

TRADING UPDATE Q3 2015

Highlights

Revenues were up 10% compared to the third quarter last year, with strong underlying growth in Catalysis and Energy & Surface Technologies more than offsetting the impact of lower metal prices on the recycling activities.

Growth in Catalysis was driven mainly by positive volume and product mix effects in Automotive Catalysts. The revenue increase in Energy & Surface Technologies reflected solid volume growth in Rechargeable Battery Materials and higher revenues in Cobalt & Specialty Materials. Revenues in Recycling were impacted by lower metal prices and the extended shutdown in Precious Metals Refining.

Growth investments in Automotive Catalysts and Rechargeable Battery Materials are on or ahead of schedule. The program to increase capacity by 40% in Hoboken is on track.

Net debt increased over the quarter due to interim dividend payments of €50 million and share-buy backs of €32 million.

Outlook

Umicore expects its full year recurring EBIT to be towards the middle of the previously stated range of €310 million to €340 million.

Note: All comparisons are made with the third quarter of 2014, unless mentioned otherwise.

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Catalysis

Revenues in Catalysis were up 19% as a result of higher revenues in Automotive Catalysts.

Revenues for **Automotive Catalysts** increased considerably year on year benefitting from strong demand for Umicore's catalysts for light duty vehicles and a more supportive product mix in that segment. The ongoing ramp-up in production of catalysts for heavy duty diesel vehicles in Europe and Asia further contributed to the positive revenue evolution.

A 3% expansion in the global passenger car market was mainly driven by growth in the European (+5.2%) and North American (+5.7%) markets. Umicore's volumes and revenues increased significantly, outperforming the market globally and in most regions.

European car production showed strong recovery in the third quarter and Umicore's volumes and revenues stayed ahead of the market trend. Umicore's volume growth was driven by the ongoing introduction of Euro 6b compliant diesel platforms and the success of the gasoline platforms introduced earlier in the year. Revenues were further boosted by a better product mix with a larger share of diesel. Production started at the new facility in Poland in the third quarter, well ahead of schedule.

Umicore also outperformed the fast-growing North American market, due to a favourable vehicle mix. Volumes and revenues were also up in South America where, despite a weak and still declining car market, Umicore benefited from a good product mix and the introduction of new platforms.

Growth in the Chinese car market was almost flat in the third quarter, with higher sales of domestic brands largely offset by declining sales by global manufacturers. Against this backdrop Umicore's revenues decreased slightly. Demand is expected to pick up following the government's decision to cut sales tax for vehicles with small engines. In South Korea, volumes and revenues improved in line with the recovering car market. Umicore also grew with Japanese OEMs globally, despite weak car production in Japan. Production is ramping up further in India, where car production is growing steadily. Construction of the new technology development centre in South Korea and the new plant in Thailand are progressing according to plan.

In **Precious Metals Chemistry** sales volumes were up year on year largely driven by an increase in demand from the automotive industry for precursors used in catalytic applications. Global sales of API's (Active Pharmaceutical Ingredients) were also higher.

Energy & Surface Technologies

Revenues in Energy & Surface Technologies increased by 24% mainly as a result of strong volume growth in Rechargeable Battery Materials and higher revenues for Cobalt & Specialty Materials.

Revenues in **Rechargeable Battery Materials** gathered further momentum from the second quarter and were well up year on year reflecting strong volume growth.

Demand for Umicore's high energy LCO (lithium cobaltite) materials used in Li-ion batteries for high-end portable electronics increased further, driven by the introduction of new models.

Umicore recorded strong growth in sales of NMC (nickel manganese cobalt) cathode materials used in batteries for electrified vehicles following the market introduction of new models. This is particularly the case in China where sales of electrified cars, e-buses and utility vehicles are being supported by government incentives.

The capacity expansion projects in South Korea and China are on track and expected to come on stream in the last quarter of 2015 and during the first half of 2016 respectively.

Revenues for **Cobalt & Specialty Materials** were up year on year. This was driven by a higher contribution from the cobalt and nickel refining and distribution activities, as well as the integration of the businesses acquired in the second half of 2014. Competitive price pressure in some end-markets and lower metal prices had a negative impact on margins. Umicore announced investment plans to upgrade its refining facility in Olen that will enable the business unit to increase its production of cobalt and its ability to recycle cobalt and nickel-bearing residues.

Revenues and sales volumes in **Electroplating** were up slightly with no significant changes in the demand patterns seen earlier in the year. The main source of growth continues to be rhodium, silver and gold products used in decorative and anti-tarnish applications.

Revenues for **Electro-Optic Materials** remained well up year on year, supported by a higher contribution from the recycling and refining activities and increased sales of high purity chemicals. Overall sales of infrared optics products showed healthy growth, while sales of substrates were in line with previous year.

Revenues for **Thin Film Products** increased slightly compared to the third quarter last year, largely as a result of higher order levels for Umicore's indium tin oxide (ITO) rotary targets used in the display segment. Demand from the microelectronics industry was also up.

Recycling

Revenues for the business group were down 12% because of lower metal prices and the impact of the extended shutdown in Precious Metals Refining.

Revenues of **Precious Metals Refining** were down year on year due to lower metal prices and the impact of the extended shutdown in Hoboken. For precious metals, the impact of lower spot prices was largely mitigated as Umicore partially secured pricing at the start of the year. Spot prices for secondary metals, that cannot be hedged, continued to decline sharply and had an immediate impact on margins.

The supply mix remained solid for both the recyclables and by-products segments with an increased proportion of higher-grade and more complex materials.

A second wave of investments was successfully carried out in Hoboken during the quarter and the overall capacity expansion programme is on track. The higher throughput rates achieved following the expansion works should ensure that processed volumes for the entire year are similar to those in 2014.

Revenues for **Jewellery & Industrial Metals** were lower compared to the third quarter last year, mainly as a result of a lower contribution from the recycling activity. Revenues for the product businesses benefitted from higher order levels for investment products and in particular silver coins. Lower metal prices had a negative impact on margins.

Revenues for **Platinum Engineered Materials** were down year on year. Activity in the glass industry was subdued, primarily due to lower order levels from the display segment. Demand for Umicore's platinum gauzes used in the fertilizer industry was also lower.

Precious Metals Management recorded higher sales volumes for most PGM's driven by continued strong demand from the automotive industry. A pick-up in demand was noted in the market for gold and silver investment bars.

Revenues for **Technical Materials** were down year on year due to lower sales volumes for both brazing and electrical applications. The business unit is taking further targeted cost reduction measures.

Discontinued

Revenues for **Building Products** were stable year on year despite persisting challenging conditions in the European construction sector, particularly in France. Competitive pressure continued to weigh on margins.

Revenues for **Zinc Chemicals** were up year on year with higher sales volumes in the majority of its product areas. While the business unit increased its intake of zinc-containing residues from the galvanizing industry, recycling margins were impacted by a lower zinc price.

Construction of the new plant for the production of high grade fine zinc powders and the recycling of zinc residues in Changsha, China, was completed and commissioning work has started. Quality testing of the second production line for Zano (nano zinc oxide powders) in Olen, Belgium, has been successfully completed.

Corporate

Revenues for **Element Six Abrasives** were down year on year, largely as a result of lower activity levels in oil and gas drilling and -to a lesser extent- reduced demand for carbide-based mining products. Order levels for precision tooling products were up, reflecting strong demand from the consumer electronics segment in particular. Cost reduction measures and further targeted restructuring partially offset the impact of lower revenues on earnings.

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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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 technologies, such as emission control catalysts, materials for rechargeable batteries 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 €5.4 billion (€1.3 billion excluding metal) in the first half of 2015 and currently employs 14,100 people.

A conference call and audio webcast will take place today at 10:00 CET in Brussels. Please visit:
<http://www.umicore.com/en/investors/news-results/press-releases/20151016CalendarQ3-2015EN//>
