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Umicore

Umicore 2026 Q1 Update and Outlook

CORPORATE SPEAKERS:

Bart Sap

Umicore; Chief Executive Officer

Wannes Peferoen

Umicore; Chief Financial Officer

PARTICIPANTS:

Thea Badaro

BNP Paribas; Analyst

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JPMorgan Chase & Co; Analyst

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PRESENTATION:

Operator: Hello. And welcome. (Operator Instructions) At this time I would like to welcome everyone to the Umicore 2026 Q1 Update and Outlook Call.

Please note that this call is being recorded. (Operator Instructions) Thank you.

I would now like to hand the call over to Bart Sap, Umicore's CEO; and Wannes Peferoen, Umicore's CFO. You may now go ahead, please.

Bart Sap: Yes. Thank you. So welcome and welcome all. And thank you for being here on this Thursday evening.

So first of all, before I go through the Q1 update and the outlook, of course. I would like to give some more context to the leadership changes that we have announced this morning.

So first of all, we welcome Lily Liu as our new CFO as of August 1. She has a strong record at public companies. She has worked in the chemical industry, manufacturing, engineering industry.

At this point, she's the CFO of Synthomer, before that at Essentra, Xaar and Smiths Detection, but she's also a Nonexecutive Director and member of the Audit Committee at DCC plc. So I believe she's a strong asset for Umicore to also continue on the great path that I set forward together with Wannes on focus on operational excellence and capital discipline.

Now next to that, we are also establishing a role which is the Chief Digital and Transformation Officer within the ELT. You know that we have started the transformation journey, that we will be more process-oriented and that we also would like to establish a stronger performance culture. And now we want to drive that focus across the group even more. We want more alignment throughout the group.

And of course, in the context of that operational excellence we welcome Marten Zieris as Chief Digital and Transformation Officer. He will also be focusing on the digitalization,

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information systems and, of course, also further working on further implementing the artificial and augmented intelligence throughout the group.

So Marten Zieris has a strong experience in transforming organizations. I've worked side by side with him on certain projects. I know he's driven for excellence. He's widely recognized in the industry for transformational projects. So we are very happy and also looking forward to welcome Martin next to Lily.

But it also means, of course, that if a CFO joins, our current CFO, Wannes, will be closing a chapter here at Umicore after more than 20 years. Wannes has been the CFO for the company for four years now.

I really would like to thank him for his dedicated service, his strong leadership, especially in quite, let's say, particular times in the recent history for Umicore.

So his commitment to the core strategy, capital discipline, operational excellence really has set the group now again on a strong footing. And I would say that he was definitely part of that success that we can share today.

So Wannes will be handing over to Lily on August 1, but he will stay on until February -- end of February 2027 to do the further handover and continue to work on some projects that we have.

But maybe, Wannes, you would also like to give some perspective.

Wannes Peferoen: Yes. Thank you, Bart.

I mean as you rightfully say, after 20 years with Umicore, I will be closing an important chapter in my career. I'm grateful for the great opportunities and the trust that has been put into me over the past two decades.

In '22, I stepped into the role of CFO at the time when the company was entering probably one of its most demanding periods in its history.

Over the past years, we navigated through an extraordinary combination of challenges, initially financing an ambitious growth agenda, then quickly facing unprecedented inflation

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and market volatility, adapting to a sudden slowdown in electrification, leadership transitions including yourself, Bart, and a strategic reset with our core strategy.

Now what I'm proud of is that with our focus on cost and capital, we have been able to rebuild the company's financial health and the credibility in the capital market. I was also very pleased that throughout these challenges, the leadership acted as one team with resilience, discipline, creativity and a firm commitment to the long term.

At this point in my career, I realize that I've built quite a bit of depth over the past 20 years within the same organization. And this is where I also realize I still have many years but also curiosity ahead of me. So this feels like the right moment to pause, to reflect and to explore new horizons.

I also want to thank my colleagues and my teams for their unconditional support and commitment throughout these demanding and challenging times.

I'm proud of the progress we achieved together, strengthening processes and systems, increasing the agility and consistently finding solutions under pressure.

Now in my final months, I remain fully committed to the execution of our strategy and to a smooth transition to my successor in August. And this to ensure the continuity and value creation for our investors. And finally, I want to thank the investors for their trust in me.

Bart Sap: Yes. Well thank you very much, Wannes. And of course, we have been working for a very long period together in different stages of our career.

So I can say that you will be missed at the company. We wish you a lot of success. But in the next four months, I intend still to work very closely with you. So looking forward to that as well.

So this brings us actually to the Q1 update and then later on the outlook.

So I think it's fair to say that for -- that we had a very strong start of the year. Our sustained commitment to operational efficiency, capital allocation and that value orientation is definitely paying off now that while there's also a supportive metal price environment.

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So we are in a very good position to perform solidly or even strongly in 2026, and we are very happy with where we stand at this point in time.

If I look at Catalysis, here also a strong start to the year, outperformance of the light-duty vehicle market as we see it today.

We see also a strong demand in the EU, China, India, but also HDD in EU and China is also stronger than the year before.

In fuel cells and stationary catalysts, it's actually a story of two tales. I think the fuel cell market is soft also in China at this point in time in Asia, while the stationary catalyst market with the strong data boom and need for data centers actually is gaining momentum and further growing and actually is contributing very substantially.

Now also precious metals chemistry had a strong start. Of course, it's linked to the strong business in automotive catalysts. The good PGM environment, but also the overall business is performing stronger.

If we go to Recycling, then I have to say a very strong performance. The planned maintenance shutdown was successfully completed.

Our JIM business units, Jewelry & Industrial Materials, really enjoyed from a strong recycling market for jewelry basically. So we really enjoy that market. But we also see across their portfolio, strong end market demand.

Precious Metals Management, we have seen significant volatility, of course, in PGM prices. That is a good environment also for Precious Metals Management to optimize and further leverage those market circumstances.

When I go to Specialty Materials, I would say it's an outstanding performance for that business group. We have definitely a noteworthy profitability for cobalt and specialty materials. There's a strong momentum in the cobalt market, especially running from '25 into 2026, and maybe we'll come back to that later during the Q&A.

In Electro-Optic Materials and MDS, the growth track is also there. And also, we continue to grow on the solid foundations of these businesses.

Battery Materials Solutions, our focus is still and will remain on value recovery. We have a slight improvement in CAM material sales volumes, but as earlier indicated, the weight of the take-or-pay element in the overall EBITDA contribution for 2026 is growing, probably at a higher level than we would initially would have wanted for the year. Anyway, we have these contracts exactly for these circumstances, so they are also part of our EBITDA.

BRS is moving according to plan. And as you have also noticed, our anode joint venture with Hyosung is also now completed.

Now if I now go to the outlook.

With a strong start in 2026, we now expect a group EBITDA to approach EUR 1 billion for the year. Of course, this assumes that the metal prices will stay around the levels of Q1 2026.

We know the world is volatile, needless to say. But right now, I think the things that move the world at this point in time where our direct exposure is limited.

We have a very limited exposure to the Middle East in terms of sales and purchases or supply of materials. We're well hedged on the energy side. So yes, that gives us confidence looking forward.

If I then go to the business groups. Catalysis anticipated to further benefit from the strong market position in light-duty gasoline. We see a declining, of course, global internal combustion engine production, but still our volumes remain fairly solid. We continue to focus on quality and resilience of earnings as we have done over the past years.

And Recycling, assuming, of course, that this continued favorable metal price environment stays and also the activity level, there, we see that we see a performance which will more than offset the setback that we were foreseeing in the lower average hedge rate from '25 into 2026 as well as the shutdown. So there, we now see further progression beyond those two negatives that we were foreseeing earlier.

Now so we are convinced that our performance will materially exceed the current market forecast.

If we go to Specialty Materials, it's projected to significantly exceed present market expectations or beat significantly. The positive momentum in cobalt market is anticipated mostly in H1. H2, we will see a more normalized performance there. And the top line growth, of course, is sustained with the strong demand for germanium and of course, the other end markets.

Battery Materials Solutions. For the year, volumes somewhat expected in line with previous years. As the -- as earlier said, the anticipated ramp-up of certain customer platforms is not coming as we would have wanted during our CMD update. Again, the improved performance for the year is reflecting our take-or-pay commitments that we have.

So we continue to execute our standalone midterm plan, and we continue to reduce our cost base. And of course, we continuously closely manage our capital expenditure for this business.

For CapEx, we see a slight increase versus 2025, mainly because of selective high-quality growth investment that we're starting in our foundation business. We're also investing already in the engineering for the Orion flow sheet, so basically the expansion of the flow sheet of our precious metals refinery in Hoboken, Belgium, in which we still think to take the decision -- the final investment decision for the expansion in the latter half of this year.

Now on the leverage, there we can confirm that assuming current price environment, of course, stays, we would see leverage below 2, basically significantly below the initially anticipated of 2.5 as we communicated earlier.

So in a summary, we had a strong start in 2026. We see a good momentum. We see high activity levels in our business. We benefit from current supportive metal prices linked to the geopolitical situation and new end applications which are emerging, of course. But our expertise, but also our value orientation and efficiency focus allows us to benefit to the best extent possible from these evolutions.

So I would say it's very energizing and good to see how Umicore teams are taking the next step courageously going forward. They take their accountability, they collaborate. And this way, we make progress on our core 2028 strategy and are putting the foundation for good results going forward.

With this, maybe I would like to suggest to open the Q&A.

Operator: (Operator Instructions) Your first question comes from the line of Thea Badaro of BNPP.

Thea Badaro: Congrats on a great start to the year. Two questions from me, please.

On the Recycling business more particularly, you mentioned strong industrial metal and jewelry businesses in Q1. So I was wondering if some of that might be linked to the situation in the Middle East. So i.e., have you seen any prebuying or inventory build that has helped the performance?

And a quick follow-up on this. Can you maybe elaborate on what makes you so confident in the division for the rest of the year?

Bart Sap: Yes. So thank you, Thea.

On JIM, no, it's not actually a prebuy. We had already strong momentum in 2025 and yet at the latter half of second half of the year that really continues into the first quarter. And of course, as it's over-the-counter business, you cannot just extrapolate that for the full year. So we have to see, but the gold price remains supportive.

We still see very good collection at this point in time. So, so far, so good, I would say. So indeed, that's one of the main drivers in the JIM.

Now if you then step from that strong Q1 to the full year, we also see that in precious metals refining, actually, we see a very good performance going forward at current metal prices throughout the full metal basket. And remember that in, of course, the first quarter, we had a standstill. So that means in the other months, we are good to process volumes.

Operator: Your next question comes from the line of Chetan Udeshi of JPMorgan.

Chetan Udeshi: I have a few. First one was, I'm just curious, you have a note in your release at the very bottom on the take-or-pay accruals. So you are essentially saying the way it works is you're accruing the take-or-pay contribution to your EBITDA. And then at the

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end of the year, it will be basically the difference between the committed volumes and the shortfall will be invoiced.

I mean I'm just curious because historically, and we've had this discussion in the past, I mean we've struggled to see customers uphold the take-or-pay volumes and Umicore are getting paid for it. So my -- I guess the risk is you are accruing this and maybe the customer just doesn't pay. I mean have you seen that? How do we get comfortable that, that may not be the scenario that eventually plays out here? I know the numbers are small, but they are getting bigger as the volume shortfall perhaps is getting more substantial.

The second question was within your Specialty Materials, and you alluded a little bit to this in terms of your germanium business.

I'm just curious how much of the upside in germanium is driven by pricing versus product? And what I'm trying to get to is how much of that upside is actually structural? And if you can talk about how you fit into the germanium value chain from a product perspective because I saw in your press release or media release recently, you talked about exposure to, of course, space satellites and stuff, but also silicon photonics and whatnot. I'm just curious how real these businesses are? Or are they still sort of pie in the sky in terms of tomorrow?

And the last question, it's a very natural sort of -- it's natural for people to think, okay, \$1 billion of EBITDA for Umicore. Essentially, that's as good as it gets. I mean what -- why would that not be the case? Like what we should be looking up to beyond \$1 billion?

Bart Sap: I like your ambition, Chetan.

I like your ambition. Maybe, Wannes, you'll take the first one, and then I'll take the second question.

Wannes Peferoen: Yes. Sure.

So Chetan, looking at the take-or-pay, I mean in past, we have different contracts in place, looking at some of the legacy contracts.

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So looking at this current contract, this is a particular contract where the contract is that the accrual -- I mean that the shortfall is being monitored throughout the year and accrue for the shortfall. And then at the very end of the year, once we have the full view on the effective volumes shipped versus contractually agreed, that's where we then issue the invoice for the shortfall.

So again, here, what we want to do through that note is also bringing that transparency that some of the fundamental support to the step-up in EBITDA is also coming from some of those take-or-pay accruals.

Bart Sap: Yes, exactly. So on Specialty Materials and specifically -- more specifically germanium. Well as you probably are all aware, today, there's not 1 kilogram of germanium leaving China for no matter what application, especially because, of course, germanium is critical for technology advancement. But of course, it's also a metal that is typically going into the defense sector.

What we have seen both in customers across Europe, both at the governmental, but also at the general customer level as well as in the U.S., we really see heightened demand and a structural longer-term demand where customers are really also committing.

So yes, there is, of course, a tailwind of the germanium price because I mean it's significantly higher, right? But at the same time also on the product side and on the pricing side of the end products, we also see good progress.

We also have some initiatives in the U.S. to further expand our capacity as well as in Europe. So this is one of these selective high-quality growth initiatives I typically refer to. So we are excited that this business will continue to grow in the next years with what we see today.

Clearly, the limitation of the export of China, of course, triggers through in the metal price and availability. That's an important driver going forward, but the momentum is now and we will definitely do everything to seize that momentum.

Well beyond the EUR 1 billion mark, I mean I'm happy that you say that, of course, the EUR 1 billion is, well in your terms, as good as it gets. I mean let's see what really is good in the end.

Of course, it's not today a CMD that we're doing on the future for Umicore beyond what we have today. But as I said before given the geopolitical situation, the particularities around the ICE and the CO2 -- basically the CO2 tolerance in the U.S., the longer momentum for ICE in Europe, right, and also the way that China is limiting today exports of key materials, I think these are all positive undercurrents for our business, and we will continue to explore options how we can further capitalize on that.

Operator: Your next question comes from the line of Sebastian Bray of Berenberg.

Sebastian Bray: I have one just on the IONWAY JV which is not mentioned in the press release. But conceptually, the single largest use of capital at Umicore over the last two or three years has been the business which is performing the least well. People don't seem to muster the same enthusiasm internally when talking about the battery opportunity as is the case with market share gains in Catalysis and Recycling.

Is this JV really going ahead as conceived? I mean you have a new CFO who has spent a lot of time restructuring the two previous companies. Is this full JV likely to proceed as conceived?

And my second one is a quick one, but the local press in Korea, I think, picked up that Umicore is going to receive EUR 120 million for its silicon anode contribution JV which Hyosung will have an 80% stake in. Does this mean that the H1 results, there's an incremental EUR 120 million inflow?

Bart Sap: So maybe I'll take one and you take two, Wannes?

Wannes Peferoen: Yes.

Bart Sap: Well no, I think as we said before I mean we have the IONWAY joint venture together with PowerCo, so a daughter of Volkswagen. Both parties continue to contribute capital, and we continue to finish off this site. So there's no update to be given there.

It is true that, of course, Lily has been instrumental in some of the restructuring and of course, putting the companies back on track at different -- well at different companies right now. So it shows that she can focus really also on the finance operational excellence and

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capital allocation, but it's nothing to do -- you don't -- there's no read across at all with the IONWAY joint venture.

Wannes Peferoen: Yes. And looking at the joint venture that we concluded with Hyosung around the silicon anodes. So this is where Umicore contributed the assets and the IP and where Hyosung contributed capital in order to support further scaling.

So looking at the next phase in that scaling being industrialization, this is where Hyosung will contribute further capital to the joint venture, but where Umicore gets diluted through that capital contribution by Hyosung. So it's not something you will necessarily see one-to-one in our balance sheet.

Operator: (Operator Instructions) And your next question comes from the line of John Campbel of Bank of America.

John Campbell: I wanted to just come back on the topic of your Battery Materials business. And maybe if you could reassure us related to the contracts that you have, there's no risk that you see, for example, that anything could be renegotiated such as any of the ramp-up phasing, ramp-up scale, et cetera, just to get, kind of, get comfortable on the take-or-pay clauses that none of it could be kind of watered down even if they proceed and go ahead.

Bart Sap: Yes. No. I think our stance hasn't changed. I mean we have very strong contractual clauses. We will continue to enforce and leverage basically these contractual clauses. Nothing has changed to our stance in this respect and nothing to be mentioned at this point in time related to the question that you posed.

Operator: The next question comes from the line of Chetan Udeshi of JPMorgan.

Chetan Udeshi: Sorry, one last follow-up. You're saying CapEx will be slightly above last year. So are you able to quantify maybe it's, what, EUR 350 million, maybe less than EUR 350 million? And I'm asking this because you are taking this FID on your new brownfield expansion in Hoboken. And I'm just curious whether that will come on top of the -- of that number? Or is that CapEx mainly next year and the year after, so it won't impact the CapEx for this year?

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Wannes Peferoen: Yes. So Chetan, a very good guesstimate, I would say. So indeed, we target a rough order of magnitude of EUR 350 million. And this includes the engineering that is ongoing for the expansion in recycling.

Bart Sap: So yes, the majority of the CapEx will come in indeed '27, '28, '29 as we previously guided during the CMD. So we're perfectly according to plan.

Operator: There are no further questions at this time. With that, I will now turn the call back over to Bart Sap. Please go ahead.

Bart Sap: Yes. So thank you everyone, for attending the call.

Once again, I think we're off to a great start for 2026. We are set for a solid performance for the overall year. Once more, I would like to thank Wannes for all his contribution and resilience during these particularly interesting four years at Umicore with ups and significant downs. I continue to look forward to work together with the teams, also the new team members joining to further build on the foundations of the group and to continue to be ready then when opportunities come that we actually can strike those.

So I wish you all a wonderful evening. Thank you for attending and talk to you soon.

Operator: This concludes today's call. Thank you for attending today's call. We hope to see you soon. Have a wonderful day. And stay safe.