially the best set-up that we think we could find.

Gunther Zechman: That's clear, thanks.

Operator: Next question comes from the line of Charlie Webb from Morgan Stanley. Please go ahead.

Charles Webb (Morgan Stanley): Thanks for taking a quick follow-up. Just on the technology roadmap, you mentioned it a few times. I mean, how does that fold into, you know, the terms of the JV? How are you benchmarking your technology versus what is out there from competitors? And also, you know, perhaps also may be difficult supplying, but when you think about PowerCo putting battering together, you know, again, how is that benchmarking versus others? Is there any risk that, you know, there are delays or things could take longer in terms of that customer's ramp-up on the battery side based on their kind of, I guess, the technical know-how and their kind of learning process?

Mathias Miedreich: Yeah, indeed. So you would – you would say why do you not let the battery makers make the batteries and the car manufacturers produce cars? It's everybody knows what they're doing. Why do you go into that now? We have got to learn Volkswagen and PowerCo over the last months, and we have to say we are very impressed about the progress they have made, the talent, the teams they have, the partnerships they have put together. And I think Volkswagen is probably one of the few car manufacturers that will be able to ramp up that strategy going forward.

Of course, it is a road like every major ramp-up in industry, it will be tough on all – on both sides. But by combining the power of Volkswagen and PowerCo on the one side, with the experience of Umicore on the other side, we are both, you know, mutually confident that this ramp-up will go into the right way. And in terms of – in terms of chemistry, I think it's you couldn't have a better set-up. Because with that now, we are closely linked to the R&D teams of PowerCo and Volkswagen to understand exactly their specification, their needs, and translate this into battery material formulation and vice versa. So for both parties, it's a great opportunity to have nearly no – zero time lag between the requirement and the execution.

So, I think you will not find a more robust set-up in the industry in this regard.

Operator: That is all the time we have for questions. So, I will now hand back to Umicore to conclude today's call.

Mathias Miedreich: Very good. Thank you for as usual for the very deep, constructive, and high-quality questions. We are again very happy that we have been able to conclude that milestone agreement for us, but also our partner, PowerCo. We both feel very confident that this is of high value-creative value for our individual strategies. And as we said, that's not the

Umicore and PowerCo establish joint-venture
for European battery materials production

end of the story. As Umicore, we will continue to work on other contracts in similar or different matter, but we will never change. We will never give up the value creation threshold that we have before investing into further expansions. And I will be very happy to share this journey in the following months and years together.

Thank you very much, have a great continued week.

Operator: Thank you for joining today's call, you may now disconnect your lines.

[END OF TRANSCRIPT]