



Umicore Capital Markets Day 2025

March 27, 2025

Q&A pt. II

Question – Chetan Udeshi – JP Morgan: Let me start from front. So first on Catalysis business, I was surprised to see your revenue guidance is actually higher than what you did last year by 2028. Can you just help us understand how do you grow your revenue in a shrinking market?

Answer – Jensen Verhelle – Executive Vice President Catalysis: So first of all, if you look to AC, Automotive Catalysts. So we still see the growth on the heavy-duty diesel with the trucks 10% towards 2028, where also we see then a recovery in China and also the current awards that we see until that time give me confidence that we can grow there on top of the market share gain that we have to the gasoline and the more complex catalysts will improve that revenue. But don't forget, we also, of course, are growing step by step our revenues in Precious Metals Chemistry. I did not go into detail there, and, of course, the ramping up of the China plant for fuel cells.

Question – Chetan Udeshi – JP Morgan : So are you still gaining share in gasoline?

Answer – Jensen Verhelle – Executive Vice President Catalysis: Yes, that's what I said.

Question – Chetan Udeshi – JP Morgan: Because your competitor says they are also winning shares. I don't know who is actually losing, but I'll find out. Just last question on that is in terms of your exposure to heavy duty, I mean, in China, we are seeing lot of LNG trucks. Isn't that a headwind for the whole industry, including Umicore?

Answer – Jensen Verhelle – Executive Vice President Catalysis: That's certainly an element that we saw compared to couple of years ago that the market slowdown overall and also indeed the cheap gas prices have created a good momentum for the gas. That doesn't mean that HDD also still has – also with China 7 coming up, still some growth potentials. Like I mentioned in my presentation, we foresee a 10% increase for that market in the HDD.

Question – Chetan Udeshi – JP Morgan: Maybe one question on Specialty Materials and maybe it's for Bart probably. Why is this business within Umicore? Like, what is the, like, strategic synergy? I mean, it seems you've got some niche positioning, which maybe somebody else might be willing to pay much higher price for than what we in public markets might be paying in terms of value?

Answer – Bart Sap – Chief Executive Officer: How we see this, I think and I also highlight that at the start of the presentation today, it's really that circular business model that we have and that also applies to Specialty Materials as a whole. And I think if you see the returns that we are producing on these activities, it really shows that we master it. So in that sense, we still strongly believe that we are the best parents to bring most value and returns out of these businesses.

Now, Veerle has shown now that these are hidden gems. Right. So I'm also looking outside the room and maybe your perception on a sub-segment of that Specialty Materials might deserve indeed some more attention. And I'll see what you have written in your notes afterwards.

Question – Chetan Udeshi – JP Morgan: Okay. And so last question on Recycling, can you just explain what exactly are you doing with the new flow sheet? Is it that completely a new process that you're trying to come up with? And I mean, can you quantify what is the benefit? I know it's beyond 2030, but if your EBITDA is in Recycling 2028 target, whatever that is, do

we add €50 million per year in 2031 or like any quantification in terms of benefit of that investment?

Answer – Wannes Peferoen – Chief Financial Officer: So you're rather accurate. So looking at the step-up in EBITDA, I think we are in that range of €50 million EBITDA step-up as from the start of the decade.

Question – Sebastian Bray - Berenberg: Thank you. I have two questions, please. The first is, you didn't mention in the auto catalyst presentation the regulatory outlook. And I suspect that omission might be deliberate because some of it is not particularly clear at this stage. But can you give us an idea of when you expect Euro 7 to be implemented? Because I'm not 100% sure if it's fully confirmed or if it's still a bit up in the air. What kind of regulatory uplift is built into the model?

And my second question is on the Battery Materials business. I imagine a customer says, we're not either building a plant or we're not interested in taking in volumes and we'll pay the penalty. How long is that for? Is it that it lasts three, five years, seven years, 10 years? Because that can make a difference to incentive to walk away. Thank you.

Answer – Jensen Verhelle – EVP Catalysis: So when we talk about Euro 7, I would say for the light-duty gasoline, I would call it a mild Euro 7, which will start to kick in as of 2026, and then going forward. If you look to the heavy-duty diesel, it starts kicking in 2027, 2028, which is a structural significant stricter regulations compared to Euro 6. If you look to the rest, of course, you're right. So China 7, we will know more details by the end of the year, beginning of 2026. And if we now look to, for example, North America towards tier four, that I would say is a total open box because we need to see what President Trump, of course, will force yes or no with these EPA decisions.

Answer – Bart Sap – Chief Executive Officer: Yes. And then I'll take the second one, I think, probably can be very brief. I mean, across these three contracts, it's roughly an 8 to 10-year tenor for these contracts. So it will take us well beyond 2030.

Question – Wim Hoste - KBC: Yes. Good afternoon, again. Couple of questions from my side and maybe it's easier asking one by one. The first one would be on the battery recycling technology. I think in an earlier presentation, it was said that you will invest few tens of millions in 2025 and 2026 in further improving your technology? I think you mentioned that the market is not ready, but how is your technology and is it still fully focused on NMC? Are you also working on LFP?

Answer – Geert Olbrechts – CTO & EVP Recycling: Right. It's indeed still focused on NMC because that's where you get a benefit from recycling, because the metal content base for the recycling on LFP, the big challenge is that the value of the metals is not paying for the recycling, so recycling LFP is an issue overall and our technology is focusing on NMC. So we have that pilot installation where we are finally further optimizing, so that we are ready when the market comes that we can put the right engineering in place to scale it and that is why we look at partnerships to do that. Potentially we have a partner, but that's still open how we will finally do it if we do it at all.

Question – Wim Hoste - KBC: And then a second question would be on the long-term metal demand that is relevant for recycling. And specifically looking at the PGMs if electrification goes on also, yeah, fuel cells maybe growing and evolving some demand in PGMs as well. But how do you see the long-term balance in the PGM markets? What is the structural demand going to look like versus today in let's say 10 or 15 years from now?

Answer – Bart Sap – Chief Executive Officer: I will talk in generalities here because I don't want to be a price maker, right? I mean, because you see the use of PGMs, platinum, palladium, rhodium, it's quite concentrated in the industry as it's highly auto-cat related, right? In our plan we assumed for the PGM trajectory the January 2025 prices. So we did not do any price assumption and I think that's important to say. Now, of course, overall, I would say that if I see declines, it's the biggest use of palladium and rhodium.

Now, it will also be the interplay versus can mines afford to stay open versus recycling? And where will ultimately that price point sit? Could it be lower than today's prices? Yes, that could be. But I mean, it would not be probably elegant or accurate anyway, if I would make a prediction on that.

Question – Wim Hoste - KBC: Last question from me would be on the Battery Materials profitability outlook. Is there any discrepancy in ROCE or EBITDA margin outlook for the various contracts?

And specifically, asking the question, obviously, to get an idea between IONWAY and the rest of battery materials

Answer – Wannes Peferoen – Chief Financial Officer: I was going to say that we cannot comment on the individual contracts.

Answer – Bart Sap Chief Executive Officer: It's pretty tight range. That's your guess, right? And we had we have simulated several scenarios. And of course, these take or pays have been engineered in a certain way to make sure that, of course, we have these returns above cost of capital and that sits across the different contracts that we have.

Question – Mazahir Mammadli - Redburn Atlantic: Thanks for all the presentations. I'll start off with Recycling. I notice at year-end 2024, the capital employed in Recycling dropped to as low as €185 million from €460 million a year ago. Can you just walk us through that? Are we looking at mostly depreciated fixed assets here and other swings because of working capital?

Answer – Wannes Peferoen – Chief Financial Officer: So it's primarily working capital related. So, this is where we have optimized some of the payment terms with suppliers, but it has helped in improving that working capital.

Question – Mazahir Mammadli - Redburn Atlantic: So, does that mean the working capital was actually negative at year-end?

Answer – Wannes Peferoen – Chief Financial Officer: Well, we have a very unique business model. In Recycling, we're well-positioned and have a very low working capital to sometimes even a negative working capital

Question – Mazahir Mammadli - Redburn Atlantic: Going back to Battery Materials. So, you said something like €370 million to finish off all the work. If we assume that you stick with

30 gigawatt capacity in China, 30 gigawatt in Korea and 45 gigawatt in Europe, what's the approximate maintenance capital per year are we looking at?

Answer – Bart Sap – Chief Executive Officer : And I'll pass the question to Wannes as well, but I want just to clarify to make sure that we don't have to speak out. It will be roughly 40 gigawatts in Korea ultimately in 2028, just to make sure

Answer – Wannes Peferoen – Chief Financial Officer: So looking at maintenance Capex over the four years, we talk about €100 million over those four years, so about €25 million per year.

Question – Mazahir Mammadli - Redburn Atlantic: Is that in addition to €370 million?

Answer – Wannes Peferoen – Chief Financial Officer: That's in addition to the €370 million. So looking at the net investments that we highlighted, the €2.1 billion in the group, close to €1 billion is in Battery Materials and that standard €370 million you referred to and then the €100 million looking at maintenance.

Question – Mazahir Mammadli - Redburn Atlantic: And my last question is on megatrends. So, you've mentioned all of these megatrends, but I wanted to ask about EU defense spending. Are we seeing any tailwind from that? I assume stuff like infrared would have some tailwind but overall your exposure to that end market, how would you quantify it?

Answer – Bart Sap – Chief Executive Officer: Maybe I'll start off and then maybe I'll pass it on to you, Veerle. Now, as I explained at the start, I mean, you have this dual element on that resource scarcity. You have the global dimension where population wants more and more, of course, and we have more applications; and then you have the regional dimension. And it's that's independence that we are seeking. At the same time, there's also potential start-up in strategical resources for defense application, etcetera.

We have not factored in these potential undercurrents in our plans because they're difficult to assess at this point of time. At the same time, Veerle can maybe talk some of that infrared applications as a second part.

Answer – Veerle Slenders – EVP Specialty Materials: Yeah. So for sure in Specialty Materials and across the board in Umicore, the way we look at this is through our trade compliance lenses. And so what we do is we focus on those applications where there's dual use and where we do build-to-print applications. So, yes, there might be some activities that are of dual use and therefore also within any defense activities. But, again, we do third party screening. We do end user statements to make sure that it doesn't go into those things that are not allowed under the trade compliance that is in place. Like Bart said, for the future, what will come, we'll need to assess that against that same policy that we hold ourselves to.

Answer – Bart Sap – Chief Executive Officer: Yeah, I could imagine, of course, this undercurrent would be there. Despite the application, some specialty metals will be in higher demand and would fuel then, of course, ultimately in the metal prices and therefore our business model. Thanks.

Question – Matthew Yates – Bank of America: Thanks very much. Can you remind me, within your 17 elements in the basket, the importance of gold, and given your sort of hedging position to that, does it matter now? If prices have gone up 50% in the last year, does that move the needle in any way for the business?

Answer – Wannes Peferoen – Chief Financial Officer: So, if you talk about the structural exposure, the majority sits in PMs and PGMs. So gold is indeed one of those elements that contribute or can contribute. Looking at the recent price decline, yes. I mean, we have had a substantial portion increase. Recent price increase for gold. So, yes, we have had a substantial part of that exposure. So the sensitivity has reduced. So that is correct.

Question – Matthew Yates – Bank of America: Okay. I pull out. I'm going to ask a horrible question. The news overnight about tariffs, I assume you've had some preliminary conversations with your customers about how they would react and respond to that. Just what are your early thoughts on how ordering patterns evolve over the coming weeks and months?

Answer – Bart Sap – Chief Executive Officer: Yeah. So maybe in general on the tariffs because indeed that's a hot topic and then I'll pass maybe because the biggest exposure could be in Catalysis for us, so Jensen, maybe you can address that one. So, first of all, of course, we look at two scenarios. And of course, we have a clear map on what our dependencies are and what our flows are. We work proactively with our customers to say, okay, this could happen. How will we react to this? How can we apply our footprints, right? When we offer or even discuss a front, I mean, if this happened, this is what it's going to cost you. I mean, you have to play upfront on that.

Now, secondly, of course, we also make sure that we inform the official instances in the proper way what consequences could be. So that's also where we play our role and try to educate. Consequences of certain decisions have been put in place. Now, if we now speak specifically overnight, again, especially for the auto- cats, Jensen, maybe you can explain a bit on that naphtha and other implications that you could see.

Answer – Jensen Verhelle – Executive Vice President Catalysis: Yeah. Indeed, that's, of course, quite hot off the press, but – and I think overall the -the tariffs that were already anticipated for, of course, created, like Bart said already, very early in that stage discussions with our customers very closely to prepare for alternatives in our flows, so that we can also use our global footprint and that agility there to limit their potential impacts.

If now purely looked to what has been stated overnight, currently, President Trump is really focusing on the tariffs on the cars, and currently the teams are still looking what that now means in terms of the USMCA. So where Umicore is mainly falling under because there are the components of automotive would then be potentially not be part of that. So still a lot of elements that can play. But we are very closely monitoring and working on that.

Answer – Bart Sap – Chief Executive Officer: And of course, it could be an impact. I mean, if ultimately vehicles would be bigger – would be more expensive in the US, you might see a decline in some sales. So we did not factor into our plan any geopolitical impact because that would be just guessing in a certain way. So, we'll assess what happens going forward and play very close on those evolutions. Yeah.

Question – Geoff Haire - UBS: Hi. Can I just ask a quick question on auto Catalysis? You said that the business is going to generate cash for the next 10 years within the plan. You've given us over a €1 billion for the next four years. So do we just multiply by 2.5 and get €2.5 billion for 10 years?

Answer – Jensen Verhelle – Executive Vice President Catalysis: That's what the Catalysis team will work for. But that's, I think, too long to make these statements. We really focus now on the next few years. I'm very confident with the uplift towards €4 billion, like I mentioned. But overall, we see that longer existence of the ICEs. And if you now look to even the market as such, so I said it's 74% in 2028. The consensus currently in the market that it's still more than 50% of ICEs in 2035.

Question – Ranulf Orr - Citibank: Hi. A few from me, mostly on Catalysis. Firstly, just thinking about the longer-term structure of the industry, I mean, do you see much scope for increased tolling relationships, partnerships with your peers as a way to sort of really further optimize industry efficiency and sort of plant utilization?

Answer – Bart Sap – Chief Executive Officer: Yeah. I mean, Jensen, you can talk about it as well. But of course, I mean, you see we aim for capacity utilization of 85% plus. So we have this actual footprint. And Jensen can speak to how we actually have this cadence on where we put out the light first in function of how that market evolution would be. So in that respect, the potentials may be limited, but there's specific regions that might be difficult for doing that and definitely we would explore certain – such initiatives if they would present themselves, but right now our capacity utilization is good, so it's not an urgency for us. So, Jensen, I don't know if you would like to add.

Answer – Jensen Verhelle – Executive Vice President Catalysis: Yeah, maybe two short elements. When I joined Automotive Catalysts coming from Precious Metals Chemistry, I was leading the operations and there I went in with the motto flexibility for stability to really make sure that in these agile markets that we really can make sure we maintain that plus 85% utilization rate. And like I mentioned in my presentation, yes, we are looking towards closer relationships in many ways, also in sourcing opportunities in the value chain are part of that.

Answer – Bart Sap – Chief Executive Officer: Yeah. And as an example to that, Jensen, I think before we were expecting a different trajectory on that ICE developments, yes, so we have adjusted again our plan on how to optimize our footprint. So we are ready. We have worked with our customers to, let's say, dual certify them in different locations so we can really act in a very agile way according to market's evolution.

Question – Ranulf Orr - Citibank: Great. Thank you. The second one is just on the PGM benefits coming through in Catalysis. So I think there are probably still some in the EBITDA. Can you give an idea of what they are contributing at the moment and what will fade out?

Answer – Wannes Peferoen – Chief Financial Officer: I'll approach it differently. Looking at the gains that we make from the structural exposure, majority comes from Recycling, so over 70%, 75% comes from Recycling. The other share comes from Catalysis.

Question – Ranulf Orr - Citibank: Okay. Thank you. And then lastly, just on the cash flow targets for that business, what's the working capital assumption? Is there any outflow assumed that went away?

Answer – Wannes Peferoen – Chief Financial Officer: Yeah. So looking at Catalysis, this is where we do assume a certain moderate increase in working capital looking at the introduction of those new platforms that are...

Answer – Jensen Verhelle – Executive Vice President Catalysis: And the starting out of the fuel cell plant...

Answer – Wannes Peferoen – Chief Financial Officer: Yeah.

Answer – Bart Sap – Chief Executive Officer:...but if you look, for instance, on the last three to four year horizon, cash cycles have been cut by two. So we really worked hard on that, getting that excess inventory out, spare parts out, really focus again with, Jensen, I mean because he was in operations, optimizing all our operations and basically metal flows out. So we established, so we are expanding with a true supply chain management as a core layer because we have to steer between the plants and we work with PGMs. So we want as little as possible PGMs in our plants.

Question – Ranulf Orr - Citibank: Great. Thanks. And my last one. Forgive me if my memory is a bit hazy. But I think the first half results last year in Battery Materials, it emerged, that was a fairly significant one-off contributing to the results. I'm just wondering this year, are there any one-offs contributing to the guidance that we should have in mind?

Answer – Wannes Peferoen – Chief Financial Officer: I'm trying to refresh my memory as well looking at 2024, but looking at 2025 we do not anticipate any major one-offs.

Answer – Bart Sap – Chief Executive Officer: No, that's correct.

Answer – Caroline Kerremans – Head of Investor Relations: Online questions. Okay. A question for Wannes on the free cash flow generation. Will Umicore focus on debt reduction or share buybacks given the low share price?

Answer – Wannes Peferoen – Chief Financial Officer: Well, as I shared today, the focus is indeed on the free cash flow generation, but also to support the balance sheet to maintain a robust balance sheet and also maintain that robust leverage. So that first focus is on the balance sheet and keeping it robust.

Answer – Bart Sap – Chief Executive Officer: And the rest, you'll see when we get there.

Answer – Caroline Kerremans – Head of Investor Relations: Then there was also a question about the 9% ROCE targets in Battery Materials. Does that also include the invested capital related to IONWAY or is it only for Umicore's own Battery Materials business?

Answer – Bart Sap – Chief Executive Officer: No, it's the full scope of the business unit.

Answer – Wannes Peferoen – Chief Financial Officer: That is correct.

Answer – Caroline Kerremans – Head of Investor Relations: We still also have some questions on the partnerships and what type of partnerships. So we had a question also referring to the possibility of having a partnership in the Battery Materials activity with an LFP player or what other type of partnerships are we looking at?

Answer – Bart Sap – Chief Executive Officer: I mean, the mandate is very clear. The mandate is value recovery. So, I don't want to have any exclusions today. If we can get back more of that value at the Umicore side, we will look at all these aspects. I have to look at all these proposals. That's my duty versus the shareholders.

Answer – Jensen Verhelle – Executive Vice President Catalysis: The anode question.

Answer – Caroline Kerremans – Head of Investor Relations: Yeah, the anode question.

Answer – Bart Sap – Chief Executive Officer: I see a follow-up question emerging.

Answer – Geert Olbrechts – Executive Vice President Recycling and Chief Technical Officer: Well, I take the anode question and the first, so indeed it's correct that we are active in anode, and there is an anode for batteries, there is a trend coming from graphites, and there is today already in the market so mixing in of silicium oxide. But the next thing and that's where we are active is silicium composites. So that's really intense mixture of carbon based or graphite with silicon.

And that's silicium composite materials and that's what we are working on. And we get super good customer feedback. But this is something where we only continue with partnerships because it will also require again CapEx and the massive investments which we will not do on our own. We are in advanced discussions for partnerships, but it's not finalized yet.

Answer – Bart Sap – Chief Executive Officer: There was a follow-up question.

Question - Chetan Udeshi – JP Morgan: Yeah, just couple of on tariff. Your recycling plant...

Answer – Bart Sap – Chief Executive Officer: On tariffs?

Question - Chetan Udeshi – JP Morgan: ...yes...

Answer – Bart Sap – Chief Executive Officer: Okay. Yeah. Go ahead.

Question – Chetan Udeshi – JP Morgan: ...is in Hoboken. But I assume you are shipping globally, including in the US. So how will you manage those tariff? And also all these tariffs on copper imports in the US, et cetera, does that actually benefit Umicore, or is it a neutral? Is it negative?

Answer – Bart Sap – Chief Executive Officer: Yeah.

Question - Chetan Udeshi – JP Morgan: And there's one follow-up on Battery Materials. It seems your strategy is understandable, but I mean if you're not really investing in the future and this business is all about investing, that's how you stay at the forefront. You need to invest in capacity, you need to invest in R&D. I mean, doesn't the standalone picture become even worse in five years, given that you are at the moment just trying to make it under cruising altitude without really investing? So in other words, if you don't get the partnership, the profile of this business even deteriorates even more in three, four years' time.

Answer – Bart Sap – Chief Executive Officer: Okay. The Recycling?

Answer – Geert Olbrechts – Executive Vice President Recycling and Chief Technical Officer: Yeah. So, first, I take the Recycling. Maybe, today, the impact of tariffs on our Recycling result is very limited because in the US, there are no mining, so we do not have massive supply out of the US and everything globally comes to Hoboken. So I think on tariffs as such today it's limited. On the other hand, depending on the outcome, if, for example, Europe becomes much more self-sufficient and reflecting differently to critical materials, it can also create an upside. But that is, of course, to be seen. So it's not only negative, it would be better to have a global open economy, but it can go both ways and no direct major impact out of the US.

Answer – Bart Sap – Chief Executive Officer: Yeah. And on your second question on Battery Materials, right, there is capacity out there already today, right? That's very clear. And we will have 155 gigawatt hours outside China and all of these plants actually come in these

incremental blocks that will also be cost efficient in that element. Now, today, the reality is I have capacity available, so I'm first going to put these assets to work. And when that market will be totally different, we can have another discussion, but that's not what I'm seeing today. So I put my assets to work and focus on value recovery.

Question - Chetan Udeshi – JP Morgan: Thank you.

Okay. So I think this was it in terms of Q&A. So I would like to invite you to take your seat back, and we will leave Bart on the stage for your closing remarks.