

Update on COVID-19 impact on Umicore

Keeping our people healthy, ensuring safe working conditions and preserving cash

Umicore's priority is the health and safety of its employees. Umicore introduced strict hygiene and other precautionary measures in response to the COVID-19 pandemic in its facilities in Asia at the end of January and later in the rest of the world. These measures include social distancing, home working wherever possible and systematic disinfection of the workplace as well as strict medical protocols to deal with any suspected cases. A dedicated task force is managing Umicore's response to COVID-19 globally on a daily basis with a focus on protecting employees' health and helping contain a further spread of the virus. Due to the early implementation of such comprehensive protection measures, the number of infected employees remained very limited.

To preserve cash and mitigate the impact of COVID-19 on results, several measures were launched to reduce costs, optimize working capital and delay certain investments. Umicore has rapidly adjusted its production capacity where needed and has furloughed 10% of its workforce. Umicore is also delaying certain investments and expects capital expenditures for 2020 to be in a range of € 400 to € 450 million, well below the levels of 2019. Furthermore, as a matter of prudence as well as to share the efforts among its stakeholders, Umicore's Board of Directors proposed to the Annual Shareholders' Meeting a reduced dividend of € 0.375 per share in respect of the full year 2019.

Strong funding structure in place and increased liquidity

Umicore has a strong balance sheet and ample liquidity with € 1.2 billion of immediate cash availability, representing an increase of € 0.2 billion since the end of March. Of this amount, approximately half is cash on balance sheet and the other half corresponds to the unused portion of committed syndicated or term loans. Additional financial flexibility is provided with more than € 0.5 billion of unused, uncommitted credit lines with core relationship banks. In addition to significant liquidity, Umicore has a well-balanced debt profile with no near-term material maturities as its long-term fixed-rate private placement debt has a phased maturity profile between 2023 and 2031. Its two syndicated loan facilities from a total of twelve banks expire in 2022 and 2025.

Strong first quarter performance

Umicore's results for the first three months of the year were well ahead of last year, reflecting primarily a strong contribution from Recycling with all business units contributing to this performance. Precious Metals Refining benefited from supportive supply conditions and metal prices. In Precious Metals Management, trading conditions for precious and certain platinum group metals were favorable, while Jewelry & Industrial Metals benefited from strong demand for gold investment products and gold recycling services.

While performance in Catalysis and Energy & Surface Technologies was also off to a good start of the year, the Automotive Catalysts and Rechargeable Battery Materials activities started to feel the impact of COVID-19 in February in China and as from mid-March in other key regions such as Europe and the US.

Impact of COVID-19 on automotive industry

The automotive industry is severely hit by the COVID-19 crisis globally with car production down 25% year on year in the first quarter.

In China, where the epidemic peaked in February, the market is slowly picking up with car production in March down 45% year on year and inventory levels remaining high. NEV production in China fell even more and was down 57% year on year in March, after a drop of 80% in February. In other parts of the world the virus is still spreading or peaking and car OEMs have shut down their assembly lines in key markets outside China, Korea and Japan since mid-March. In Europe and the US for example, car production in March was down 45% and 30% respectively year on year.

In Europe, assembly lines are now gradually restarting production and the same is expected in North-America around mid-May. However, end-consumer demand is anticipated to remain fragile as consumers' propensity to buy cars may decrease due to the economic impact of the COVID-19 crisis on their purchasing power. Umicore currently assumes that global car production for the full year will be down by approximately 25% from the levels of 2019.

Update on COVID-19 impact on Umicore's operations

Production at Umicore's automotive catalysts and battery materials plants located in China was impacted at the time of the Lunar New Year holidays and the following weeks and production levels have slightly picked up since then. Overall demand for vehicles in this region remains however fragile.

Outside of China, Korea and Japan, Umicore has temporarily stopped production at its automotive catalyst plants following the widespread shutdown of assembly lines of its automotive customers.

While the impact of COVID-19 in the first quarter on Umicore's automotive activities remained mostly limited to Asia, the full impact on the performance in Catalysis and Energy & Surface Technologies will be felt as of the second quarter. The widespread repercussions of the recession induced by the COVID-19 pandemic across industries are also significantly affecting demand in the other business units, in particular in Cobalt & Specialty Materials and Precious Metals Chemistry.

In Recycling the Hoboken plant and Umicore's other recycling facilities have continued operations while complying with strict sanitary standards and precautionary measures.

Full year 2020 outlook

Based on the current assumption that global automotive production in 2020 will be down 25% year on year, Umicore anticipates that the recurring EBIT of Catalysis and Energy & Surface Technologies in 2020 will be well below the levels of 2019. In Recycling, based on a strong performance in the first quarter and the expectation of continued favorable supply conditions, recurring EBIT in 2020 is expected to be well above the levels of 2019, assuming metal prices remain at their current level.

While the magnitude of the impact of COVID-19 on the global economy is becoming visible, its duration remains highly uncertain and the visibility on market demand extremely low. It is therefore impossible today to give any reliable quantified outlook for 2020. Notwithstanding this limited visibility, Umicore expects recurring EBIT for the Group to be well below the level of 2019.

Marc Grynberg, CEO of Umicore commented: *“The COVID-19 pandemic is causing unprecedented challenges to all of us and my first thoughts go out to people who are hardest hit and to everybody fighting the pandemic on the front lines. Today more than ever, our priority is the health and safety of all Umicore employees. We have the ability to navigate these trying times and I am confident that Umicore will resume its superior growth trajectory once this crisis will be overcome, as the world needs to move towards a more sustainable development path. Finally, I would like to express once more my sincere gratitude and recognition to all Umicore employees for keeping the workplace safe and healthy and for their engagement to keep our operations running and serve our customers.”*

Conference call and webcast

A conference call and webcast will be hosted by Marc Grynberg, CEO, and Filip Platteuw, CFO, **today, Thursday, April 30 at 3:00 pm CEST.**

More information on: <https://www.umicore.com/covid-19-conference-call>

Important note: due to exceptional circumstances at our service provider, please note you will need to **dial in 15 minutes before the start of the conference call and webcast.**

For more information

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About Umicore

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 R&D activities are located across the world to best serve its global customer base. The Group generated in 2019 revenues (excluding metal) of € 3.4 billion (turnover of € 17.5 billion) and currently employs 11,152 people.