



# **Umicore Capital Markets Day 2025**

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## **Maximize cash generation from foundation businesses and recover value in Battery Cathode Materials**

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*CEO*

Good afternoon, everybody, here in London, and of course to all the viewers online as well. For us, it's an important day and an exciting day because today, we get the opportunity to explain the outcome and the trajectory towards 2028 and especially also share the outcomes of our Battery Materials strategy review.

Now, if you look to those two groups of words here on the screen, this is the core of our strategy for the next four years, right. In the foundation business, it's all about maximizing that cash generation potential. And in battery materials, it's going to be about value recovery.

Now, you will see later today that at the core of everything that we do is our circular business model. That is what combines us together as a group. That's the joint red thread to all our activities. That's our purpose. That's what gets us up in the morning. That business model has served us well for over two decades, and has continued to serve as one in the future and is more relevant than ever.

Next to that, an important pillar in our strategy are the four imperatives; and these imperatives are, frankly speaking, non-negotiable as the imperative around capital, performance, people and organization as well as partnerships. Now, together with the leadership team: Jensen, Veerle, Wannes and Geert, together we will show you today how our circular business model, these four imperatives, and our differentiating characteristics and levers that we have in our different businesses underpin our plan towards 2028 and give substance to the targets that we have set ourselves for that timeframe.

Now, we all know that since the start of 2024, the world around us has changed quite significantly. One day, we have tariffs; the other day we don't have tariffs; the other day, you have kind tariffs, right? So there's all kind of movements out there. It creates uncertainty in the world. We see that the overall economy is slowing somewhat down. But next to that, we've also learned at the start of 2024, that the overall uptake in EV sales was lower than what we expected. And therefore, we also had to correct and act. And that's what we did.

So let me show you some of the actions that we took over those last 10 months. And I'm quite sure that most of you know them, but it's important to stress again what we have done.

First of all, an immediate CapEx reduction. We paused the construction of our Canadian plant in Loyalist for battery materials. Secondly, we also postponed the construction of our battery recycling facilities; and this is now expected to come earliest beyond 2032 with an SOP, so

with start of production. But also throughout the entire group, we have been stepping up our CapEx discipline.

Accelerated focus on performance. Second part of this year, we really have been stepping up that focus. And the first proof point is there that we were setting as a target of €70 million for the year. We've exceeded well north of that €100 million for 2024. And we're going to continue to do so because in 2024, we also already filled the pipeline for 2025; and of course, we announced a resizing of our operations and activities in the fall of this year.

And of course, you cannot do that if you don't change the way you think in your organization and how you move that culture along. And if you want to give the example, you have to start with the right leadership team. And I'll get back to that, but the leadership team was also resized and reshaped. And we start to embed really this value and efficiency mindset. We have Catalysis. I see the green shoots throughout the organization emerging, but we want to bring that at the entire group level. That's going to be an entirety of our focus on cultural journey.

So we start seeing those three first imperatives coming forward: capital, performance, people and organization. Now, we also announced, of course, we were going to do a strategic review for our battery materials business. And we really had a deep and hard look at this, look at our strengths and areas of improvement.

Now, coming back to the leadership team. You see that the size of the team has come down from nine to seven. But you also see that we have a great combination of people with long-standing experience within the company, but we also bring external perspective; colleagues coming from companies that have worked on performance, that have worked on this process integration. And that unique combination will now allow us to push forward on that path that we have post for ourselves.

And let me comment mainly what is most – at least for myself, the most important slide of all; our circular business model. It's at the basis of everything that we do. And what we do at Umicore basically is we bring metals alive, and we turn them through our application know-how, through our materials know-how, through our chemistry, metallurgy, our metals management. We activate the world around us and give life to applications. And I'll come with an example later on.

We work very closely with our customers. Customer intimacy is important. We have to understand what they want. And we want to play in markets where we can attain leadership. Now, let me give you an example, in Autocat. You all know it, you all drive with it. Basically, you have platinum, palladium, rhodium, interesting shiny metals. But through our unique technology, we mix those with support materials and we bring that on that ceramic piece. And frankly speaking, before we enter and pump our solutions in that ceramic piece, it's just a dead piece, nonfunctional ceramic structure.

But when our solutions come in, you activate it. And suddenly, you can change these harmful gases in gases that we can breathe and keep our cities healthy and clean. Now, okay, at the same time, this catalyst also gets older, right? Again, we will recycle those. So we take this catalyst and bring them back to the virgin state because we believe and are convinced that metals can and should be reused endlessly. And compared to plastics, for instance, metals can be reused and regain their unique properties from day one. So we continue to close that loop.

Another ecosystem that we serve well, germanium. It's a micro ecosystem, I would say, on that same business model. So we start from the germanium metal. We bring that to germanium wafers. They go into solar panels for space, more difficult to recycle, I have to admit, but also in lasers and many other applications that actually stimulate that world around us. Now, at the very core, if I would say, is that that's where innovation sits. That's what we do best. We are an innovation company. We invest in innovation. We will continue to invest in innovation.

So this business model really sits at the core of everything that we do. And this is also going to be the theme outside and inside our organization. We really have to focus on the essence what we do best, where we can differentiate and put our efforts over there. That's what we need to do. That's what we're going to do.

Now, with our business model, we embrace and actually we benefit from megatrends, clean technologies, mobility transformation, a connected world. We all want to be more connected. Microelectronics, we're in that space. But at the very heart you have resource scarcity. And why is resource scarcity so important? On

two levels. First, we have a growing population. People want to see their own living environment improve, so they want to have access to technologies, better ways of living that requires more resources. That's one. But now, more recently as well, we also see more and more a regional dimension popping up for self-sufficiency in different regions. And this is also an undercurrent that could strongly support our business going forward, because a lot of our assets are actually in the Western Hemisphere, while we're also active in China, but we have that balance. We can play with that. And of course, that increasing need for functional materials, ultimately, will require closing the loop and that circularity.

We have to work on our strengths and these four key imperatives, always starting from our business model. So let me talk about the four imperatives here.

Capital, we're going to have a more balanced capital allocation. And what do I mean with that? Our funds are no longer going to flow to battery materials alone. And I'm telling you already today and will come later on as well, we will have a restricted amount of funds still flowing to battery materials to finish off our footprints and to deliver against our customer and product requirements. But we're also funneling quite some money back again to the businesses where we really have those high returns already today. And a big chunk will also flow in this plan as we prepare to open up the flow sheets in Hoboken. So our precious metals refining, recycling

flow sheet in Hoboken, we're going to inject cash over there, especially in the outer years of this plan.

But most of all, we've been cutting CapEx. We're taking €1.4 billion plan over plan for the 2025 to 2028 period; we're taking it out of plan. So €1.4 billion CapEx cuts. I want to repeat that number because it's an important number.

Performance. I talked about performance of 2024, right? But we really would like to instrument and we really will actually embed that operational efficiency. And of course, when I say operational efficiency, it's efficiency in our processes, the way we do things, but it's also value capture. It's also not being shy to make sure you get what you deserve through your technology position. It's top line, it's bottom line, it's internal organization as well. So all dimensions. And here, we commit to a target of €100 million EBITDA improvements for the year and beyond, we want to offset our inflation cost, €50 million to €75 million. That's what we aim for. That's what we go for.

People and culture. I talked about this, but probably this is the most important pillar if you want to deliver on your strategy. We have now really to further drive to that performance culture. We were successful in Catalysis, and Jensen will talk to that at length later on. I want to bring it to the entire organization together with the team. We're committed to that. And that's why I believe we can get more cash out of these already very successful businesses that we have.

And in a different color, partnerships. Why? It's definitely an imperative that has an external component and stands on its own. But we will actively explore partnerships in battery materials activities. And I would say actively, not just an optionality, we're actively going to explore.

Let me now have a look at different foundation businesses which we have. And I can truly say that they are industry leaders in the fields that they play, undisputed industry leaders, I would even say. Catalysis – and it's not because it's my passion because I spent a couple of years there; it's in an alphabetical order, if you might be wondering. Catalysis; there, we are the undisputed leader, the number one in the high-value section of the gasoline catalyst systems. We're also a technology leader in the proton-exchange-membrane fuel cell catalysts for hydrogen vehicles. I had to practice on that sentence because that's quite a mouthful. And we have world-class catalyst technologies for fine chemicals. But we did not get to that position just by luck or by coincidence; it's because we have these unique assets and capabilities.

First of all, Automotive Catalysts. We really have these strong customer relationships. We really work with them already for decades. We have a flexible footprint close to our customers and we can steer in function

of their needs and certain risks that you might see that out in that market. We proactively work with those, and I'm sure there will be a question on geopolitics and potentially tariffs later on, and Jensen and myself will happily reply to that.

But we also have differentiated and cost-efficient technologies. And what I mean, we are the best-in-class for the gasoline catalyst systems to bring the lowest total cost of ownership for our customers while having that performance that they require. And that's how we get value off the table as well.

Fuel cell catalysts; we're in business with all the major OEMs globally, and I'm talking China. There are quite some OEMs stepping up there. They are using our technologies. Korea, Europe, US, we really are present with these people.

And then, performance. I don't know what you guys think of this, but this is quite impressive. It was impressive already for years. But how we were able to step it up in the last years and now have returned north of 40%, then you can claim that you're an undisputed industry leader in the field that you play.

Recycling; and recycling it's going to be get that cash, get that value creation out of these businesses while investing for the future. We want to sustain this for the long run. We want to deepen our competitive edge and be here and play for the long run even with lower PGM prices.

Our leadership position, there's only one Hoboken. There's only one precious metals recycling/refining facility in the world, and we own it. And this facility, I'll come back to that later what it's all about, but we truly can say there's only one of those facilities as well in the world, and you only need one in the world because we really work on this small, high-value pockets that nobody else can treat. We're one of top players in Automotive Catalysts recycling and our key customer relationships are more than 20 years' old. And mind, I'm talking here about customer relationship. Why, I mean, because they particularly they can supply. Well, we approach this business as a service business. We provide recycling services in the most efficient and economical way and in the most trustworthy way to our customers.

Unique assets and capabilities; and Geert will also talk about that, of course, quite passionately as CTO and, of course, EVP of the Recycling Business. In Hoboken, it's all about this precious metals smelter where we retrieve these PGMs. But then, we've built this whole ecosystem of metal treatment facilities around it, and we can extract 17 metals in one site. So what does that mean? Whatever the market moves – or however the market moves around you, we can optimize.

We are not bound to volume. We are focusing on value. Value as a focus in PMR, we're not bound to volume. But you can only do that if you have leading metrological expertise. And we

have industrial scale piloting operations. So we really test all our new flowsheets because our flowsheets are in continuous improvement mode. And we are more and more also using data planning to bring down those costs and improve, I would say, that recurrent searching faster and faster and faster because we want to deepen that advantage we have. And we have a wealth of data.

That's the true gold mine, I would say, even of PMR because we have been doing this for decades.

Sampling and assaying. PMR recycling is all about credibility. Your customers want to get what they pay for and what they have right to, and they trust us to the deepest and they are also here to talk about these core capabilities that we have. And we are passionate about efficiency, about yields, metallurgy, but we want to do it in the best performance from an environmental point of view as well. So we want to be the world leader on the process side, the yield side, but also on performance because at that cross point, that's where that future value for this business will continue to sit and even more sit going forward. And can you then even imagine that more regional dimension coming forward?

Performance. You all know that PMR, or the precious metals recycling business, refining business, has been performing extremely well, very high returns. Yes, we have these peak years of PGMs in 2021, 2022, and now

some of the hedges that we took are starting to tail off. But I can tell you, even beyond 2024, that performance will remain strong. And you have seen the press release, right? That performance will remain strong while investing for the future.

And then, I come to the world of Veerle. Veerle, of course, next to the EVP Specialty Materials is also responsible for our group environmental health and safety. But today, she will really focus on this hidden gem that we have in Umicore. And sometimes it's difficult to see some of these hidden gems that we have, Veerle, and I maybe took your queue there. But it's because actually the cobalt and specialty materials is now clouding somewhat of these returns. And the reason being is that the cobalt market today, despite that uptick in price because of the DRC situation, it's still a significantly oversupplied market with a tough competition.

Now, Veerle will come back to that. But also in this business, we are truly technology leaders in the breath, and Veerle will demonstrate that with all these applications. Now, in germanium, we're the worldwide – we're the world leader. And we have, I would say, a resilient geographical sourcing. A lot of germanium is coming from China. We have good access there. We also get germanium now from Africa, but more than 50% of what we use we recycle basically. So we really have that balance. So secure supply for our customers is super important, and we can guarantee them that.

Cobalt and Specialty Materials, we are not where we want to be today, but we do own the only cobalt refinery at scale in the West. So if this undercurrent of self-reliance grows, this is a future potential. Did we factor that into our plans? No, but this is another undercurrent that

potentially we could benefit from. And of course – and that's PGM Electrochemical plating. We also have this very strong, especially European and our growing to Asian exposure as well.

And here, the returns, we're not happy with the returns. From some businesses we are, but globally as a business group, we're not happy. And we are addressing those. And these returns will have to go back above that cost of capital and in order to earn for us to be in that spot.

Now, if now I bring the foundation businesses together and let's look at some numbers, because in the end, it's Capital Markets Day, we have to see some numbers, what are our commitments. Catalysis, €1.8 billion in revenues in 2028; an EBITDA margin of approximately 25%; return on capitals, north of 35%. Not bad I would say. Recycling, €800 million in revenues; €35 million EBITDA margin, approximately; return on capital, north of 40%. Happy with that. Specialty materials, €600 million in revenues; EBITDA margin, north of 20%; and return on capital in 2028 will be again above that 12.5%.

But more importantly, if you look across the foundation business, our free cash flow for the foundation business over that 2025 to 2028 period will be between €2 billion and €2.2 billion. So I repeat €2 billion to €2.2 billion, we will generate as free cash flow in our foundation business over that 2025 to 2028 period.

Let me now have a first snapshot at battery materials. And don't panic, there's going to be much more details in the next section. So I'll have to ask you to bear a little bit with me. But in Battery Materials, it's all about that path to value recovery. And why do we call it value recovery? Because we have invested for years heavily in this business and we did not produce the returns or the EBITDAs. That's the reality. We have to dare to say that. And where we stand today, so far, we have destroyed value. That's the only conclusion I can have. So now, our job is with the assets that we have, how can we put those to work and recover as much as possible from these investments that we have made. So it's about value recovery.

Now, in battery materials, everything for us started as well from that circular business model, and it gave us a strong position to start from. It really does. You have that sourcing element. You have that industrialization capability that we have. We have been operating plants more than 20 years. We have that technology, freedom to operate the right products. I truly believe we have that. And next to that, we have long-term

customer contracts with existing battery players, but also with new entrants backed by OEMs. And guess what, some of these customers or partners invest together with us and provide us with take-or-pays. That's not a bad starting position.

At the same time I also recognize that new or additional requirements emerged in that cathode material markets. And that's a market that is also still taking shape, and I'll deep dive in these aspects in the second presentation.



So on that path to value recovery and starting from our strength, we will be focusing on our capital and performance. But I also told you that we have the strong customer contracts already today, but we're also going to put – and we're doing already, of course – a lot of effort on customer and platform diversification.

And battery materials, actually, it boils down to one thing, bring down the dollar per kilowatt hour for your customer. That's what we need to do. That's our assignment. And that's where we have to improve and going to put more effort.

Capital; also here, we're going to be very rigorous. Plant utilization, maximizing that, is one of our key priorities. We're going to play with our footprint flexibility, and I'll explain later what that means. And the remaining investment that we're still doing or the investments we need to make to deliver against our customer and product requirements. So we're minimizing that to the maximum extent possible. And if through the plant, we should see opportunity to even do it better, we will not hesitate to do that.

Now, in battery materials, specifically, we bring down CapEx with €800 million. And you will see later on that the cash reduction is about €600 million – cash saving because we're investing a bit more or putting more equity in IONWAY than initially planned. But again, I repeat, we take out €800 million over that 2025 to 2028 period for battery materials.

Performance; I want to see in battery materials a much more end-to-end approach across functions, really playing that whole piano with that clear oversight. And what do I mean by that? Of course, it's about product development. It's, of course, about unlocking that potential at the customer side, drive their cost down and their performance, but you also have to design products that actually you can process in the most simple way because that allows you to increase throughput, reduce CapEx density. And therefore, ultimately, if you would still be in a growth mode, which we are not, we will reduce the risk that you have to put in upfront CapEx. So that integration play is very important.

And of course, we're going to reduce our focus on reducing our overall cost base, but always without giving up, of course, the potential that we have in this business also for partnership options out there. And based on this, we have a robust midterm plan significantly sized going forward.

And these are the financials that we are putting forward for battery materials, €1.1 billion in revenues; EBITDA margin, north of 25%; and return on capital of about 9% in 2028. EBITDA positive in 2026, EBITDA – EBIT positive in 2027. We're going to invest €370 million in the finishing of our plans, inject €500 million in IONWAY. And you will recognize that a lot of these numbers that you see here are the big bulk. We also announced that already for this year, actually for 2025. The free cash flow over the period €600 million negative, yes, free cash flow positive as of 2027. But we will not stop here. We now have this midterm significantly resized

plan that we can execute stand-alone, but we will not invest beyond the current plan. I repeat, we will not invest beyond the current plan.

And simultaneously – and also here I repeat – simultaneously, we are actively exploring partnership options out there and we see an industry that sees value in consolidation and cooperation. So our midterm plan, when at the same time we're actively seeking partnership options out there. I'm quite sure some of these questions might also pop up later today.

We have three business groups: Catalysis, Recycling, Specialty Materials; and you know, we have this fourth business group for the cathode material business. We're not throwing that away, but we are injecting actually two activities in there. And we call now this business group as an extended Battery Materials Solutions. And what will you find in this business group? The Battery Cathode Materials business, and we will continue to report on it separately, so you will continue to see that transparency on this business. We're not changing that. The Battery Recycling Solution business will also go in there. And we also have an interesting technology and still at a technology stage today in the Battery Anode Materials. And why do we group those actually together?

First of all, they have the exposure to the same market, that EV market which is currently still taking shape. All of these businesses will or would require sizable upfront CapEx. And for all these businesses, exploring that partnership potential to bring these businesses to the market will be an integral part of our analysis from day one. That's why we're bringing that together.

So what are now the mandates for the group? Maximize that cash generation potential of the foundation business, value recovery for battery materials. For Catalysis, maximize that cash generation and drive the quality of earnings in a mature market. And Jensen will explain with pleasure what impact could be from declining metal prices or how we are intending to offset actually and structurally improve these margins.

Recycling. Get the cash out of the assets that we have, while investing for the future. And therefore, our plan includes in the end already €300 million, out of that €400 million we now earmarked for such a project. I mean now in detailed design, so that number could slightly change, of course. But the EBITDAs will only come beyond the plan. So if you look at the recycling returns in 2028, they carry the burden of roughly €300 million in our plan. No EBITDA included because the go-live is rather foreseen for 2030.

Specialty Materials; we're going to have selective investments in high-quality growth for the metal deposition solutions as well as the Electro-Optic Materials business. But we have to improve the value creation in cobalt and specialty materials; hence, a double mandate. And battery materials, I said it before, but I'll repeat it again, execute on that stand-alone midterm plan that we have significantly sized, but also from day one and already today actively explore these partnership options.

Putting it all together, at the group level, EBITDA 2028 between €1 billion and €1.2 billion; EBITDA margin, north of 33%; free cash flow, €1 billion to €1.2 billion over the period cumulative; and return on capital above 15%. Those are our targets. That's what we're going for.

So key takeaways from this intro. We're going to leverage on our core strength and circular business model. That's what we are, in essence. That's what we do best. That's why we're unique. That's what gives us purpose and drives us forward.

Four strategic imperatives: capital, performance, people and organization, partnerships. Maximize that cash generation potential in the foundation business recover value for battery materials. And we have taken substantial CapEx out of the plan. And in the future, our CapEx deployment will be more rigorous, but also more balanced throughout the group, investing in the foundation business and finishing off in battery materials.

So this maybe is a good time to have a look at how our business model comes alive in the next video.