



**umicore**  
*materials for a better life*

Umicore reaches Horizon 2020 targets two years ahead of schedule and reaffirms upside potential

8 February 2019

# Overview

Highlights 2018

Reaching Horizon 2020 targets 2 years ahead of schedule

Current market environment and Umicore developments

2018 Performance

Reaffirming upside potential

Q&A



# Highlights 2018

REVENUES

**+17%\*** to **€ 3.3 bn**

REBIT

**+29%\*** to **€ 514 m**

R&D

**€ 196 m**

RECURRING NET  
PROFIT (Group share)

**+22%** to **€ 326 m**

ROCE

**15.4%**

CAPEX

**€ 478 m**

\*Excluding Discontinued Operations

**Strategic choices and recent investments are paying off**

# Delivering on our Horizon 2020 strategy



Clear leadership  
in clean mobility  
materials and  
recycling



Doubled  
the size of the  
business in  
terms of earnings



Rebalanced  
the portfolio  
& earnings  
contributions



Turned  
sustainability  
into a greater  
competitive edge

# Delivering on our Horizon 2020 strategy



**Won largest share of  
gasoline GPF platforms**

**Qualified for additional  
major EV platforms of  
leading OEMs**

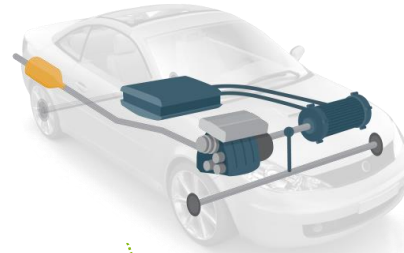


# Clear leadership in clean mobility materials and recycling

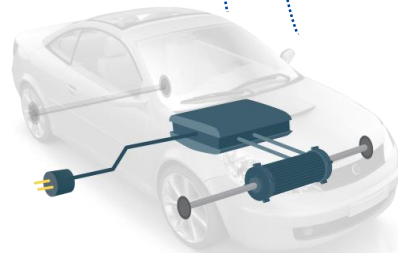
ICE  
Emission control  
catalysts



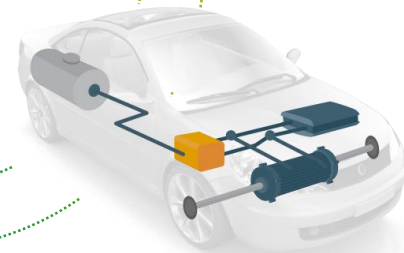
(p)HEV  
Battery  
materials and  
emission control  
catalysts



BEV  
Battery  
materials



Fuel cells  
Electro-catalyst  
and battery  
materials



# Delivering on our Horizon 2020 strategy



Won largest share of gasoline GPF platforms  
Qualified for additional major EV platforms of leading OEMs

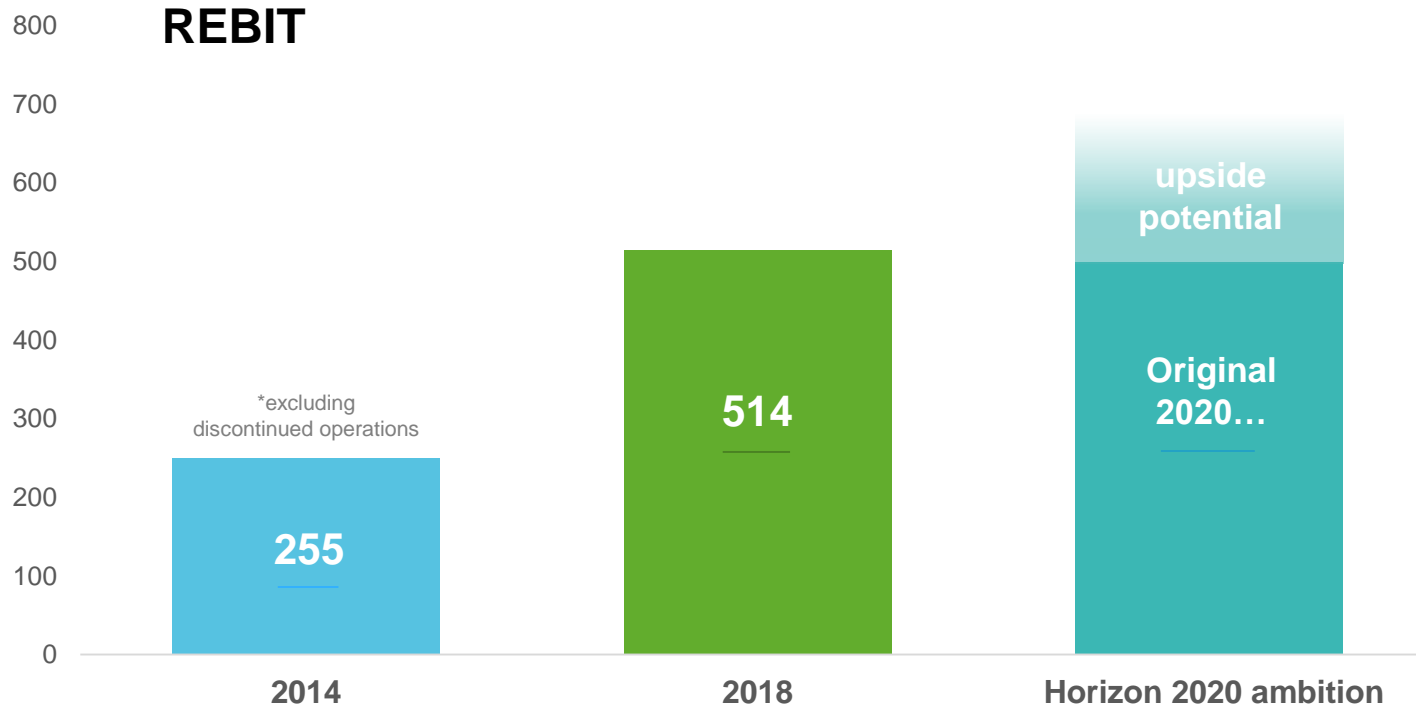


**REBIT**  
of € 514 million  
in 2018





# Doubled the size of the business in terms of earnings





# Delivering on our Horizon 2020 strategy



Won largest share of gasoline GPF platforms  
Qualified for additional major EV platforms of leading OEMs



REBIT  
of € 514 million  
in 2018



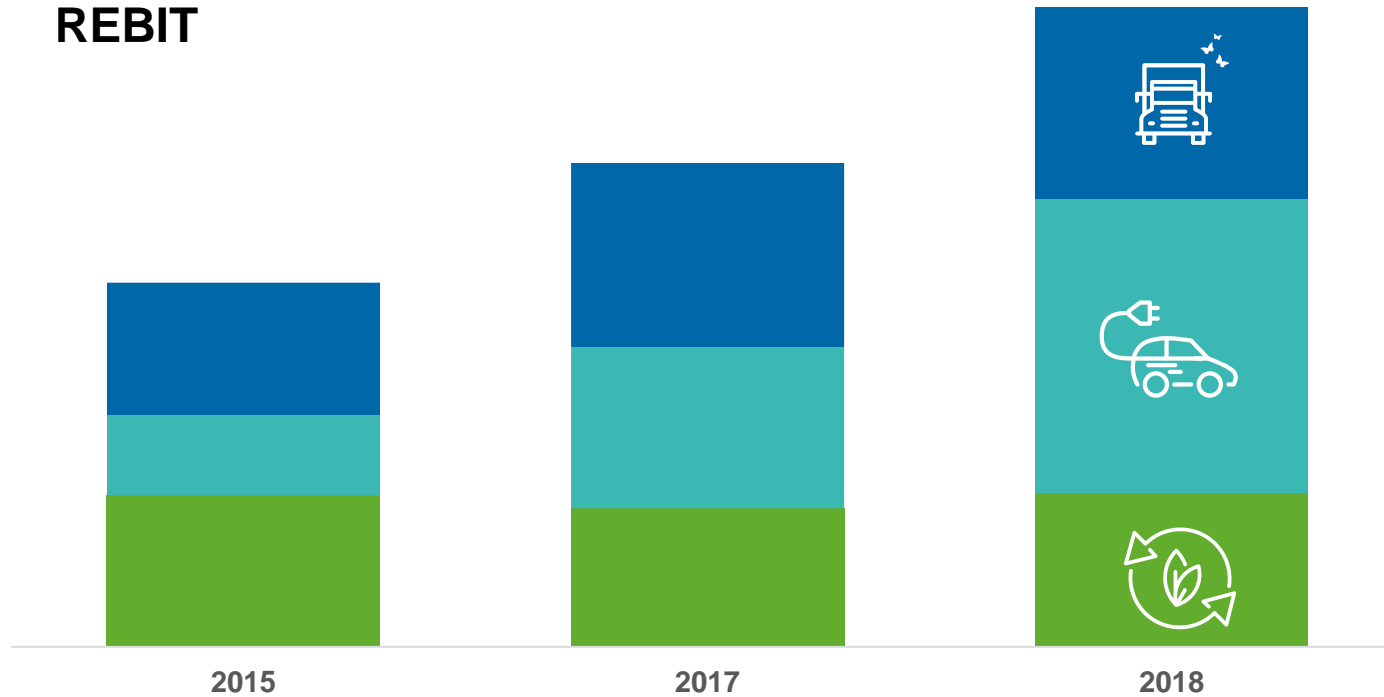
Rebalanced the portfolio & earnings contributions





# Rebalanced the portfolio and earnings contribution

## REBIT



### REBIT DISTRIBUTION PER SEGMENT









Recycling ●

Energy & Surface Technologies ●

Catalysis ●

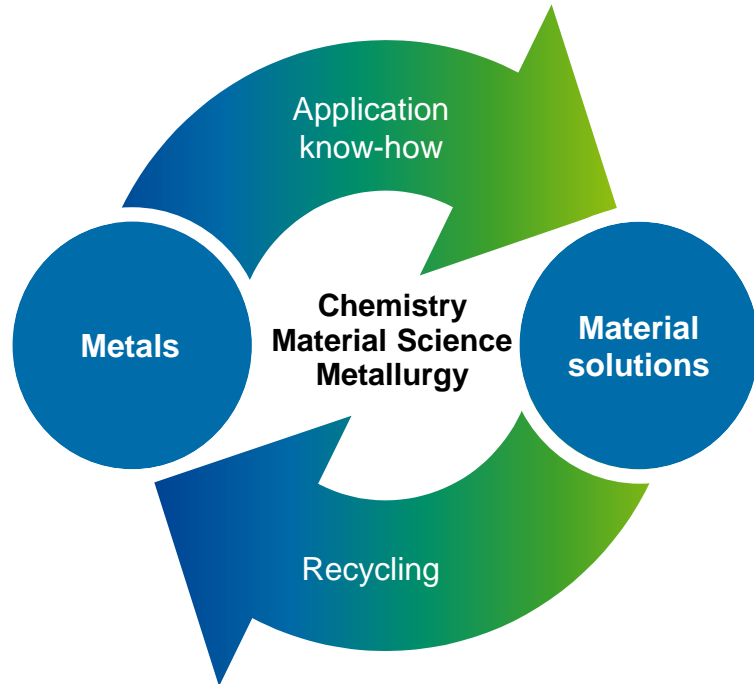
(\*) excluding Discontinued Operations

# Delivering on our Horizon 2020 strategy

  <p>Won largest share of gasoline GPF platforms Qualified for additional major EV platforms of leading OEMs</p>	  <p>REBIT of € 514 million in 2018</p>
  <p>Rebalanced the portfolio &amp; earnings contributions</p>	  <p>Certified clean and ethical supply</p>

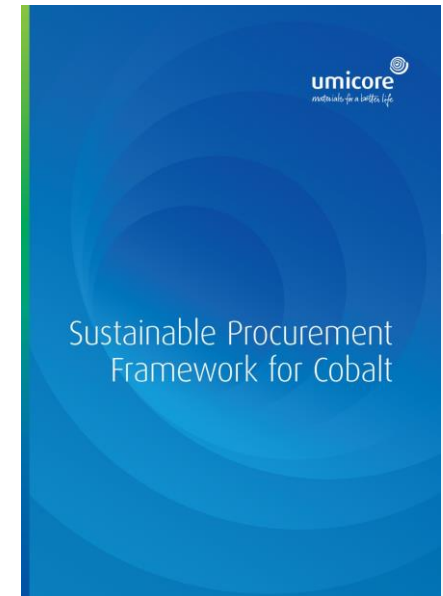


# Turned sustainability into a greater competitive edge



Full alignment with the  
OECD Due Diligence  
Guidance for Responsible  
Supply Chains of Minerals  
from Conflict-Affected and  
High-Risk areas

<https://www.umicore.com/en/cases/sustainable-procurement-framework-for-cobalt/>



**Certified clean and ethical supply to our customers**

# Consistent execution of the strategy

## Investments



### Catalysis

- Integration of recent acquisitions
- Capacity expansion in **Europe, China and India** following major business wins



### Energy & Surface Technologies

- Completion of **€ 460 million** investment program in **China and Korea** on an accelerated schedule
- Start of **€ 660 million** greenfield investments in **China and Poland** to meet continued strong demand



### Recycling

- Completion of environmental investments in **Hoboken** resulting in significant reduction in emissions



# Consistent execution of the strategy

## Technology innovation

### R&D

- Up 12% to € 196 million
- 6% of Umicore's revenues



### CATALYSIS

- New product developments for upcoming emission regulations in Europe and China; fuel cell technology
- State of the art process technologies



### ENERGY & SURFACE TECHNOLOGIES



- Innovation roadmap spanning the next 20 years for rechargeable battery materials
- Developing new process technologies
- Battery recycling

# Consistent execution of the strategy



## Attracting new talents



Total number of employees 10,419 (+650), in line with growth strategy



New hires in China, Korea and Belgium



Attractive employer with pioneering role in sustainability and in offering solutions to societal problems

# Current market environment and Umicore developments



## CATALYSIS

**More challenging macro-economic environment**

**Evolving engine mix**

**Emission legislation**

**New GPF platforms & capacity expansions**



## ENERGY & SURFACE TECHNOLOGIES

**New xEV models**

**New capacity in China in H2 and construction starting in Europe**

**Metal prices in Cobalt & Specialty Materials**



## RECYCLING

**Extended shutdown in Hoboken**

**Supply mix broadly unchanged**

**Metal prices**





# 2018 performance

# Record results in 2018

And all three business groups contributing to growth\*

**REVENUES**  
**+17%\*\* to € 3.3 billion**

44% revenue growth in  
Energy & Surface Technologies

**REBITDA**  
**+23%\*\* to € 720 million**

REBITDA margin up to 21.9%

**REBIT**  
**+29%\*\* to € 514 million**

Energy & Surface Technologies  
already accounting for half  
of the Group REBIT

REBIT margin up to 15.5%

**RECURRING NET PROFIT**  
**+22% to € 326 million**

Recurring EPS of € 1.36 (+12%)

Proposed 2018 dividend  
of € 0.75 per share  
(up from € 0.70 in 2017)

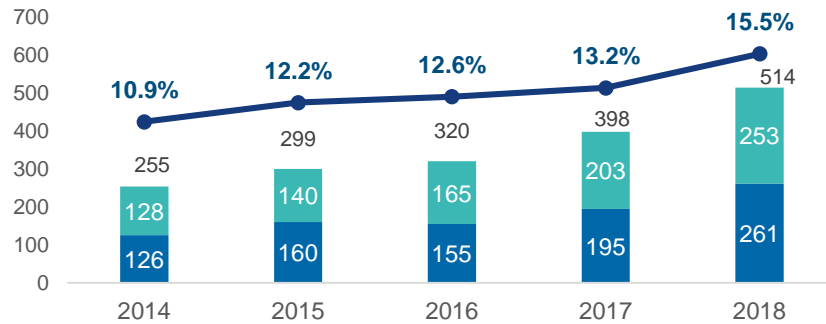
**ROCE**  
**up to 15.4%, in a period of intense investments**

(\*) excluding the impact of the divestment of European Technical Materials (Recycling) in January 2018

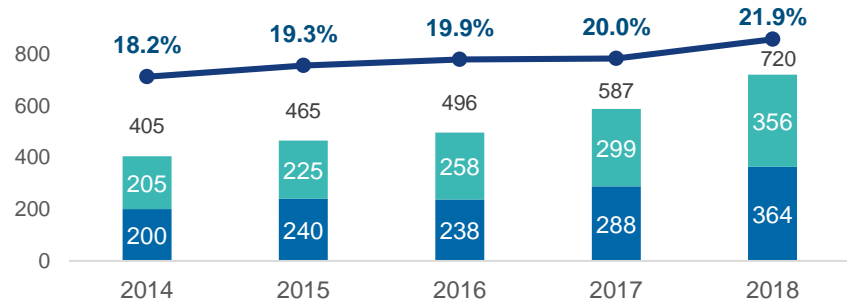
(\*\*) excluding Discontinued Operations

# Strategic choices and recent investments are paying off

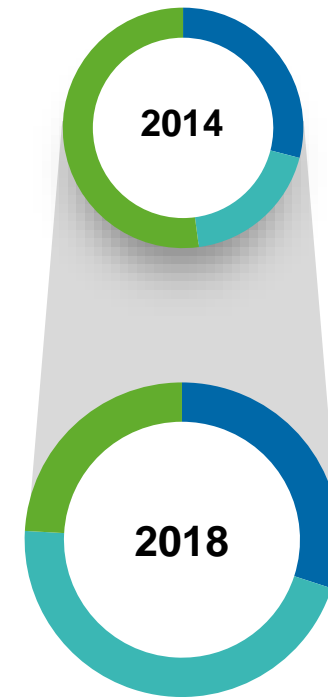
## REBIT & REBIT margin



## REBITDA & REBITDA margin



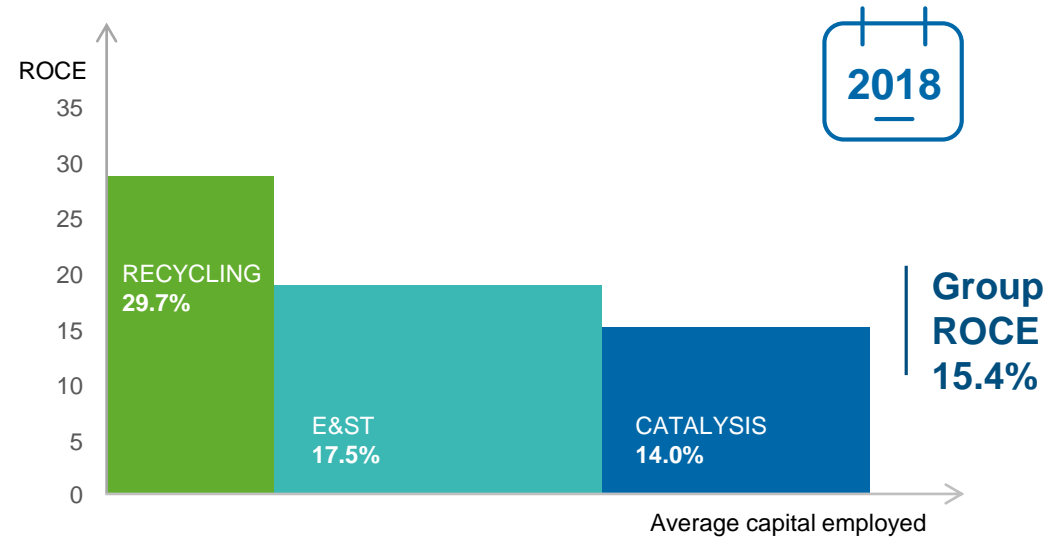
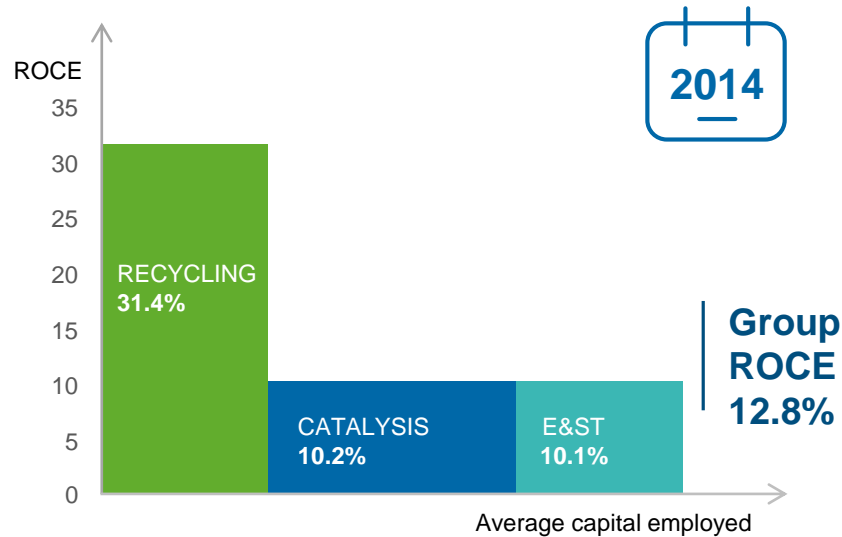
- H1
- H2
- REBITDA Margin



## REBIT split per Business Group

- Catalysis
- Energy & Surface Technologies
- Recycling

# 15 % group ROCE objective met, all businesses creating value



Catalysis ROCE includes temporary **dilution from recent acquisitions**

Energy & Surface Technologies ROCE well up **despite 50% increase in capital employed YoY**

**Higher recycling ROCE YoY** includes effect of Technical Materials divestment

Group ROCE (excl. discontinued)

2014  
**12.8%**

2018  
**15.4%**



# Catalysis

**2018: Revenues +9%, REBIT +2%, REBITDA + 6%**

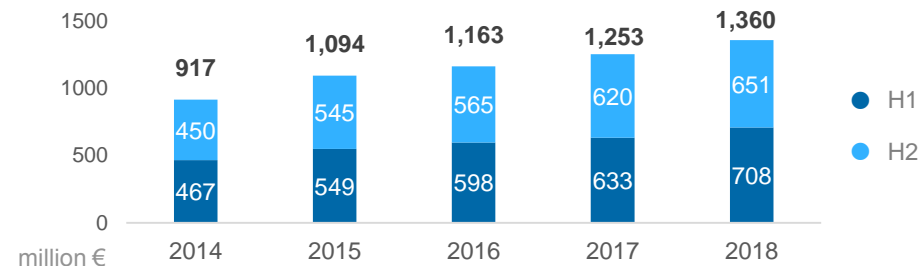
## Automotive Catalysts

- Increased contribution of HDD activity
- Growth driven by higher gasoline volumes, despite slowing market
- Significant gasoline platform wins

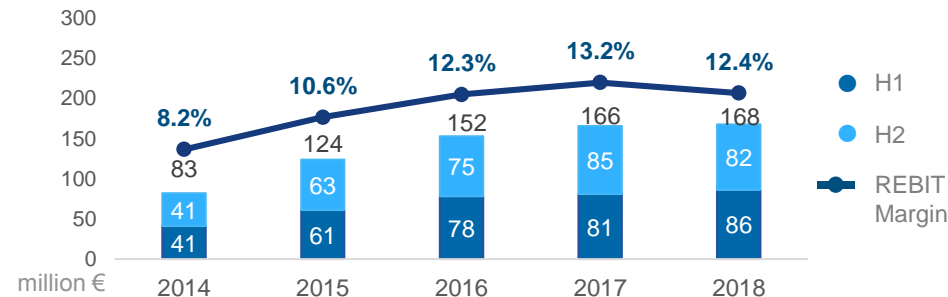
## Precious Metals Chemistry

- Higher sales of APIs and chemical metal deposition applications
- Increased revenues from fuel cell catalysts

### REVENUES



### REBIT & REBIT margin





# Energy & Surface Technologies

**2018: Revenues +44%, REBIT +82%, REBITDA +63%**

## Rechargeable Battery Materials

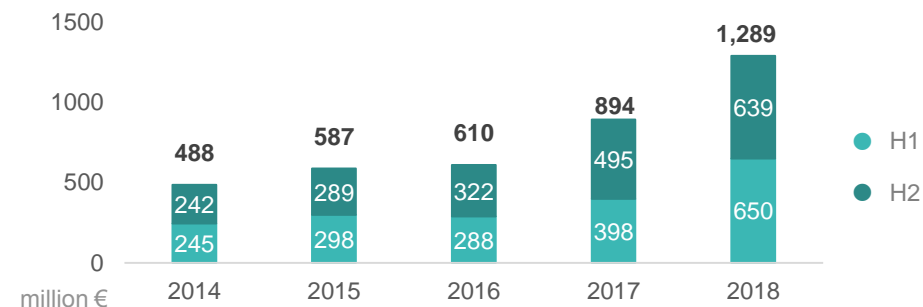
- Strong demand for NMC cathode materials for transportation applications
- Fast ramp-up of new capacity in China and Korea
- Earnings benefited from scale effects from new capacity

## Cobalt & Specialty Materials

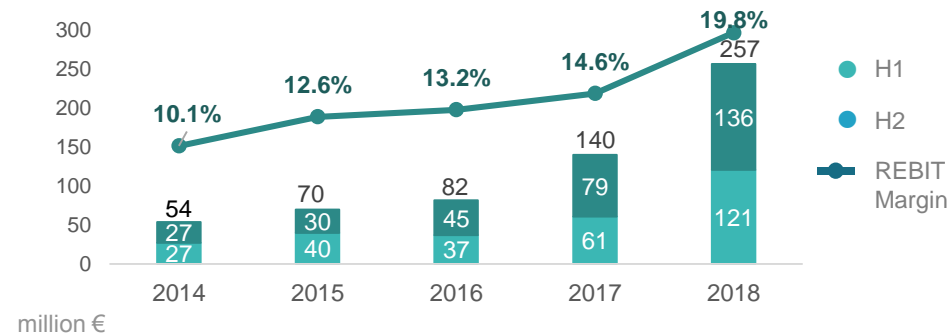
- Strong volumes & supportive metal prices in H1
- Increased activity level in battery recycling

Slightly lower revenues for **Electro-Optic Materials**; stable revenues in **Electroplating**

### REVENUES



### REBIT & REBIT margin

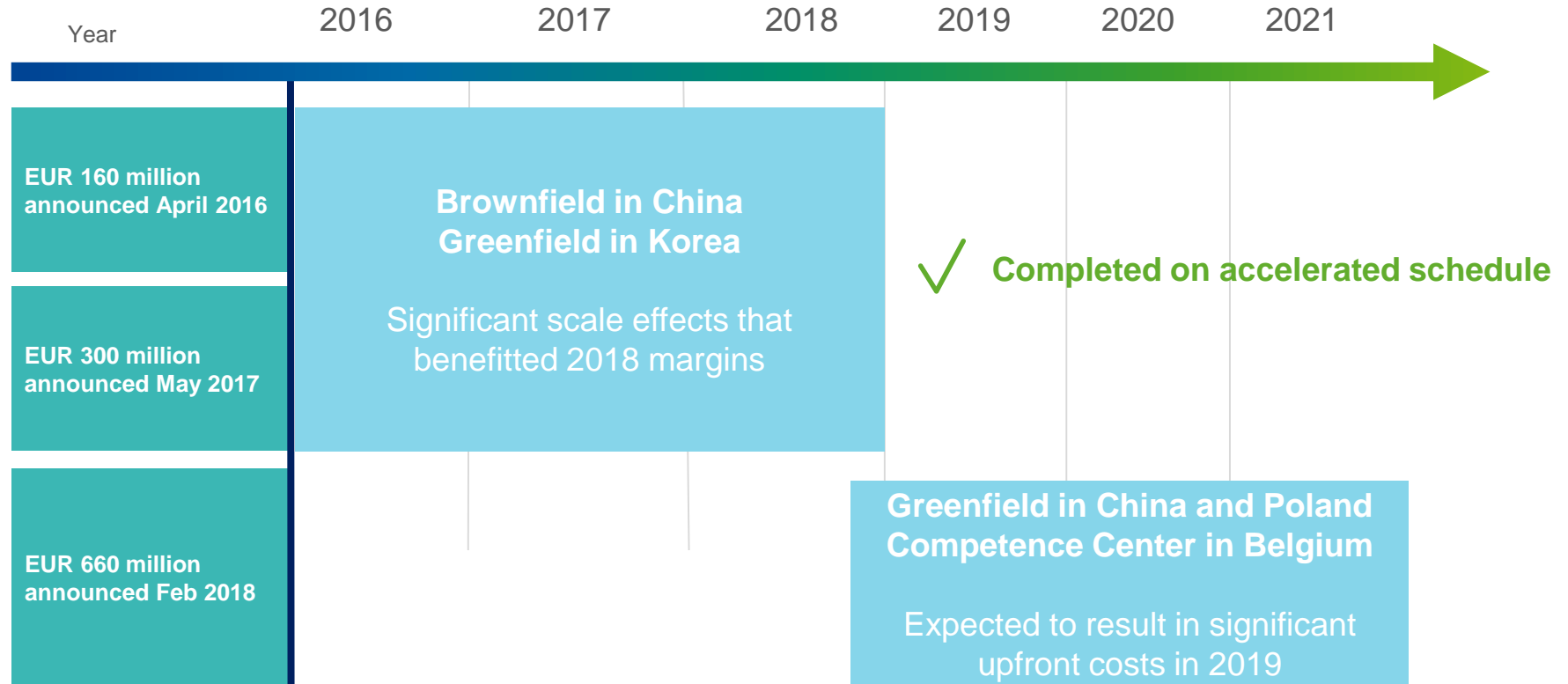




# Rechargeable Battery Materials



## Expansion projects on track





# Recycling

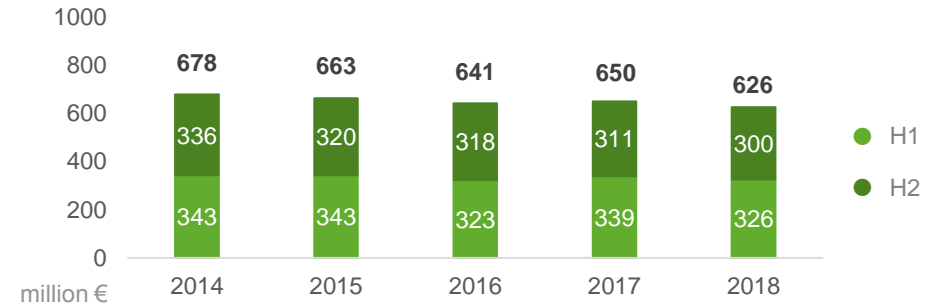
**2018: Revenues +6%, REBIT +12%, REBITDA +7% (\*)**

## Precious Metals Refining

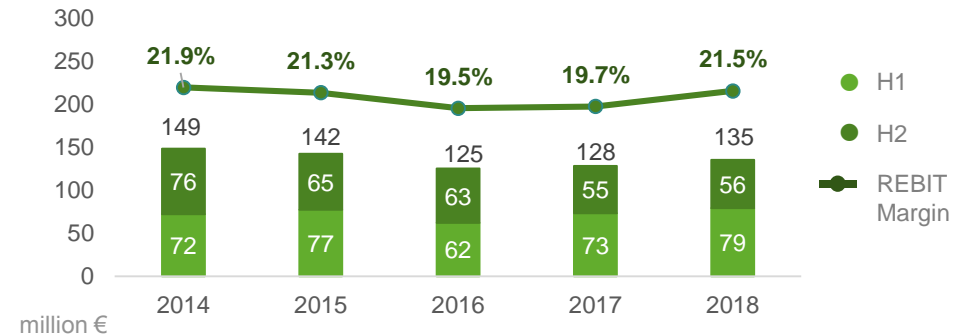
- Higher processed volumes despite fire
- Somewhat more supportive metal prices
- Commercial conditions in some segments impacted by competitive pressure
- Mix broadly unchanged

Stable revenues in **Jewelry & Industrial Metals** and higher revenues for **Precious Metals Management**

### REVENUES



### REBIT & REBIT margin

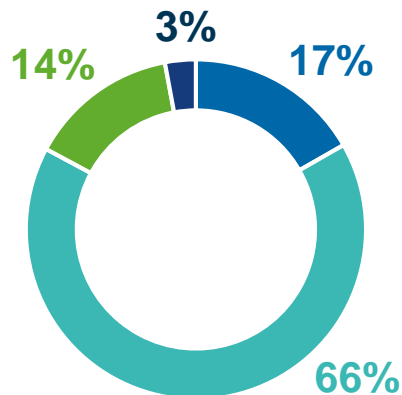


(\*) excluding the impact of the divestment of European Technical Materials (Recycling) in January 2018



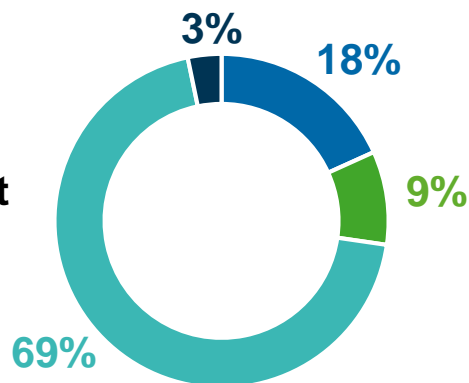
# Investing in growth

## Capital expenditure



- Catalysis
- Energy & Surface Technologies
- Recycling
- Corporate

## Change in Cash Net Working Capital



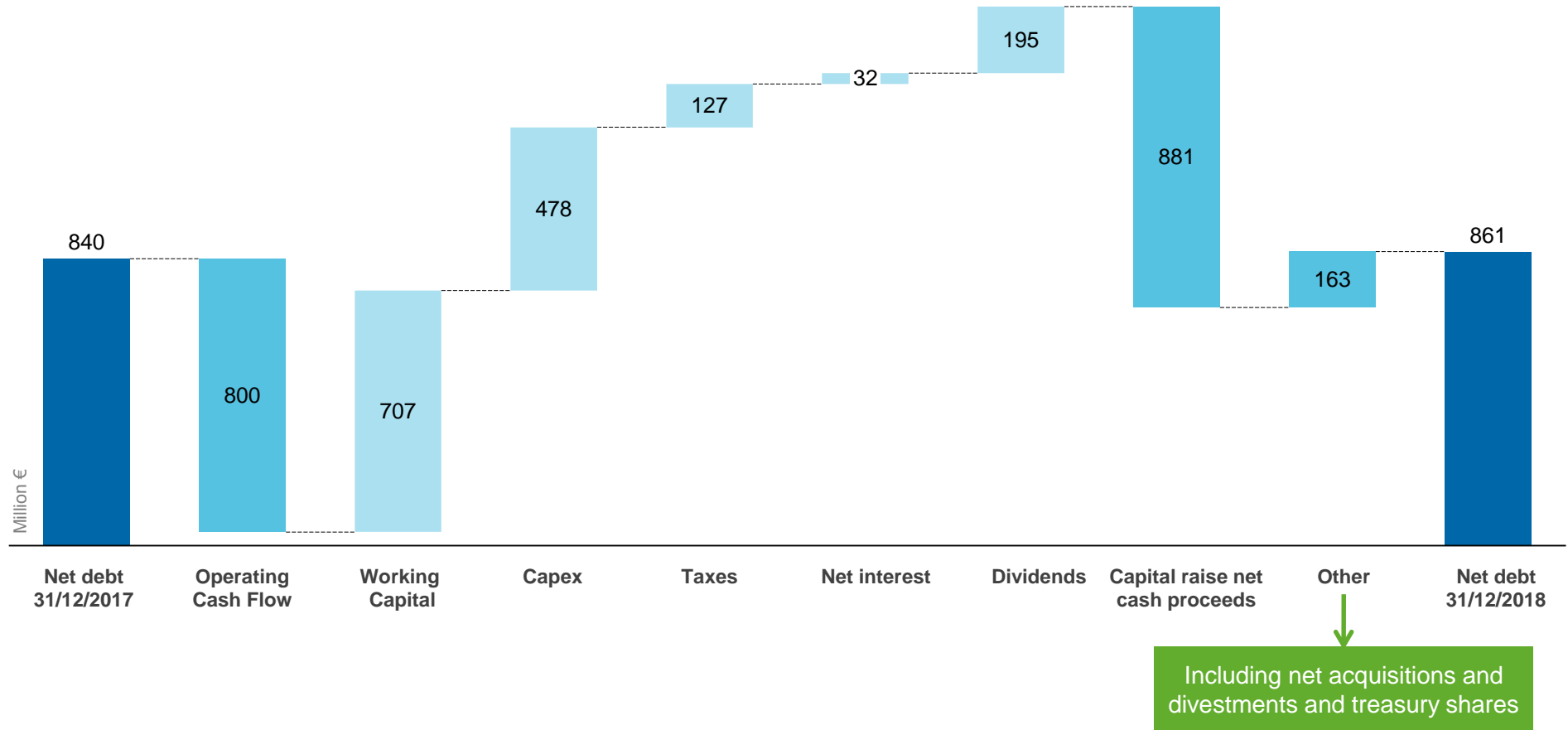
## Group capex of € 478 million:

- Energy & Surface Technologies: capacity expansions in Korea and China
- Catalysis: capacity expansions in Poland, China and India
- Recycling: environmental investments in Hoboken

## Increase in NWC of € 707 million driven by expansion in cathode materials:

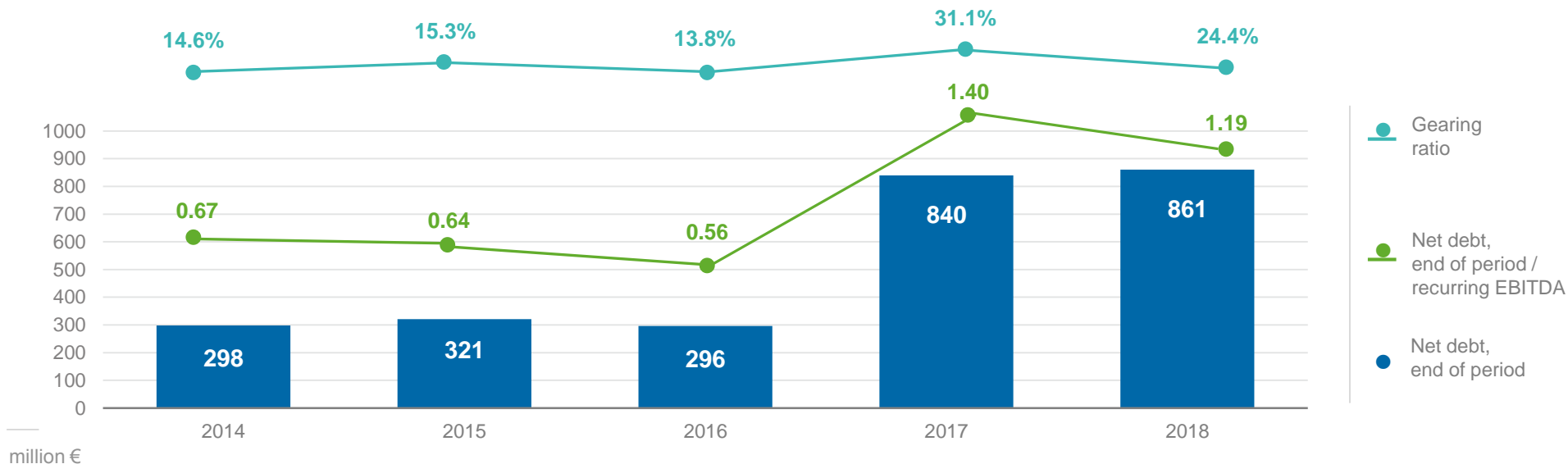
- Base inventory for newly commissioned lines
- Substantial production growth
- Continuity of supply amidst a tight supply chain
- Substantial yoy increase in average cobalt price
- Impact of the fire at Hoboken plant
- Initiatives underway to optimise NWC

# Net debt and cash flows



Operating cashflow = cashflow from operations before change in cash working capital

# Strong capital structure



**10% equity raise in February 2018**

**Stable net financial debt year-on-year**

**Net financial debt € 861 million**

**Corresponds to :**

**1.2 x net debt to recurring EBITDA ratio at end of period**

**24% net gearing ratio**

**€ 690 million fixed-rate medium- and long-term notes**

**Ample funding headroom to execute growth strategy**

# Non-recurring elements

	FY 2018	Non-recurring EBIT including:
Restructuring charges	(14)	<ul style="list-style-type: none"><li>• € 14 million restructuring charges, related to Brazil</li></ul>
Impairments on permanently tied-up metal inventories	(6)	
Other	6	
<b>Non-recurring EBIT</b>	<b>(14)</b>	<ul style="list-style-type: none"><li>• € 6 million impairments on permanently tied-up metal inventories, mostly due to declining cobalt price</li></ul>
Non-recurring tax result	4	
<b>Net non-recurring result (Group Share)</b>	<b>(9)</b>	<ul style="list-style-type: none"><li>• Other items include gain of sale of European Technical Material activities</li></ul>

**Impact on net result of € -9 million**

million €



# Reaffirming upside potential

**Horizon 2020 targets reached  
two years ahead of schedule**

**On track to capture upside potential  
of some 35 to 45% over and above  
the original Horizon 2020 ambitions while  
maintaining 15%+ Group ROCE target**

**We will make further progress in the  
execution of our growth strategy through  
2019.**

**However, we expect that REBIT growth in  
2019 will be tempered by the present  
subdued demand in the automotive and  
consumer electronics sectors, combined  
with increased depreciation charges, R&D  
and startup costs as well as the timing of  
new capacity.**

**Committed to pursue strategic investments  
and long-term research program while consistently  
delivering strong returns to shareholders**

# On track to capture the upside potential



## CATALYSIS

- Unprecedented value growth driven by legislation
- Well positioned to outgrow the market through technology leadership in gasoline engines and competitive position in HDD



## ENERGY & SURFACE TECHNOLOGIES

- Rapidly increasing electrification
- Capturing significant growth through full spectrum of highest quality cathode materials, ability to scale up fast and sustainable supply

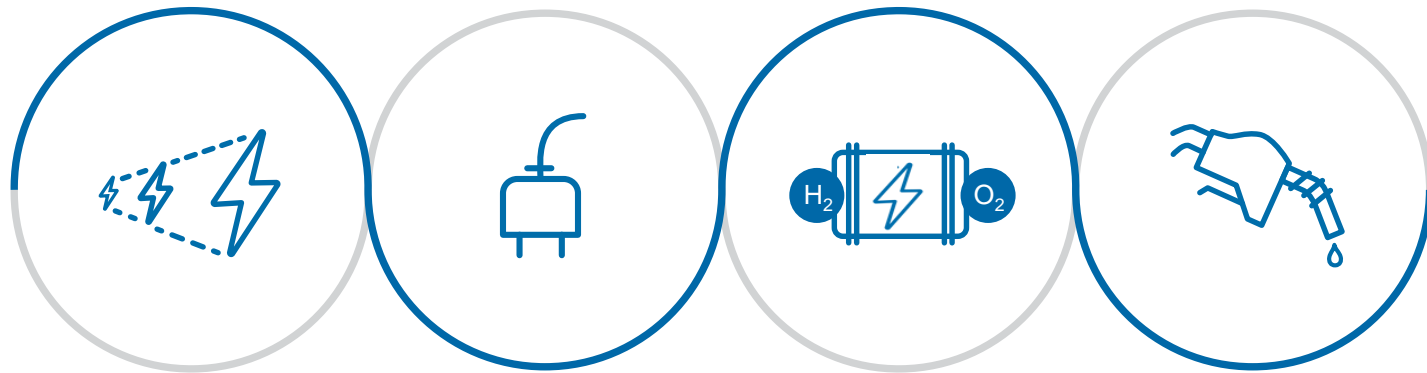


## RECYCLING

- Growing complexity of waste streams
- Expansion in Precious Metals Refining

# Preparing the ground for further growth

Clean Mobility innovation roadmap  
spanning the next 20 years



Full electric

Plug-in hybrid

Fuel cells

Cleaner combustion engines

Battery Recycling  
gaining traction





Q&A

# Financial calendar

- 25 April 2019 **Ordinary General Meeting of Shareholders**
- 29 April 2019 **Ex-dividend date**
- 30 April 2019 **Record date for the dividend**
- 2 May 2019 **Dividend payment date**
- 31 July 2019 **Half Year Results 2019**



# Financial calendar

## Forward-looking statements

This presentation 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.

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