

## TRADING UPDATE Q1 2017

### Highlights

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Revenues from continued operations increased 13%, reflecting strong growth particularly in activities related to clean mobility.

In Catalysis, revenues increased by 9%, largely driven by growth in sales of automotive catalysts for both light-duty vehicles and heavy-duty diesel applications. The 29% revenue increase in Energy & Surface Technologies reflected substantial growth in sales of cathode materials used in rechargeable batteries for the transportation segment and – to a lesser extent – higher demand and prices in the cobalt and nickel related businesses. Revenues in Recycling increased by 4% with growth in all activities.

Umicore's strategic growth investments in clean mobility materials and recycling are progressing according to plan. The expansion to triple capacity for cathode materials in China and Korea by the end of 2018 is underway and the new capacity will gradually come on stream starting in the second half of 2017.

Umicore has reached a resolution with BASF and Argonne over NMC patent infringement claims.

Umicore has successfully completed a € 330 million private debt placement, thereby diversifying its sources of debt financing and extending the duration of its debt profile.

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### Outlook

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Umicore expects full year recurring EBIT to be in a range of € 370 million to € 400 million assuming current market conditions continue to prevail. Excluding discontinued operations, this equates to a range of € 355 million to € 385 million and would represent an increase of 11% to 20% compared to 2016.

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Note: All comparisons are made with the first quarter of 2016, unless mentioned otherwise.

## Catalysis

Revenues for Catalysis were up 9% reflecting solid growth in Automotive Catalysts and the smaller business unit Precious Metals Chemistry.

Revenues for **Automotive Catalysts** were higher year on year, both for light-duty vehicles and heavy-duty diesel applications.

The global light-duty vehicle market was up 4.2% year on year, with Europe and, to a lesser extent, China and Japan to the fore. Umicore's revenues grew faster than the global car market.

European car production was up 6.6%, with gasoline cars outgrowing diesel vehicles. Umicore's volume growth reflected this and revenue growth was less pronounced as a result of a somewhat less favourable engine mix.

Due to Umicore's relatively lower exposure to Asian car OEMs in North America, Umicore's volumes and revenues did not match the regional market growth of 1.6%. Umicore's sales volumes were also affected by a temporary shutdown of production at some OEM due to high vehicle inventories and the delay in the introduction of certain vehicle platforms. Umicore's volumes and revenues grew much faster than the car market in South America, which is showing first signs of recovery.

As a result of its strong exposure to international car OEMs in China, Umicore again outperformed the Chinese market, both in terms of volumes and revenues. Market growth slowed somewhat to 2.9% as demand softened following January's sales tax increase for vehicles with small engines.

In South Korea, Umicore's revenues and volumes decreased more than car production due to a less favorable platform mix and compared to a strong first quarter in 2016. As previously announced, Umicore has acquired the remaining 50% stake in the South Korean automotive catalyst joint venture Ordeg.

Umicore's volumes and revenues continued to grow with Japanese OEMs globally. In India, volumes and revenues outpaced market growth and in Thailand, Umicore is ramping up production in its new catalyst production plant.

Revenues for **Precious Metals Chemistry** were well up compared to the previous year, reflecting higher volumes across product groups. The business unit recently expanded its portfolio into high purity metal organic precursors used for chemical vapor deposition and volumes are ramping up on the back of growing demand for this application.

## Energy & Surface Technologies

Revenues for Energy & Surface Technologies increased by 29% reflecting substantial growth in Rechargeable Battery Materials and – to a lesser extent – higher demand and prices in Cobalt & Specialty Materials.

Revenues and volumes for **Rechargeable Battery Materials** were well above the first quarter of 2016, driven primarily by strong demand for Umicore's NMC (nickel manganese cobalt) cathode materials for transportation applications. Shipments of Umicore's proprietary High Energy LCO (lithium cobaltite) cathode materials for batteries used in high-end portable electronics were also well up and demand in this segment remains very healthy.

The expansion program to triple total cathode material capacity in China and Korea by the end of 2018 is on track. The new capacity will gradually come on stream starting in the second half of 2017, with the bulk of the new capacity coming online in the course of 2018.

Revenues for **Cobalt & Specialty Materials** were up significantly year on year reflecting a higher contribution across all activities.

The distribution and refining activities recorded strong volume growth, with revenues further benefiting from a higher cobalt price. In the product businesses, demand for nickel chemicals for battery and plating applications was well up, while volumes for cobalt compounds and for powders used in tool materials remained solid throughout the quarter. The acquisition of Eurotungstene was completed on 3 April 2017.

Revenues for **Electroplating** increased, driven by strong demand for precious metal based electrolytes used in portable electronics and higher order levels for base metal products. Revenues for decorative applications remained stable.

Revenues for **Electro-Optic Materials** decreased slightly due to a lower contribution from the recycling and refining activity that felt the impact of a lower germanium price as well as lower revenues for germanium tetrachloride. Revenues for substrates and infrared optic products were higher.

Revenues for **Thin Film Products** increased, primarily because of higher volumes for rotary ITO (indium tin oxide) targets used in the display segment. Revenues from products sold to the microelectronics industry continued to benefit from strong demand in Europe and Asia.

## Recycling

Revenues for Recycling were up 4% reflecting growth across the different activities.

Revenues for **Precious Metals Refining** were slightly higher year on year aided by more supportive precious metal prices. While prices for several specialty metals have improved somewhat, overall demand remained subdued.

Processed volumes were comparable with the first quarter of 2016. After the completion of the maintenance shutdown of the Hoboken smelter in December 2016, operations started up gradually at the beginning of the year. The ramp-up of the additional capacity is gathering pace and will lead to higher processed volumes compared to the previous year.

There were no significant changes to the supply mix. Availability of the more complex residues from the non-ferrous refining and mining industries was stable, while competitive pressure continues to affect the mix of end-of-life materials.

Revenues for **Jewellery & Industrial Metals** increased year on year with the recycling activity benefiting from a higher availability of precious-metals-containing residues. Revenues for the product businesses were lower mainly due to reduced demand for silver investment coins. Demand for industrial applications and jewellery products was stable.

Revenues for **Platinum Engineered Materials** were slightly up year on year on the back of higher revenues for performance catalysts, reflecting some market share gains in a flat market. Revenues for glass applications were stable. The business unit will soon start construction of a facility in China to serve its customers in the growing Chinese display market. Commissioning is anticipated in 2018.

The contribution from the trading activity in **Precious Metals Management** was higher year on year, mainly because of improved trading conditions for most PGMs. Order levels for the physical delivery of metals benefited from a further increase in demand for gold investment bars, while the overall demand for industrial metals was stable.

Revenues for **Technical Materials** were up from the low levels recorded in the first quarter of 2016. Higher sales volumes for both brazing and contact and power technology materials reflected somewhat better market conditions in Europe and North America.

## Corporate

**Element Six Abrasives** recorded higher revenues year on year. This was primarily attributable to a pick-up in demand for its oil & gas drilling products. While the global rig count started to recover from the low levels seen in recent years, demand for Element Six Abrasives' drilling products further benefited from market share gains. Revenues from precision tooling products used in automotive and aerospace applications were also higher.

## Discontinued operations

Revenues for **Building Products** were stable year on year. In Europe, sales volumes were slightly higher, with improved demand in the French market, which is the business unit's largest market. Sales volumes in the markets outside Europe benefited from an increasing building project portfolio, particularly in North America and China. Competitive pressure remained in particular for the more commoditized segment, while the product mix improved due to an increasing share of higher added-value products.

## Other items

Umicore reached a business resolution of its pending patent disputes with BASF and Argonne National Laboratory. Umicore is now licensed to make, use, sell, offer to sell, distribute and import nickel-manganese-cobalt (NMC) cathode material for lithium ion batteries in the United States under Argonne's and BASF's U.S. Patent Nos. 6,677,082; 6,680,143; 7,135,252; and 7,468,223. BASF and Argonne are dismissing their pending action in the United States District Court for the District of Delaware against Umicore. The parties are filing a petition for rescission of the existing limited exclusion order with the International Trade Commission (ITC).

Umicore successfully completed a € 330 million private debt placement in Europe (in the form of a *Schuldschein*). The offering was significantly oversubscribed and comprises a mix of six, seven and ten year maturities (weighted average maturity of seven years). This placement extends Umicore's current debt maturity profile and will primarily fund growth. Umicore has taken advantage of the attractive conditions currently prevailing on the debt market to fix the interest rate for the entire duration of the loan.

Over the course of the first quarter, Umicore entered into forward sales contracts for certain precious and base metals. This secures an additional portion of its structural metal price exposure primarily for 2018 and an initial portion for 2019.

## 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 organised in three business groups: Catalysis, Energy & Surface Technologies and Recycling. Each business group is divided into market-focused business units offering materials and solutions that are at the cutting edge of new technological developments and essential to everyday life.

Umicore generates the majority of its revenues and dedicates most of its R&D efforts to clean mobility materials and recycling. Umicore's overriding goal of sustainable value creation is based on an ambition to develop, produce and recycle materials in a way that fulfils its mission: materials for a better life.

Umicore's industrial and commercial operations as well as research & development activities are located across the world to best serve its global customer base. The Group generated a turnover of € 11.1 billion (€ 2.7 billion excluding metal) in 2016 and currently employs some 10,100 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/financial-calendar/q1-2017en/>

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