



umicore
materials for a better life

Record performance,
growth acceleration and capital increase

9 February 2018

Overview

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- Record performance 2017
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- Growth acceleration
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Highlights

- **Record performance in 2017:** strong growth in Energy & Surface Technologies
- **Growth acceleration driven by strong demand for battery materials** already showing significant benefits in 2018 and offering upside potential compared to original Horizon 2020 recurring EBIT target
- **Rechargeable Battery Materials powering ahead:** launch of new € 660 million investment in China and Europe in order to meet fast growing customer demand
- **Capital increase** to fund growth and to pursue potential acquisitions and partnerships to strengthen offering in clean mobility materials and recycling

Capital increase

- Placement of 22.4 million new ordinary shares (10% of outstanding shares) through accelerated bookbuild on 8 February 2018
- Offer rapidly and considerably oversubscribed, reflecting vote of confidence from investors
- Transaction price of € 39.80, only slightly below closing price of February 8th
- € 892 million additional equity to fund organic growth investments as well as selective acquisitions and partnerships in clean mobility materials and recycling
- New shares from capital increase will be entitled to dividend payment of € 0.375 corresponding to balance between interim dividend and gross annual dividend
- Groupe Bruxelles Lambert, reference shareholder, actively participated

Record performance in 2017

- **Outstanding growth in 2017**
 - Revenues +16% and REBIT +24% (excluding discontinued operations)
 - ROCE increased to 15.1%
 - Strong growth in Energy & Surface Technologies benefitting from ramp-up of new production capacity for cathode materials

- **Significant progress in reshaping the Group**
 - Completion of portfolio realignment announced in 2015: divestments of Building Products, large area coatings activity of Thin Film Products and European operations of Technical Materials
 - Selective acquisitions to strengthen positioning in Catalysis and Cobalt & Specialty Materials

- **Proposed gross annual dividend of € 0.70**

Outlook

Umicore anticipates that it will approach already in 2018 its Horizon 2020 target of doubling recurring EBIT (from the 2014 base – excluding discontinued operations) to a level of € 500 million, driven by buoyant demand for cathode materials and the fast ramp-up of new production lines in South Korea and China. The Catalysis and Recycling activities will also continue to contribute to profit growth. This outlook assumes that current macroeconomic conditions continue to prevail.

Growth acceleration

Rechargeable Battery Materials powering ahead with new investment of € 660 million

- Accelerate expansion in cathode materials to fulfil fast growing demand
- Investments in China (Jiangmen) and Europe (site selection 2018) using latest proprietary process technology
- 2017: first benefits from € 460 million capacity expansion in South Korea and China
- 2018: launch of € 660 million capacity investments in China and Europe
- Total capacity of at least 175,000 t in 2021 (including higher nickel containing Cellcore® NMC grades)
- Sales projected to reach 100,000 t in 2019



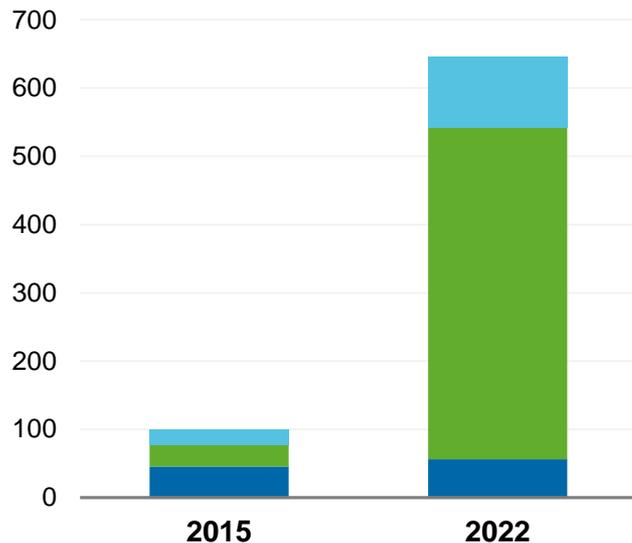
Cheonan – South Korea



Jiangmen greenfield plant – China

Upscaled market growth projections

**Cathode materials market (volume indexed)
2018 view**

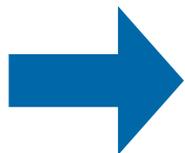


● LCO
(including high end)

● NMC
(including high Ni / NCA)

● Other chemistries
(LFP, LMO)

- Automotive OEMs rolling out electrification strategies
- Strong growth drivers in China
 - Emission norms
 - Quota for new energy vehicles
 - Subsidies for passenger cars and busses
- Strong growth drivers in Europe
 - Local initiatives with specific incentives
 - Introduction of tighter CO₂ norms in 2021
- Growing demand for high-end consumer electronics and energy storage



Market expansion, new customer and platform wins, success of existing platforms and ongoing qualification programmes justify new investments

Growth acceleration

- Growth acceleration implies an upside potential of some 35 to 45% compared to the original Horizon 2020 recurring EBIT target. This assumes that current macroeconomic conditions continue to prevail.
- Maintaining the 15%+ ROCE target at Group level on the expanded capital employed

horizon
2020

The logo features the word "horizon" in a bold, blue, lowercase sans-serif font. Below it is a thick, green, curved line that tapers at both ends, resembling a horizon or a stylized wave. Underneath the curve, the year "2020" is written in a green, lowercase sans-serif font.

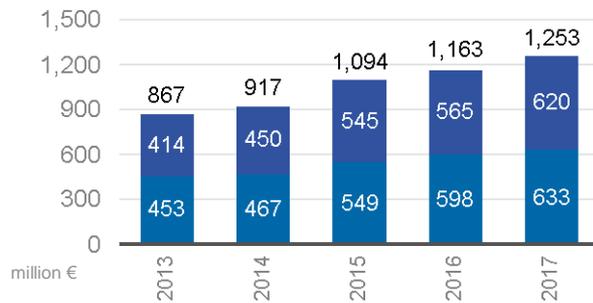
Business review 2017



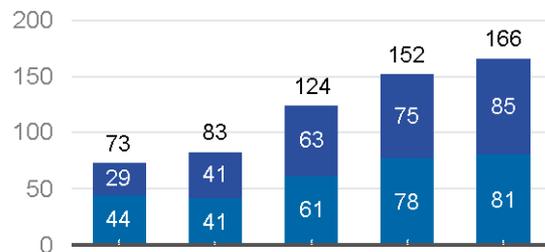
2017 FY business review

Catalysis

Revenues



Recurring EBIT



Revenues +8% and recurring EBIT +9%:

- Growth in **Automotive Catalysis**:
 - Consolidation of Ordeg as of second quarter
 - Higher revenues for HDD catalysts in Europe and Asia
 - Growth below market for LDV catalysts primarily due to lower demand from Korean car manufacturers and unfavorable platform and customer mix in North America
 - Mix effect due to lower diesel market penetration in Europe
 - Acquisition of HDD activities of Haldor Topsoe
- Revenues well up for **Precious Metals Chemistry**



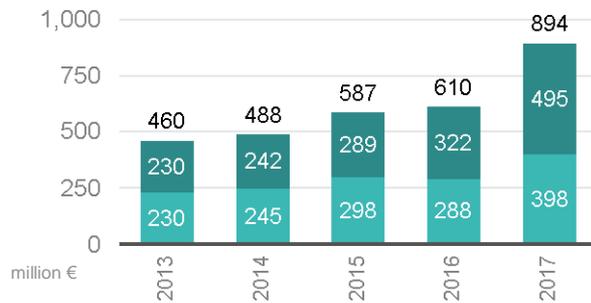
- H1
- H2



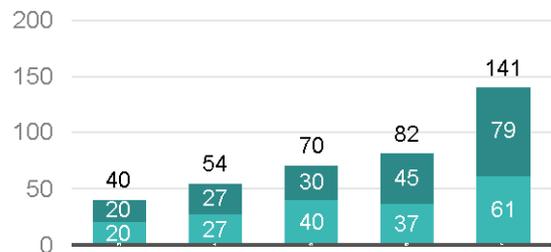
2017 FY business review

Energy & Surface Technologies

Revenues



Recurring EBIT



Revenues +46% and recurring EBIT +72%:

- Outstanding growth in **Rechargeable Battery Materials** across applications. Recurring EBIT further supported by scale effects from ramp-up of additional production capacity in H2; six-fold expansion ahead of plan
- Revenues in **Cobalt & Specialty Materials** well up reflecting volume growth and favorable market conditions across activities

Upgrade of cobalt and nickel refining and recycling in Olen due to be on stream in 2018

- Higher revenues for **Electroplating** and **Thin Film Products**
- Stable revenues for **Electro-Optic Materials**



- H1
- H2



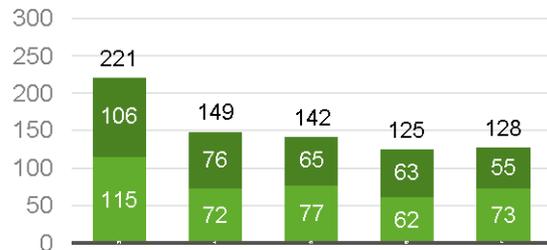
2017 FY business review

Recycling

Revenues



Recurring EBIT



Revenues +1% and recurring EBIT +2%:

- Stable revenues for **Precious Metals Refining**: higher processed volumes and more supportive metal prices offset by lower commercial terms in H2
Investments to improve environmental performance ongoing
- Higher contribution from the trading activity in **Precious Metals Management**
- Slightly higher revenues for **Platinum Engineered Materials** and stable revenues for **Technical Materials**
- Revenues for **Jewellery and Industrial Metals** impacted by subdued demand in the product businesses



- H1
- H2

Employees and Safety

People



Safety

- Accident frequency rate at 3.01
- Accident severity rate at 0.09

People

Lower number of employees in fully consolidated companies: divestment of Building Products business unit partly offset by organic growth in Asia and acquisitions in Automotive Catalyst and Cobalt & Specialty Materials



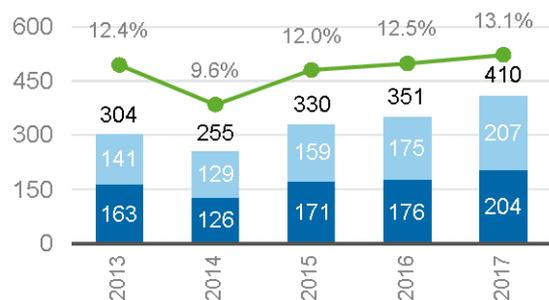
- Fully consolidated
- Associates

Financial review

Record results and higher margins

Group, including discontinued activities*

REBIT & REBIT margin



REBIT
2016-2017
+17%

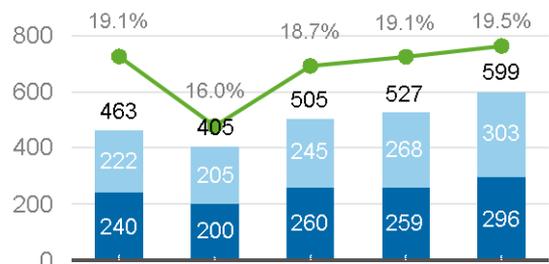
Continued activities

REBIT & REBIT margin



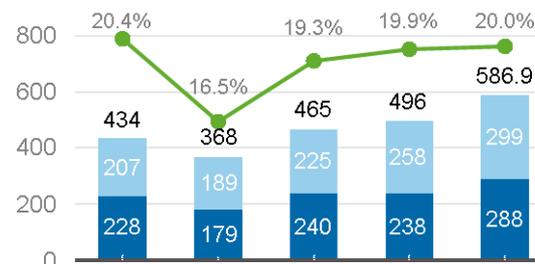
REBIT
2016-2017
+24%

million €



REBITDA
2016-2017
+14%

million €



REBITDA
2016-2017
+18%

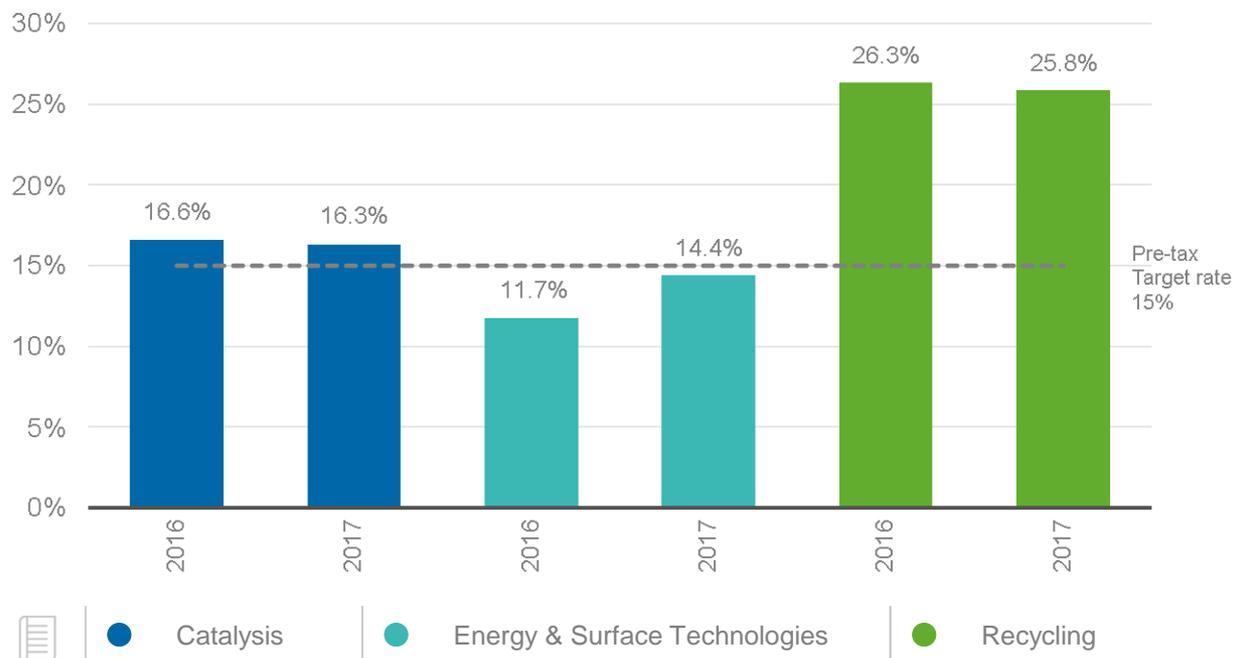
REBITDA & REBITDA margin

REBITDA & REBITDA margin

- H1
- H2

* Zinc Chemicals contributed 6 months in 2016 and Building Products contributed until end of September 2017

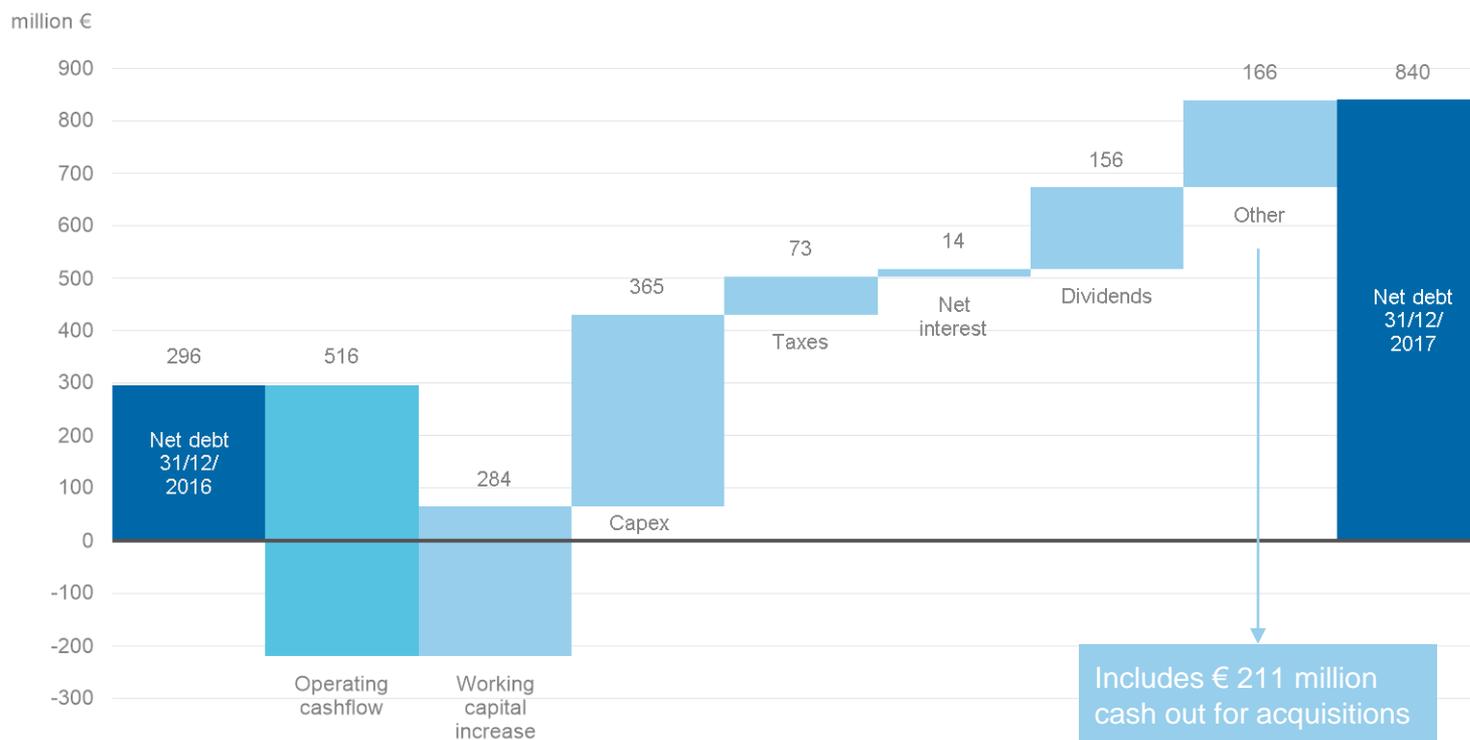
Group ROCE objective met



Group ROCE	
2016	14.9%
2017	15.1%

- Catalysis ROCE 16.3%: remaining well above target ratio
- Energy & Surface Technologies ROCE 14.4%: well up on the back of strong earnings growth and despite major growth investments
- Recycling ROCE 25.8%: remaining highly value accretive

Cash flows and net financial debt

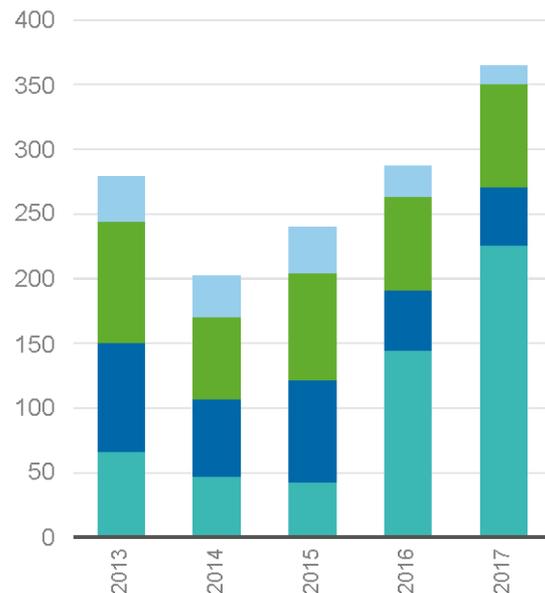


Operating cashflow = cashflow from operations before change in working capital requirement plus dividend and grants received

Expenditures for organic growth

Capital expenditure

million €



Capex € 365 million relating mainly to growth projects in clean mobility and recycling:

- Energy & Surface Technologies accounting for over 60% as a result of ongoing investments in cathode material production capacity
- Recycling : investments to further improve environmental performance ongoing
- Further capex increase to be expected in 2018

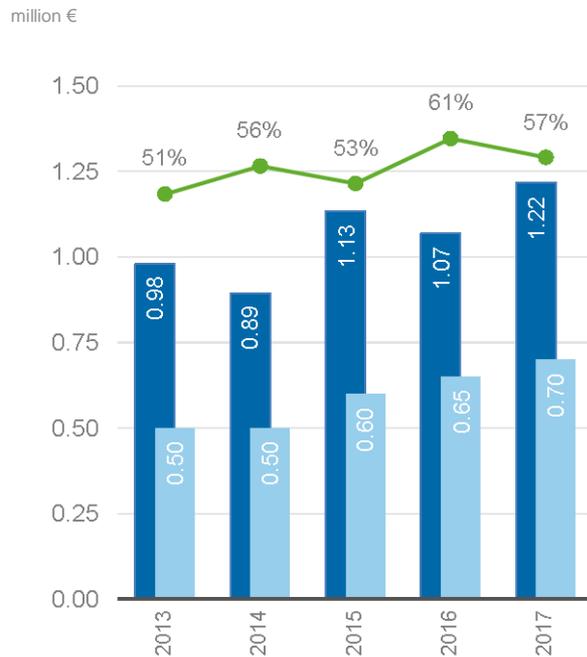
R&D € 175 million, up from € 156 million in 2016, reflecting higher expenditures in Catalysis and Energy & Surface Technologies



- Catalysis
- Energy & Surface Technologies
- Recycling
- Corporate & Discontinued operations

Dividend returns to shareholders

Data per share



Recurring EPS +14%

Dividend of € 0.70 per share proposed

Corresponds to 57% payout ratio based on recurring EPS of € 1.22 per share

*The data in this chart were restated after the two-for-one share split on 16 October 2017



- Recurring EPS
- Dividend
- Payout ratio

Non-recurring elements

million €	2017
Restructuring charges & provisions	(20.5)
Environmental charges & provisions	(6.6)
Impairments on metal inventory	0.6
Other	(19.8)
Non-recurring EBIT	(46.2)
Non-recurring tax result	4.5
Non-recurring minority result	0.1
Net non-recurring result	(41.8)

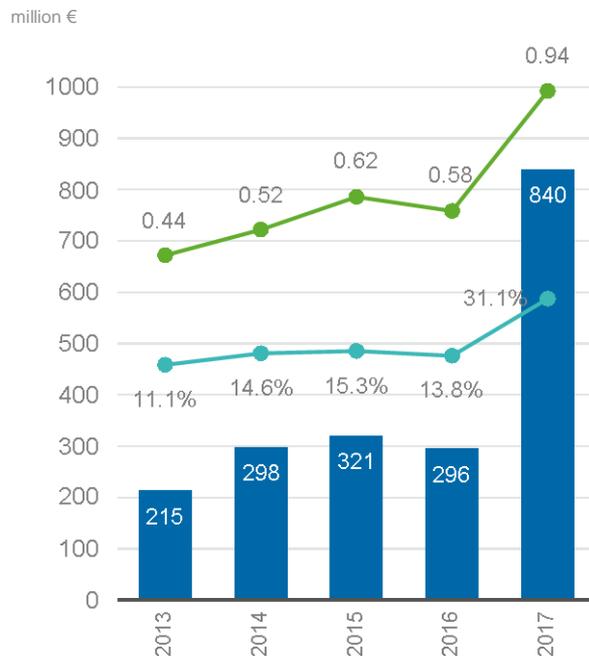
Non-recurring EBIT charge of
€ 46 million

- Mainly related to divestments in the form of restructuring charges linked to sale of Thin Film Products' large area coatings activity and accounting impact of sale of Building Products
- € 7 million environmental provisions
- € 7 million impairment of shareholding in Nyrstar

Total negative impact on net result
of € 42 million

Higher leverage and solid capital structure

Net financial debt



Net financial debt of € 840 million

- Including € 690 million European and US long term private debt placements

Corresponds to :

- 0.9 x average net debt to recurring EBITDA ratio
- 31.1% gearing ratio

Capital raising to provide additional financial flexibility



- Net debt
- Gearing ratio
- Average net debt / recurring EBITDA

Wrap-up

- **Record performance in 2017 driven by Energy & Surface Technologies**
- **Execution of Horizon 2020 strategy ahead of schedule:** Umicore anticipates that it will approach already in 2018 its Horizon 2020 target of doubling recurring EBIT to a level of € 500 million
- **Proposed gross annual dividend of € 0.70**
- **Quantum leap in cathode materials:** launch of € 660 million investment in China and Europe in order to meet fast growing customer demand
- **Growth acceleration** offering upside potential of some 35% to 45% compared to original Horizon 2020 recurring EBIT target while maintaining ROCE of +15%
- **Capital increase of € 892 million** to fund super fast growth



Q&A

Financial calendar

26 April 2018	Ordinary General Meeting of Shareholders
6 & 7 June 2018	Capital Market Days - South Korea
31 July 2018	Half Year Results 2018
8 February 2019	Full Year Results 2018



Forward-looking statements

This presentation contains forward-looking information that involves risks and uncertainties, including statements about Umicore’s plans, objectives, expectations and intentions.

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