

## Umicore on track for a strong 2022 performance

Umicore recorded a strong performance across all of its business groups in the first quarter in a volatile market context, despite rising cost inflation.

The **Catalysis** business group delivered a strong performance in the first quarter, albeit and as anticipated below a very strong first quarter last year and against an increasingly challenging backdrop. Car production has been negatively impacted by supply disruptions caused by ongoing semiconductor shortages, the conflict in Ukraine and more recently strict COVID-lockdowns in major Chinese cities. Umicore outperformed the car market benefiting from its strong market position and customer exposure in gasoline catalyst applications. In the heavy-duty diesel segment, Umicore's volumes declined in the Chinese market. As anticipated, the heavy-duty diesel production in the region significantly slowed down after the strong China V activity in the first quarter of last year. A solid start to the year in the business units Fuel Cells & Stationary Catalysts and Precious Metals Chemistry, as well as high PGM prices further contributed to the strong performance of the first quarter.

In **Energy & Surface Technologies**, Rechargeable Battery Materials performed in line with expectations, with higher sales volumes of EV NMC cathode materials for the European market. Umicore's volumes in China continued to suffer from an unfavorable platform and customer mix as expected. Umicore is accelerating its customer diversification and platform exposure and has recently [entered a strategic partnership with ACC \(Automotive Cells Company\)](#) for the supply of next generation high-nickel cathode materials in Europe, with first commercial volumes expected in 2024. The Cobalt & Specialty Materials business unit continues to benefit from high activity levels in key end-markets and inventory build-up of customers in the context of rising nickel and cobalt prices. As anticipated, the performance in Metal Deposition Solutions remained somewhat below the strong first quarter last year, while Electro-Optic Materials recorded a stable performance year on year.

The **Recycling** business group recorded a strong first-quarter performance, albeit below the exceptional performance in the first quarter last year. While the impact of precious metal prices remained high in the first quarter this year, it was below last year's first quarter effect also taking into account the existing strategic metal hedges. In Precious Metals Refining, the supply environment of PGM-rich material was somewhat less favorable as in the current volatile environment, collectors tend to hold on to scrap material longer. Additionally, logistic disruptions due to the ongoing geopolitical crisis impacted international transport and caused an erratic supply of various materials. The less favorable metal price environment meant also that the contribution from Precious Metals Management remained below the level of the first quarter last year. Jewelry & Industrial Metals benefited from strong demand for gold and silver investment bars as these remain seen as safe haven investments in an uncertain macroeconomic and geopolitical context.

After successful business incubation and in light of rapidly growing customer demand, Umicore has transferred its battery recycling activities from an incubator to an operational business unit **Battery Recycling Solutions** within the Recycling business group. The creation of this dedicated business unit underlines Umicore's commitment to make battery recycling and a closed loop offering an essential part of its value proposition, enabling a sustainable electrification of the automotive industry.

## Umicore confirms outlook for a strong performance in 2022

Based on the first-quarter performance and current metal prices, Umicore confirms its outlook for another strong performance in 2022, slightly above current consensus expectations<sup>1</sup>. This outlook includes a cost inflation headwind which is currently estimated to remain below € 150 million for the full year, excluding offsetting measures such as pricing. If current precious metal prices were to prevail for the remainder of the year, 2022 earnings (including the effect of strategic hedging) are expected to include an approximate € 270 million precious metal price uplift versus 2020, similar to the uplift in 2021.

**Catalysis** is expected to continue to benefit from its strong market position in gasoline catalyst applications as well as from the further ramp-up of its fuel cell activity, despite today's limited visibility due to supply chain disruptions for automotive customers. Adjusted EBIT is expected to be somewhat below the record levels of 2021<sup>2</sup> through the absence of tailwinds that benefited the business in the first half of last year.

In **Energy & Surface Technologies**, Umicore expects to grow revenues and earnings in Rechargeable Battery Materials versus 2021. Based on a stronger than anticipated performance in Cobalt & Specialty Materials, with the cobalt and nickel chemicals and related distribution activities further benefiting from strong demand at favorable conditions, adjusted EBIT of Energy & Surface Technologies is now expected to show a slightly higher year-on-year uplift in 2022<sup>3</sup> versus what was anticipated at the time of the publication of Umicore's 2021 FY results.

It is anticipated that the tightness in PGM-rich supply will ease over the coming months, which should allow the business unit Precious Metals Refining to benefit again from a supportive supply mix in combination with robust volumes. Assuming precious metal prices were to prevail throughout the year, it is expected that the business group **Recycling** will deliver another strong performance in 2022, albeit not at the record level achieved in 2021<sup>4</sup>.

This outlook assumes there are no further significant disruptions to the economy or Umicore's operations from geopolitical developments, the pandemic or supply-chain constraints. Umicore awaits more clarity on the current market uncertainties and in particular in relation to the developments of the conflict in Ukraine and the resurgence of COVID in certain countries, before providing a more detailed 2022 earnings guidance for the Group.

Given today's volatile market context and in the interest of its customers, Umicore is prioritizing security of supply over working capital optimization, resulting in temporary working capital in the form of inventories. Moreover, Umicore currently anticipates a significant increase in working capital in 2022 compared to the level of end of 2021 due to a combination of high precious metals and battery metals price levels. In view thereof and also taking into account higher year-on-year capex spending, Umicore anticipates a material increase in its net financial debt compared to the low level of end of 2021, notwithstanding continued strong operational cash flows before working capital.

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<sup>1</sup> Umicore has engaged Vara Research GmbH to survey brokerage analysts to provide analysts' consensus estimates to the market. The most recent consensus is available on <https://vara-services.com/umicore/>. Consensus adjusted EBIT for Umicore Group in 2022 amounted to € 818 million at the time of this publication.

<sup>2</sup> Catalysis adjusted EBIT for the FY 2021 amounted to €326 million

<sup>3</sup> Energy & Surface Technologies adjusted EBIT for the FY 2021 amounted to €139 million. At the time of the publication of its 2021 FY results, Umicore anticipated a slight uplift in 2022 adjusted EBIT versus 2021 adjusted EBIT.

<sup>4</sup> Recycling adjusted EBIT in 2021 amounted to € 573 million

## Capital Markets Day on 22 June

Umicore is setting out its strategic roadmap to further build on its leadership positions in clean mobility materials and recycling and its pioneering approach to sustainability.

On 22 June 2022, the Management Board will share how we want to lead the transformation to cleaner mobility and the circular economy.

The event will take place in London and will also be accessible virtually via webcast. More information available soon on: <https://capitalmarketsday.umicore.com>

Mathias Miedreich, CEO of Umicore commented: *“In this increasingly volatile market environment, resilience is of the greatest importance. Umicore’s sharp focus on operational excellence and cost discipline combined with the tremendous agility of our workforce resulted in a solid start of the year and put our Group on track for another strong performance in 2022.*

*The structural trends that support Umicore’s strategy in clean mobility materials and recycling are stronger than ever and I am excited to lead our Group to the next stage of development*

*The Management Board and I look forward to providing further insight in our ambitions at our 2022 Capital Markets Day on 22 June.”*

## For more information

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## Financial calendar

2 May 2022	Ex-dividend trading date
3 May 2022	Record date for the dividend
4 May 2022	Payment date for the dividend
22 June 2022	Capital Markets Day
29 July 2022	Half year results 2022



## 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 revenues (excluding metal) of € 4.0 billion (turnover of € 24.1 billion) and employed 11,050 people in 2021.