



umicore

materials for a better life



Umicore FY 2020 performance

11 February 2021

Overview

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Maintaining strategic course while responding effectively to COVID-19 crisis

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Q&A



Highlights 2020

Record earnings in unprecedented conditions



CATALYSIS

Significant impact of pandemic on automotive market in H1

Umicore disproportionately exposed to market recovery in H2 due to strong position in gasoline for LDV

Strict cost management and operational excellence initiatives



ENERGY & SURFACE TECHNOLOGIES

Impact of pandemic on several end-markets

Excluding impact of excess inventories, Umicore's EV cathode materials volumes grew broadly in line with EV battery demand

Adj. EBIT reflecting underutilized capacity and pricing pressure in China, as well as costs related to recent and ongoing expansions



RECYCLING

Record performance with a nearly doubling of adj. EBIT YoY, reflecting strong growth across all business units

Exceptional metal price environment

High activity levels despite COVID-19 crisis and favorable trading conditions



2021 outlook

Umicore expects to achieve substantial growth in earnings in 2021, with growth in all business Groups

Given the current limited visibility, this outlook statement is made under the assumption that the ongoing COVID-19 outbreak would not result in additional material or protracted disruptions to the economy or Umicore's operations



CATALYSIS

Further benefit from leading edge technology offering in gasoline applications for LDV in China and Europe

Initial impact of China VI legislation for HDD applications

Savings from footprint adjustments and cost improvements carried out in 2020



ENERGY & SURFACE TECHNOLOGIES

Substantial growth in sales volumes of cathode materials for EVs

Persisting Chinese overcapacity and pricing pressure

Some € 50m increase in fixed costs in Rechargeable Battery Materials

Volume growth to result in meaningful Adj. EBIT growth, in line with current market consensus¹



RECYCLING

Favorable metal prices

Supportive supply mix and moderate volume growth in Precious Metals Refining

If current elevated metal price levels were to prevail throughout the year, Adj. EBIT would increase very significantly vs 2020

¹ Umicore has engaged Vara Research GmbH to survey brokerage analysts to provide analysts' consensus estimates to the market. The most recent consensus is available on <https://vara-services.com/umicore/>



Maintaining the strategic course while
responding effectively to the COVID-19 crisis

Maintaining the strategic course...

Strong regulatory drivers underpin Umicore's growth strategy

EU ambition : zero-emission mobility

China :

NEV subsidy plan extended (2022)

Higher NEV penetration rate (20% by 2025, 50% by 2035)

Green recovery measures and stimuli for cleaner mobility

Stricter emission norms for ICE (China VI regulation for HDD in July 2021)

Increased need for a more circular economy

Umicore committed to strategic investments in clean mobility and recycling

Greenfield cathode materials plant in Poland :

Commissioning by end of H1 2021
1st industrial-scale plant in Europe

Fuel cell catalyst production ramp-up in Korea

Catalyst production capacity expansion in China for LDV and HDV

Multi-year investment program to improve safety and environmental performance of Hoboken recycling plant

... while responding effectively to the COVID-19 crisis

Health & safety

Remain top priority

Strict hygiene and other precautionary measures

Dedicated task force monitoring global operations

Strong capital and liquidity management

Strict cost management

Optimization of working capital

Postponement of certain investments

Further strengthening of liquidity

Production footprint reassessment

Consolidation of North American Automotive Catalysts production

Streamlining of Cobalt & Specialty Materials activities

Impairment of certain assets



2020 business review

Key figures FY 2020

| | | |
|---|---|---|
| REVENUES € 3.2 bn -4% YoY | Adjusted EBIT € 536 m +5% YoY | Free Operating Cash Flow € 167 m (- € 39 m in 2019) Net debt at € 1,414 m Net debt / LTM Adj. EBITDA 1.76x |
| Adjusted NET PROFIT (Group share) € 322 m Adjusted EPS € 1.34 Proposed gross annual dividend of € 0.75 per share | Adjusted EBITDA € 804 m +7% YoY | CAPEX € 403 m ROCE 12.1% |

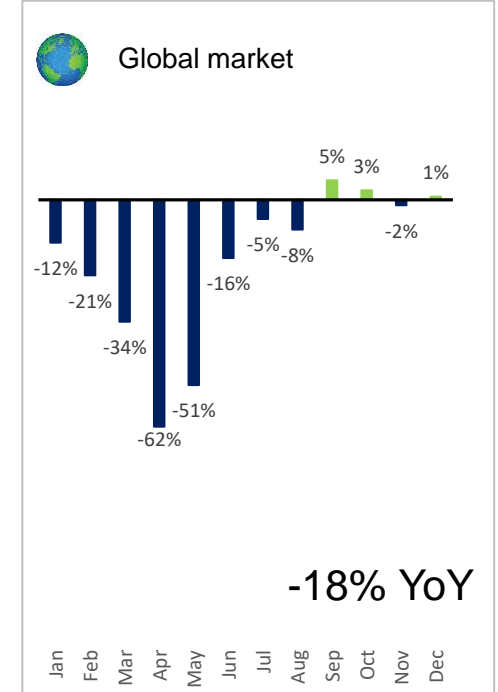
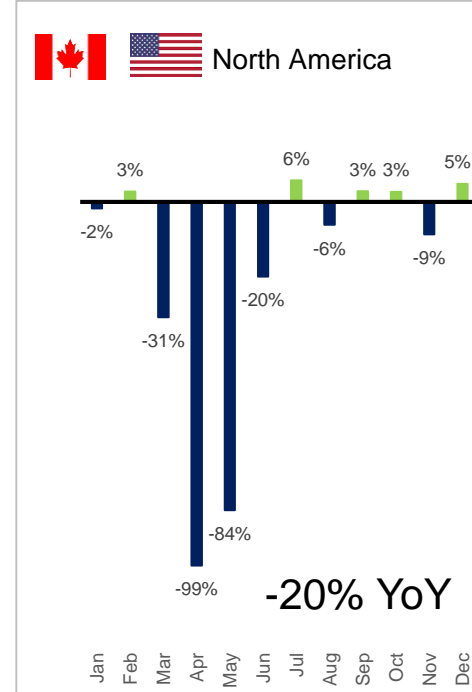
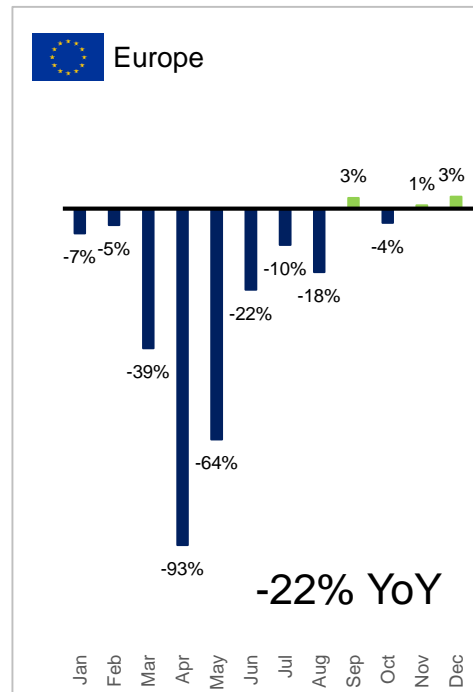
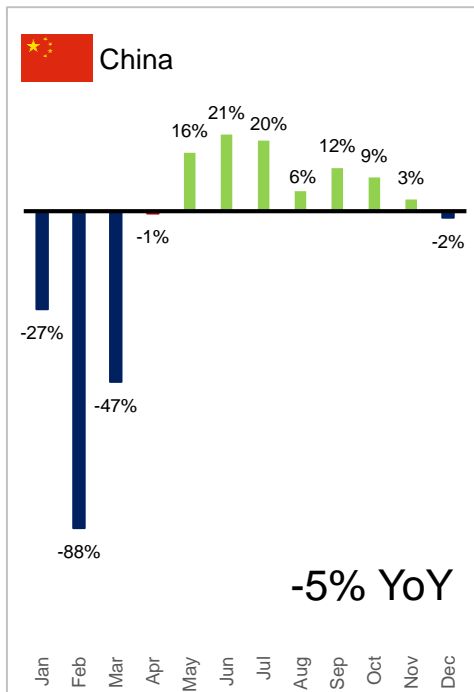
Record earnings in unprecedented conditions

Note: All references to revenues in this document refer to revenues excluding metals (all revenue elements – value of purchased metals)



COVID-19 outbreak: significant impact on auto-industry

FY 2020 YoY evolution of passenger car production across all powertrains (source: IHS & Umicore - 31/12/2020)



H1: shut down of car OEM's assembly lines and dealerships in key regions as a result of government imposed lock-downs
H2: pick-up in global car demand, albeit with discrepancies between regions in terms of timing, speed and intensity of the recovery



Catalysis FY 2020 performance



Revenues -7% and Adj. EBIT -17%; reflecting severe impact from the pandemic in H1

Automotive Catalysts

Revenue decline much lower than global car market contraction

Disproportionate benefit from market recovery in H2

Outperformed LDV market in China and Europe

Higher sales of catalysts for HDD applications

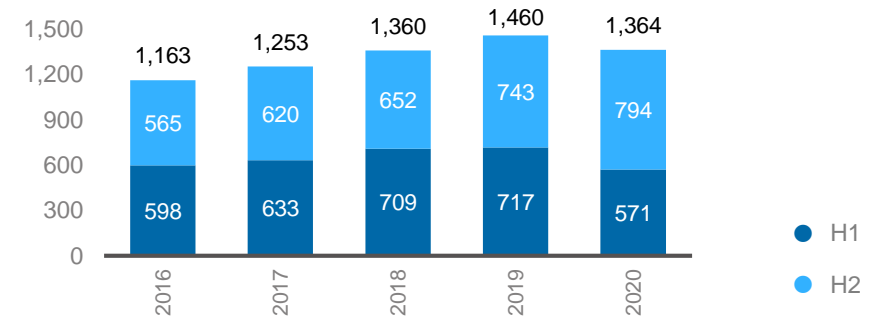
Cost savings (footprint adjustments + operational excellence initiatives)

Precious Metals Chemistry

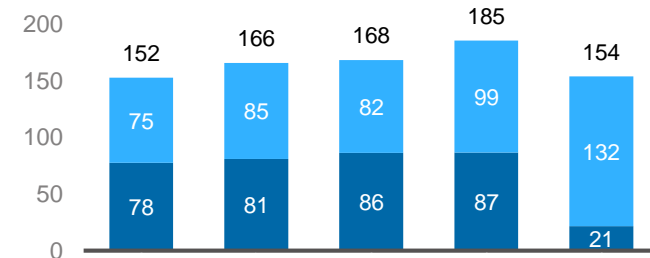
Revenues down due to COVID-19 impact on automotive industry

Continued strong demand for fuel cell catalysts

REVENUES



Adjusted EBIT

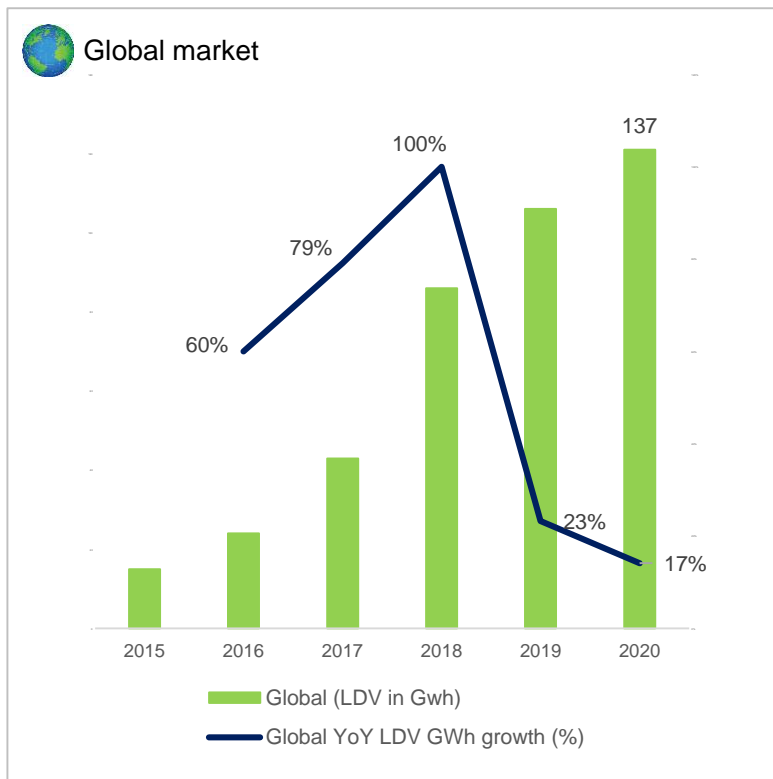


million €



EV battery demand evolution

Evolution global EV LDV battery demand (GWh)



Source: EV Volumes, Umicore

Global EV battery market up 17% to 137 GWh, driven by Europe

Regional differences in demand patterns:

Little year-on-year growth in China, well below industry anticipations

More than doubling of demand in Europe driven by CO2 Directive

Contrasting evolution in China with demand dropping in H1 and some recovery starting at year-end



E&ST FY 2020 performance



Revenues -15%; Adj. EBIT -59%; severe COVID-19 impact and significant negative operating leverage

Rechargeable Battery Materials

Lower cathode materials revenues: higher NMC volumes for EVs; lower LCO and ESS volumes

Pricing pressure, underutilized capacity in China

Higher fixed costs related to expansions

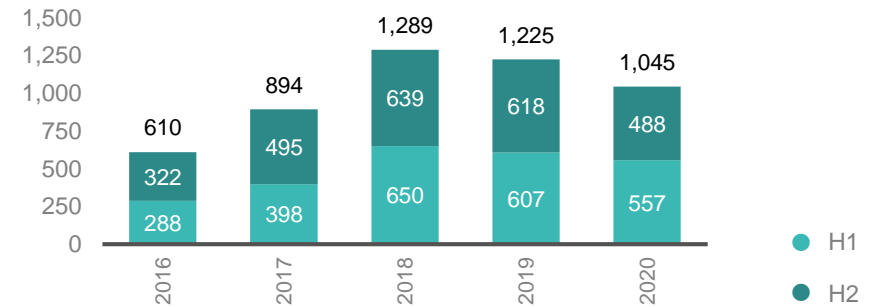
Cobalt & Specialty Materials

Lower revenues reflecting impact of COVID-19

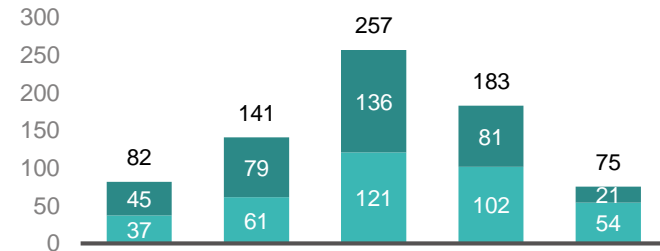
Lower contribution from refining & recycling activities; reduced demand for cobalt and nickel chemicals

Electroplating recorded slightly higher revenues; revenues in **Electro-Optic Materials** decreased

REVENUES



Adjusted EBIT

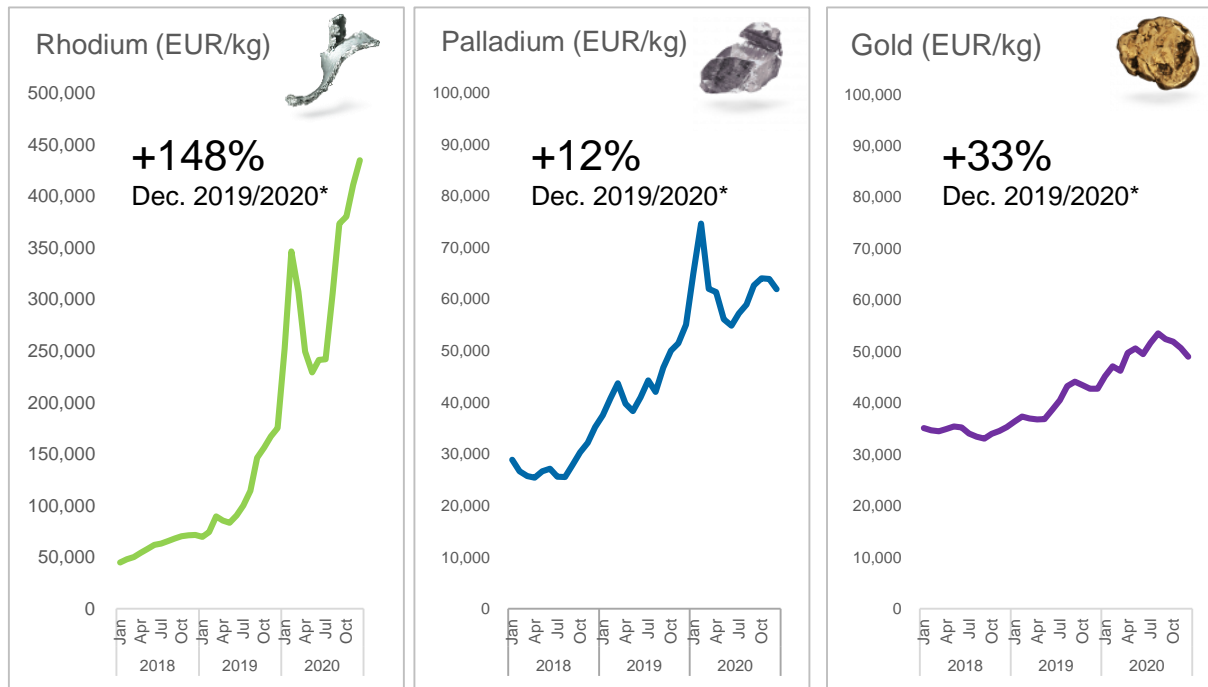


million €



Recycling FY 2020 performance

An exceptional metal price environment, in particular for rhodium



Historically high and volatile precious and PGM price levels in 2020, in particular for rhodium.

Rhodium price surged in H2 20 in a context of tight supply and high demand from the car industry as a result of increasingly stringent emission norms.

Current prices for precious and PGM metals already well above the average received prices in 2020.

Source: Umicore

*Comparison of average metal rates December 2019 vs December 2020



Recycling FY 2020 performance

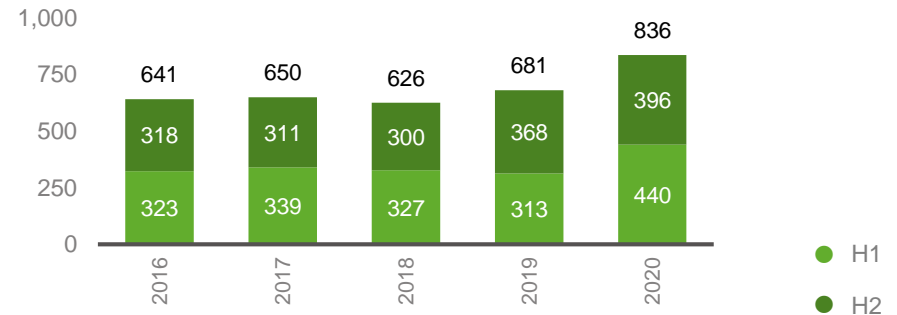
Revenues +23%; Adj. EBIT +92%; higher metal prices and to a lesser extent favorable trading conditions and supply mix

Precious Metals Recycling

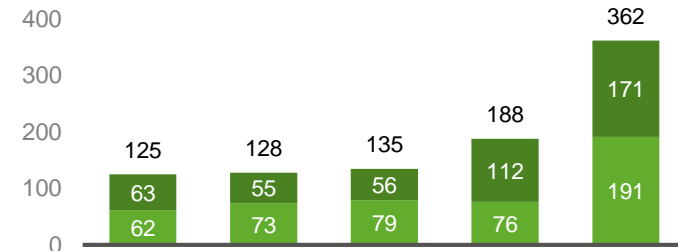
- Higher metal prices, particularly for PGMs
- Supportive supply environment
- Supportive trading conditions
- Higher processed volumes (vs. extended maintenance in '19)

Increased **Jewelry & Industrial Metals** revenues
Substantial increase in earnings contribution from
Precious Metals Management

REVENUES



Adjusted EBIT



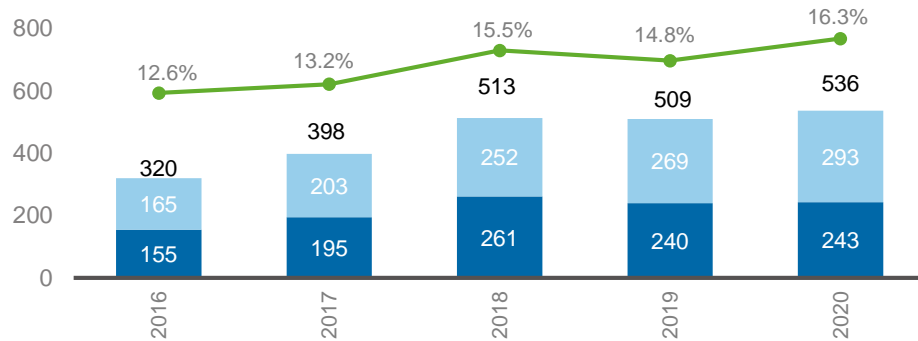
million €



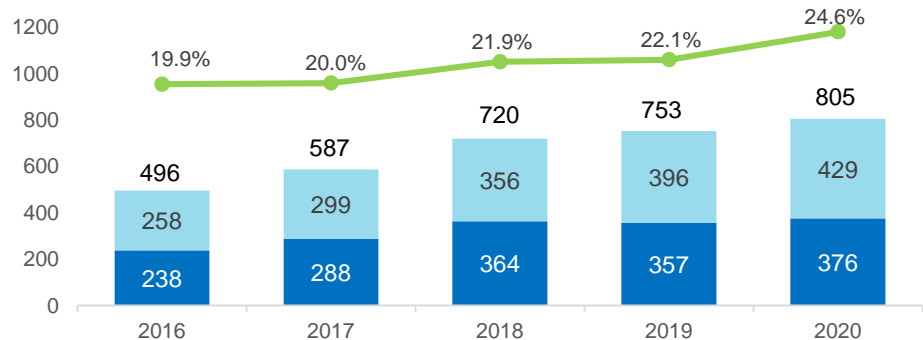
2020 financial review

Record Adj. EBIT(DA) and margins driven by Recycling

Adj. EBIT & Adj. EBIT margin



Adj. EBITDA & Adj. EBITDA margin



Group, excluding discontinued activities, million €

Record adj. EBIT (€ 536 m) and record adj. EBIT margin

Stellar adj. EBIT growth in Recycling more than offset decreases in Catalysis and E&ST.

Includes € 24 m higher D&A charges year on year from recent investments and acquisition.

Strong rebound in Catalysis with 2H adj. EBIT, up 34 % year on year.

Record adj. EBIT margin driven by higher metal margin in Recycling.

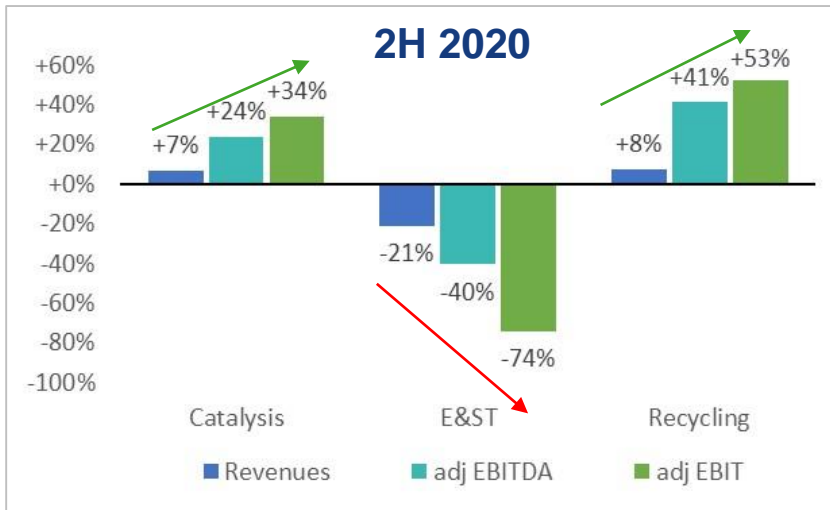
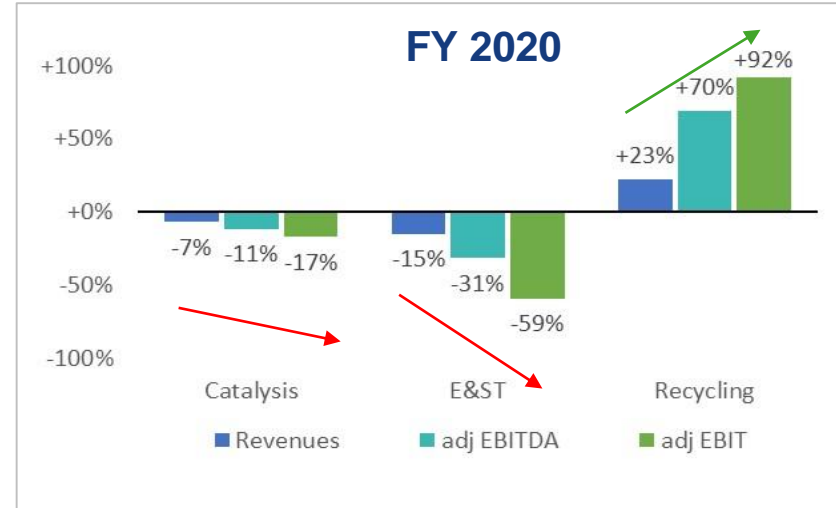
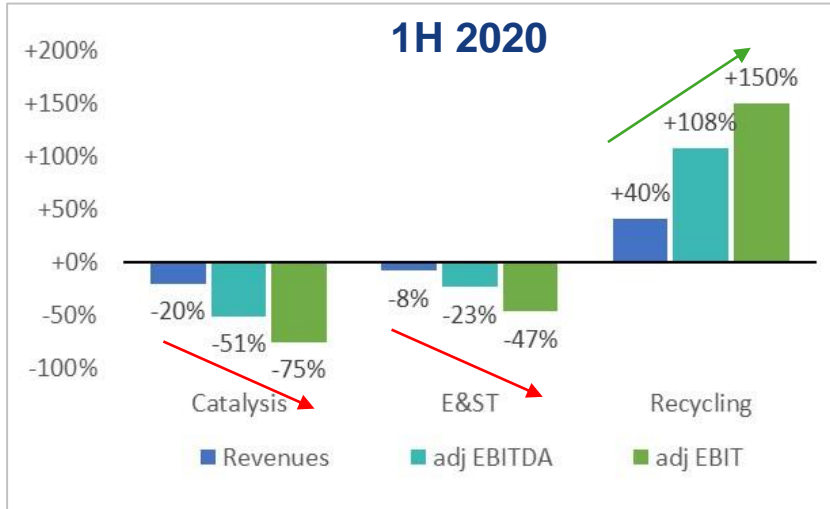
Record adj. EBITDA (€ 804 m) and record adj. EBITDA margin

Strong operating cash flow with highest adjusted EBITDA contribution in history.

Adj. EBITDA up 7 % year on year vs + 5 % for adj. EBIT.

Adj EBITDA margins more resilient across business groups than adj. EBIT.

Pronounced operating leverage effects



Group (YoY delta in %)

| | 1H 2020 | 2H 2020 | FY 2020 |
|-------------|---------|---------|---------|
| Revenues | -4% | -3% | -4% |
| Adj. EBITDA | +5% | +8% | +7% |
| Adj. EBIT | +1% | +9% | +5% |

Full P&L

| Million € | FY 2019 | FY 2020 |
|--|--------------|--------------|
| Adjusted EBIT | 508.9 | 536.4 |
| - Net finance cost | (83.2) | (104.2) |
| - Adjusted Tax | (102.5) | (102.7) |
| Adjusted net result | 323.1 | 329.4 |
| - Minorities | (11.4) | (7.0) |
| Adjusted net result Group share | 311.7 | 322.4 |
| <i>Adjusted EPS</i> | <i>1.30</i> | <i>1.34</i> |
| Adjustments to net result Group share | (23.9) | (191.9) |
| Net result Group share | 287.8 | 130.5 |

Slight increase in Adj. net Group result and Adj. EPS

Higher interest charges mainly due to higher financial debt

Stable adjusted tax charge and stable effective adjusted group tax rate (24.2%)

Substantial adjustments in response to COVID-19

Substantial adjustments to EBIT

| Million € | 1H 2020 | 2H 2020 | FY 2020 |
|--------------------------------------|-------------|--------------|--------------|
| Restructuring-related | (31) | (97) | (128) |
| Selected asset-impairments | (31) | (14) | (45) |
| Environmental | (1) | (55) | (56) |
| Other | (9) | 1 | (8) |
| Total EBIT adjustments | (72) | (165) | (237) |
| Adjusted tax result | 14 | 30 | 44 |
| Adjusted minority result | (1) | 3 | 2 |
| Net adjustments (Group Share) | (58) | (134) | (192) |

- € 237 m EBIT adjustments :

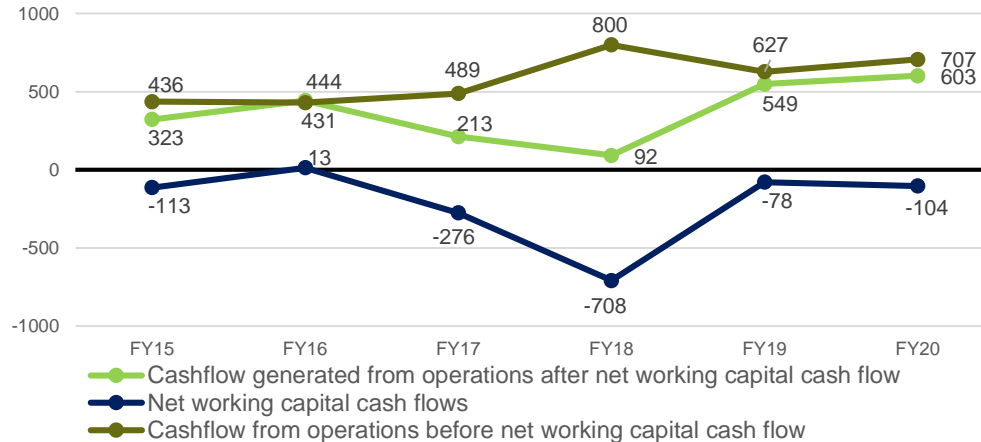
- 1H : concentrated in Catalysis
- 2H : concentrated in E&ST and Recycling
- >50% restructuring-related
- Hoboken green zone provision of € 50 m
- - € 147 m non-cash charges vs - € 90 m (future) cash out
- Net result impact : - € 192 m

• Full year adjustments to EBIT per business group :

- Catalysis : - € 57 m
- E&ST : - € 112 m
- Recycling : - € 51 m
- Corporate : - € 17 m (of which Element 6 : - € 14 m)

Increase in free operating cash flows

million €, continued operations only



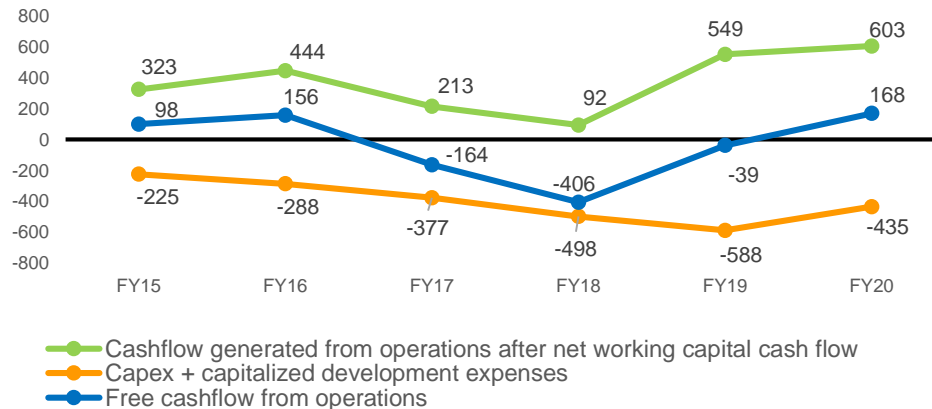
Cash flow from operations before changes in working capital up 13 % at € 707 m

Increase in cash working capital of € 104 m mostly driven by higher PGM prices

Cash working capital increase mostly in Catalysis (Recycling to a lesser extent); decrease in E&ST

Cash flow from operations after working capital up 10 % at € 603 m

million €, continued operations only



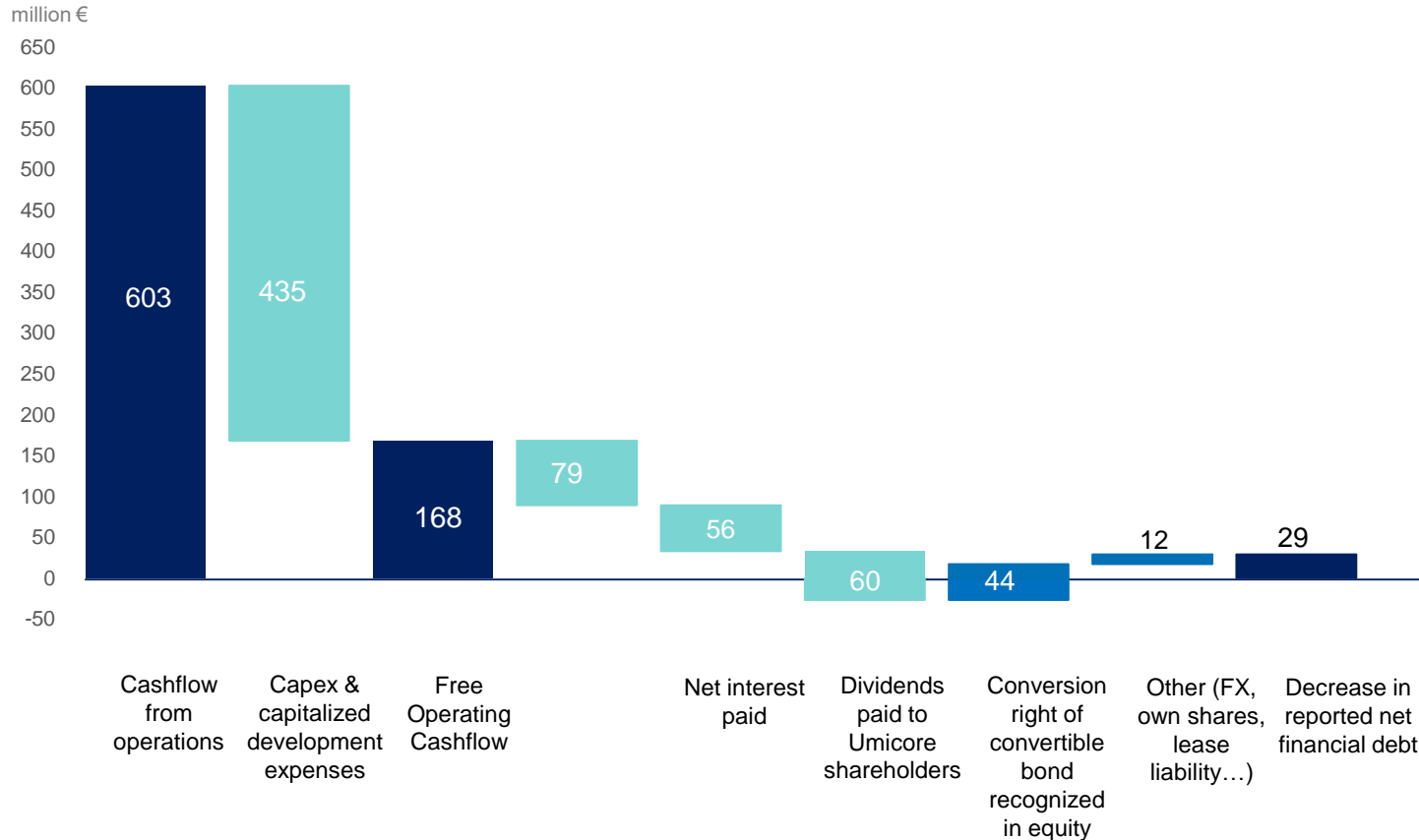
Free cash flow from operations up from - € 39 m in 2019 to € 168 m

Highest amount in recent years

Selective capex spending in view of market context (€ 403 m vs € 553 m in 2019)

*Free cashflow from operations = cashflow generated from operations – capex & capitalized development expenses

Net cash flow bridge



Free operating cashflow of € 168 million resulting in a € 29 million decrease in reported net debt

€ 44 million portion of convertible bond accounted for as equity

Dividend cash out of € 60 m limited to interim dividend payout in H2 20

Further strengthening and diversification of funding base



Harmonize million to m

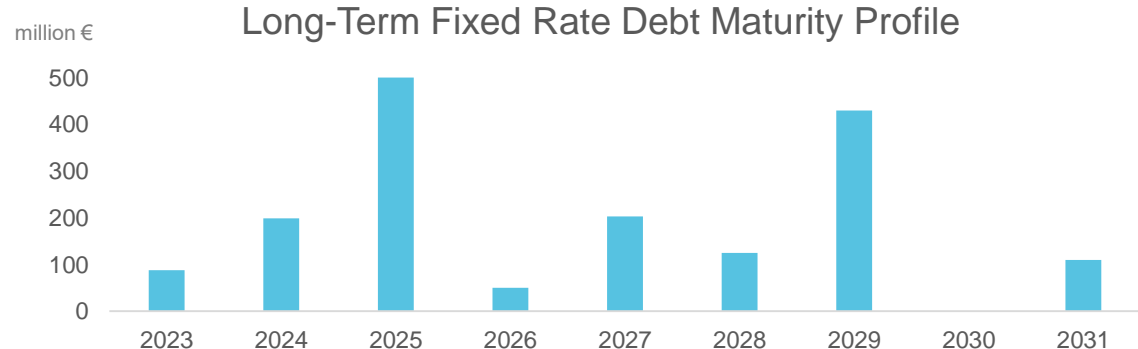
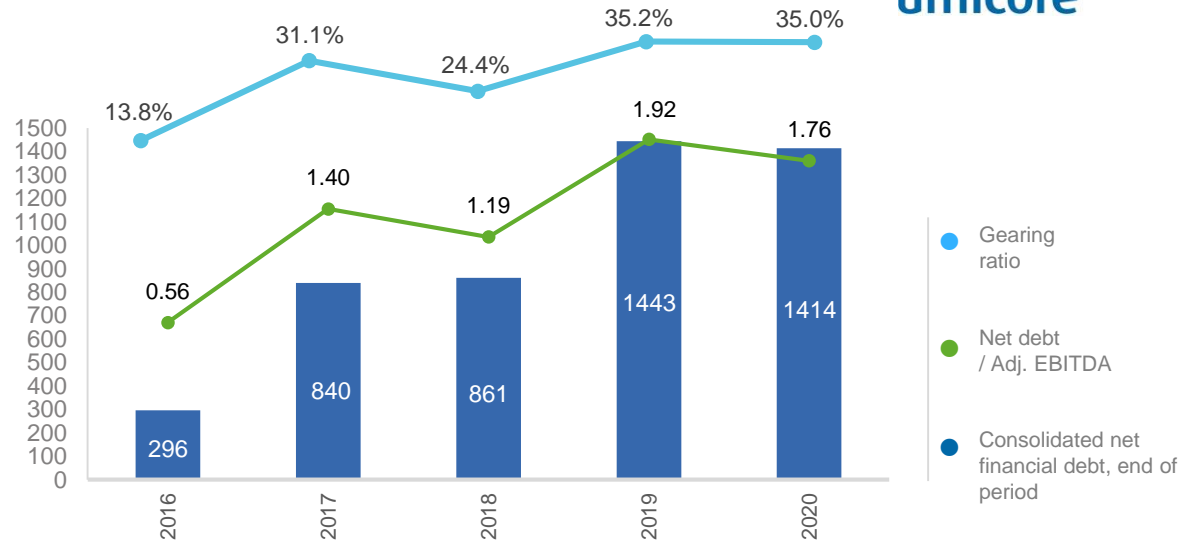
Stable net financial debt of € 1,414 m, slightly below the level of end 2019

Corresponds to robust credit ratios :

- Net debt / Adjusted EBITDA ratio of 1.76x
- Net gearing ratio of 35%

Further diversification of LT funding base :

- € 125 m 8-year EIB loan
- € 500 m 5-year convertible bond





Wrap-up

Wrap-up

Maintaining strategic course and commitment to growth investments in clean mobility and recycling while responding effectively to the COVID-19 crisis

Strongest financial performance ever despite unprecedented conditions

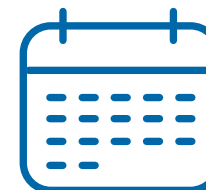
Success of Horizon 2020 strategy, building on complementarity of activities

Umicore's priority remains to keep its employees healthy and safe

Long-term strategic drivers stronger than ever; further progress in execution of growth strategy in 2021

Financial calendar

| | |
|---------------|---|
| 26 March 2021 | Publication of 2020 annual report |
| 29 April 2021 | Annual General Meeting of Shareholders |
| 3 May 2021 | Ex-dividend date |
| 4 May 2021 | Record date for the dividend |
| 5 May 2021 | Dividend payment date |
| 30 July 2020 | Half Year Results 2021 |



[Link to all documents related to Umicore's 2020 FY results](#)

For a glossary of used financial and technical terms please refer to <https://www.umicore.com/en/investors/glossary/>