

## TRADING UPDATE Q1 2013

### Highlights

Revenues were down 2% in the first quarter of 2013 with adverse market conditions persisting in many of Umicore's end markets. This was particularly the case in Europe where the construction and automotive sectors experienced a difficult start to the year. In terms of business group evolution, Performance Materials and Recycling recorded lower revenues with Catalysis and Energy Materials recording stable and slightly higher revenues respectively.

Margins in the first quarter were impacted by a negative evolution in product and regional mix as well as the effects of lower prices for certain metals on the recycling activities. Management continues to focus on cost reduction measures and price increases to mitigate the effects of the adverse market conditions.

Cashflows remained highly positive and net debt decreased to well below € 200 million. Investments to support Umicore's long term growth ambitions continued at a high pace.

As previously announced, Umicore has started to buy back its own shares. Up until 26 April some 377,380 shares had been bought back, representing 0.3% of the issued shares. Umicore thereby held on 26 April 8,244,306 shares in treasury, or 6.9% of the issued shares.

### Outlook

Given the demand levels in the first quarter, the limited likelihood of any near term improvements in market conditions and higher depreciation charges, full year recurring EBIT is expected to be between € 300 million and € 330 million.

Note: All comparisons are made with the first quarter of 2012, unless mentioned otherwise.

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## CATALYSIS

### Overview

The revenues for the business group were stable year on year, both in Automotive Catalysts and Precious Metals Chemistry.

### Automotive Catalysts

Global car production was stable year on year with significant regional differences. Umicore's catalyst sales volumes were largely in line with market trends.

In Europe, car production volumes were down 9% year on year. The decline in the production of higher-end cars was relatively sharper, in particular for diesel engines. Umicore's sales volumes of automotive catalysts in the region decreased in line with total car production and revenues were also impacted by the changes in the vehicle mix.

In North America, car production was at the same level as in the first quarter of 2012. There was a clear shift in sales trends, however, with growth in the mid-size segment offsetting a decrease in demand for larger vehicles. Umicore's sales volumes were in line with the market. South American car production grew some 5% and Umicore's sales volumes were up as well.

Car production in Asia increased by 3%, with significant growth in China (+12%) and South Asia (+9%) partially offset by a decrease in South Korea (-3%) and Japan (-16%). The increase in China was

largely attributable to a higher demand for larger, higher-end cars, which are mainly manufactured by global brands. Umicore's sales volumes and revenues grew at a higher pace in Asia, due to the strong position in China and the large exposure to global brands in the country.

The production capacity expansions in Europe and China and the construction of new technology centres in Japan and Brazil are progressing well. These investments will further enhance Umicore's capability to deploy new technologies that enable customers to meet upcoming emission norms for light and heavy duty vehicles.

### Precious Metals Chemistry

Revenues were stable compared to the first quarter of 2012. Sales volumes of bulk catalytic precursors used in large-scale chemical processes increased and the business unit also successfully grew its market position in APIs (Active Pharmaceutical Ingredients) by entering the European market. Sales volumes of automotive catalyst precursors were stable. Order levels for non-catalytic products were lower due to reduced demand from the electronics sector. Slightly lower sales were also recorded in life science applications, although this was mainly linked to the timing of orders. The business development investments in North America are progressing according to plan, and are due to be finalised in early 2014.

## ENERGY MATERIALS

### Overview

Revenues in Energy Materials were slightly up (+3%) Growth in Rechargeable Battery Materials and Cobalt & Specialty Materials offset the impact of continued market deterioration in Electro-Optic Materials and lower revenues in Thin Film Products due to the discontinuation of a product line.

### Cobalt & Specialty Materials

Revenues were up, mainly as a result of higher activity levels in nickel recycling and refining. Lower global demand for cobalt-based products had a negative impact on the processed volumes for this metal. The related drop in the cobalt price also affected recycling and refining margins.

In the Tool Materials business, the lower activity levels in the construction sector weighed on the revenues generated in Europe and lower volumes of cobalt powders were sold in North America as a result of increased competition. In Asia Umicore raised its sales volumes in a growing market.

In the Ceramics & Chemicals business, higher sales volumes were recorded for both cobalt and nickel-based compounds. The demand for nickel salts, which are used in catalytic, plating and battery applications, increased slightly and Umicore continued to strengthen its position in cobalt-based specialties used in catalytic applications. The market for cobalt oxides and salts was characterized by lower premiums resulting from increased competition.

On top of the previously announced refurbishment and capacity expansion of fine cobalt powders in Olen, Belgium, Umicore will also expand its nickel refining and recycling capacity on the site. This investment is due to be operational by early next year.

### Electro-Optic Materials

The business unit recorded lower revenues in both activities. The restructuring measures taken in Quapaw and Olen are now largely implemented.

The decrease of sales volumes in the Substrates business was largely attributable to a drop in demand

from the terrestrial CPV (Concentrator PhotoVoltaics) sector, while demand for space photovoltaics was down slightly. Although sales to the LED sector were in line with the previous year, price pressure is leading to lower demand for higher-end systems, which use germanium substrates in the manufacturing process.

In the Optics activity the germanium blanks business remained subdued, with low demand and strong competitive pressure. Sales volumes in finished optics were stable. Sales of germanium tetrachloride to the optical fibre business were up driven by Chinese infrastructure projects.

### Rechargeable Battery Materials

Sales volumes and revenues were considerably higher than in the first quarter of 2012 but lower than in the last quarter of 2012 as a result of the seasonal stock adjustments following the end-of-year sales peak for portable electronics. The year-on-year increase reflects, among other developments, the positive impact of product mix changes, which were favourable to Umicore.

In the portable electronics segment the shift towards polymer cells is continuing. Polymer cells enable batteries to be thinner and easier to integrate in compact devices. The overall increase of screen size and internet connectivity is requiring larger and more powerful batteries. As a result, the share of high-energy cathode materials, in which Umicore is a market and technology leader, is further increasing.

The xEV application, which covers hybrid up to full electric vehicles, is growing again with more encouraging sales levels for these vehicles being recorded in North America and Japan. Umicore's focus on total system cost improvements is proving effective in a number of significant qualification programs.

The new production expansion for cathode materials in Korea has been commissioned while the expansion projects for precursor production in Korea and for cathode materials in China are on-going.

## Thin Film Products

Following the discontinuation of the AZO (Aluminium-doped Zinc Oxide) operations for thin film photovoltaic applications, revenues were down year on year. ITO (Indium Tin Oxide) sales volumes increased, driven by higher demand from the touch

panel industry, where a switch from planar to rotary targets is taking place. The slightly lower revenues recorded in the Optics & Electronics business reflect some market weakness and a related increase in competitive pressure.

## PERFORMANCE MATERIALS

### Overview

Revenues decreased by 5%. This was mainly as a result of deteriorating demand in Europe and was felt particularly by those activities with a large exposure to the construction sector.

### Building Products

Sales volumes were down year on year as a result of the slowdown in the construction industry which was exacerbated by the long and severe European winter. The impact on revenues was somewhat tempered by a product mix effect as the share of surface-treated products in the portfolio, which are sold at a higher premium, increased slightly.

Sales and revenues were most affected in Umicore's main markets of France, Germany and Belgium. Demand from the smaller overseas markets picked up further.

### Electroplating

Despite the general weakness in the economic environment, revenues were slightly up year on year. Sales further benefited from the strong customer demand for Umicore's silver-based reflective coatings used in LEDs. Sales for decorative applications were supported by a continued high demand for rhodium-based electrolytes and a further recovery in demand for non-precious-metal-based plating solutions. Sales of precious metal products used in printed circuit boards and sales of precious metal compounds used for electroplating baths were stable year on year.

### Platinum Engineered Materials

Revenues were down on the first quarter of last year mainly due to lower activity levels in Performance Catalysts. The Glass Industry Applications activities recorded an increase in orders compared to the end of 2012 as many high-purity glass manufacturers had postponed orders to 2013. Production at the workshop in Yokohama, Japan, which was opened at the end of 2011, is now being ramped up.

### Technical Materials

Revenues for the business unit were down year on year primarily due to lower recorded sales for brazing alloys in North America and China. Sales of contact and power technology materials held up relatively better although they did not match the high levels of the first quarter of last year. The demand for low and medium voltage applications picked up compared to the end of 2012, driven by a slight recovery in European machining and electrical infrastructure markets and further growth in electrical distribution systems in China. The North American market showed an increase in demand for the various functional materials applications.

### Zinc Chemicals

Revenues were slightly up year on year. Umicore announced price increases in December 2012, which are gradually being implemented.

Sales volumes for zinc battery materials increased due to a slight recovery in consumer demand and new customer wins in Europe and China. Strong competition in several markets put further pressure on prices, however.

Demand for fine zinc powders used in anti-corrosive paint pigments picked up in Asia, especially in China, in contrast to low demand in the European markets.

Sales volumes for zinc oxide in the western markets declined as a consequence of lower orders for ceramic, rubber and chemical applications. Order volumes for the tyre industry in India increased further.

The galvanising industry continued to operate at low levels in the current economic environment and was further impacted in Europe by a long and severe winter. The declining zinc price contributed to a limited availability of zinc-containing residues in all regions, thereby reducing recycling margins.

## Element Six Abrasives

Revenues for Element Six Abrasives were down year on year, as a result of lower sales volumes in different end-markets.

Revenues for Advanced Materials decreased compared to the relatively strong first quarter of 2012. The lower order levels from the electronics industry were in contrast to stable demand from the automotive, wood cutting and the aerospace markets.

Global demand for the products sold by the Oil & Gas business remained low in a competitive environment. The lower oil price also led to some customer destocking. The revenues for Hard Materials were slightly down year on year, mainly as a result of the low activity levels in the mining sector. Despite the long winter, demand from the road construction sector remained good and order intake for Element Six Abrasives' new diamond road picks continued to grow.

## RECYCLING

### Overview

Overall revenues for the business group were 4% lower as a result of a decrease in sales in Jewellery & Industrial Metals and Precious Metals Management. This decrease mainly reflects the lower industrial activity levels in Europe. Revenues in Precious Metals Refining were stable.

### Precious Metals Refining

Revenues were in line with those of the previous year, with an increased intake of residues from the non-ferrous metal industry compensating for lower availability of certain end-of-life products such as spent car catalysts. The availability of high-end e-scrap is stable while recycling fees are becoming somewhat less favourable for such materials due to increased competition. Umicore continued to position itself strongly on the market for used industrial catalysts.

Most spot metal prices were significantly lower in the period compared to the first quarter of 2012. Among the precious metals, gold and silver prices were down. The impact was mitigated, however, as a result of Umicore having secured longer term pricing in previous years. For specialty metals, such as rhodium, ruthenium, selenium and tellurium, the price decrease was even more pronounced and, as these metals can not be hedged, the lower prices had an immediate impact on margins.

The investments to debottleneck the Hoboken plant are progressing well. After the finalisation of the first phase of the expansion of the sampling facility, the second phase was started. The new water treatment plant is currently under construction and after the installation of the improved gas cleaners on the lead refinery last year similar work has been initiated on the blast furnace. During the maintenance shutdown of the main smelter, equipment to further improve the process was also installed.

### Jewellery & Industrial Metals

The business unit reported lower revenues year on year.

Sales of silver-based products for industrial applications decreased further, mainly due to the continued weakness in the European photovoltaics industry. Order levels for silver coin blanks remained low. Demand for chemical catalyst applications was stable.

Sales to customers in the luxury gold jewellery segment were stable, while orders for decorative silver-based products remained low.

The strong growth of the silver recycling activities in Asia could not fully compensate for the decline of volumes in Europe where lower metal prices reduced the availability of gold and silver residues for recycling. The expansion of the refining capacity in Bangkok, Thailand, has been completed and work has started on the expansion of silver recycling capacity in Pforzheim, Germany.

### Precious Metals Management

Revenues for the business unit decreased year on year.

Despite customer restocking at the start of the year, orders for metals used in industrial applications were lower compared to the same quarter last year. Volatility on the precious metal markets remained largely unchanged. Lower gold and silver prices presented an attractive entry point for some investors and had a positive impact on demand for investment bars.

### Battery Recycling

Umicore continued to treat spent rechargeable batteries in its UHT pilot plant in Hoboken, while at the same time further testing the process for the recycling of potentially new types of supply streams or blends. Further modifications will be made to the smelter in the coming months.

## 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.

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## Financial calendar

30 April 2013	Ordinary and Extraordinary General Meeting of Shareholders
3 May 2013	Ex-dividend trading date
7 May 2013	Record date for dividend
8 May 2013	Payment date for dividend
30 July 2013	2013 first half results publication
23 October 2013	2013 third quarter trading update
6 February 2014	2013 full year results publication

## 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 centred on four business areas: Catalysis, Energy Materials, Performance Materials and Recycling. Each business area 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 technologies, such as emission control catalysts, materials for rechargeable batteries and photovoltaics, fuel cells, 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.

The Umicore Group has industrial operations on all continents and serves a global customer base; it generated a turnover of € 12.5 billion (€ 2.4 billion excluding metal) in 2012 and currently employs some 14,400 people.

A conference call and audio webcast will take place today at **8:30 CET** in Brussels.  
 Please visit: <http://www.umicore.com/investorrelations/en/financialCalendar/confCall20130430.htm>