



umicore
materials for a better life

Half-Year Results 2024

26th July 2024

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This presentation should be evaluated only in conjunction with them.

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Speakers



**Bart
Sap**

Chief Executive Officer



**Wannas
Peferoen**

Chief Financial Officer



Agenda

- 01** Strategic review Battery Materials
- 02** Key figures and HY highlights
- 03** Business review
- 04** Financial review
- 05** Outlook 2024
- 06** Wrap-up
- 07** Q&A

Strategic review

Battery Materials

| 1

Half-Year
Results 2024

Adjusting to new market reality

Challenging market context

Recent significant slowdown in short- and mid-term EV growth projections

OEMs revising speed and regional set-up of electrification plans, resulting in limited short- to mid-term visibility

Immediate actions

- Launch **strategic review** to assess growth projections in Battery Materials beyond 2024
- Strict **capital allocation discipline**:
2024 Group capex < € 650 Mn
- Additional Group-wide **efficiency and cost measures** on top of Efficiency for Growth

Clean mobility remains high on the agenda of policy makers as illustrated by the recently reconfirmed EU Green Deal

Building on existing footprint and projected orderbook

Scenario to realign operations to new market reality:

- At least 18 months delay in ramp-up of customer contracted volumes
- Substantially reduced volume projections reflecting current offtake commitments at take-or-pay thresholds in line with currently confirmed investment waves
- More prudent assumptions on operational cost evolution
- Minimized further expansion of existing footprint in Europe and Korea to serve customers, which implies lower capex spending

Resulting in well-utilized global capacity in the last years of this decade, except for Chinese CAM assets

Impairments across Battery Materials:

- -€ 1.60 billion non-cash adjustment mostly related to impairment of PPE and non-current inventories, mainly in Asia
- € 1.51 billion remaining capital employed in Battery Materials on 30 June 2024
- Battery Materials' EBIT anticipated to be below break-even in 2025 and 2026
- Returns above cost of capital expected in last years of this decade

Ongoing review of medium- to long-term Battery Materials strategy

Comprehensive review to unlock and maximize business value
 Exploring opportunities on top of current scenario
 in close engagements with Umicore's stakeholders
 in particular downstream industry partners

**Capital Markets
 Day in the first
 quarter of 2025**

Guiding principles:

- Maximizing capacity utilization of existing assets, before considering any further expansions
 - Assessing configuration of existing footprint in Asia and Europe as well as expansion to Canada
 - Pending strategic review outcome, delaying spending on CAM plant construction in Canada
- Optimizing the battery materials setup, closely aligned to customers' new growth paths
 - Leveraging strong customer agreements in place and differentiating market position of the EU CAM plant
- Further customer diversification as well as openness to partnerships across the value chain
- Focus on technology, as well as overall operational and cost efficiency

Continued
 commitment to
 strategy execution
 in other activities,
 while implementing
 capital and cost
 discipline

Take-or-Pay mechanism

- 1. Contractual annual offtake volumes agreed upon for the confirmed investment waves**
- 2. Take-or-Pay floor defined as a % of the contractual annual volume**
 - Lower percentage in the ramp-up phase in year 1 from contract's SoP
 - Higher percentage (on average 85%) in the years thereafter
- 3. Annual comparison of actual offtake volume vs ToP floor (in Y+1)**

As a reminder, other contractual guardrails that can be included are fixed pricing for full contract duration, inflation mechanisms, metal price pass-through mechanism or metal consignment by customers.

Key figures and HY highlights | 2

Half-Year
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Performance reflecting softer macro-economic and less favorable metal price context for PGMs

Revenues € 1.8 bn	Free operating cash-flow € 168 mn
Adj. EBITDA € 393 mn	Adj. EBITDA margin 21.8%
ROCE 11.3%	Leverage ratio 1.70x

- **Performance of Umicore's foundation businesses in line with market expectations**, supported by strict cost discipline and efficiency measures
 - **Catalysis**: adj. EBITDA margin of 25.5% and ROCE of 39.9%, supported by a continued improvement in quality of earnings
 - **Recycling**: adj. EBITDA margin of 36.5% and ROCE of 69.0%, despite lower PGM price environment and maintenance shutdown
 - **Specialty Materials**: adj. EBITDA margin of 16.2% and ROCE of 7.9%, reflecting a more challenging market and metal price context in Cobalt & Specialty Materials
- **Efficiency for Growth program well on track**
- **Commitment to strong balance sheet with resilient debt maturity profile**
- **Group adj. EBITDA outlook for the full year 2024 reconfirmed to be within a range of € 760 million to € 800 million**

Revenue:

All revenue elements less the value of the following purchased metals: Au, Ag, Pt, Pd, Rh, Co, Ni, Pb, Cu, Ge, Li and Mn



Business review | 3

Half-Year
Results 2024

BATTERY MATERIALS

Significant pressure on EV supply chains and limited short- to mid-term visibility

Europe's battery industry hit by EV slowdown

Financial Times 8/07/2024

Is the move to electric cars running out of power?

BBC 17/05/2024

More Gas Cars and Trucks, Fewer E.V.s as Automakers Change Plans

New York Times 18/07/2024

Europe's Biggest Electric Car Battery Maker Mulls New Products as Demand Wanes

Bloomberg 23/07/2024

Car sales in Europe decline: Is the future of electric vehicles at stake?

Euronews 19/04/2027

Germany: Drop in electric car sales weakens battery industry

Le Monde 16/07/2024

Why most battery-makers struggle to make money

The Economist 10/07/2024

No, the electric vehicle market isn't crashing. It just needs recharging.

CNN 1/5/2024

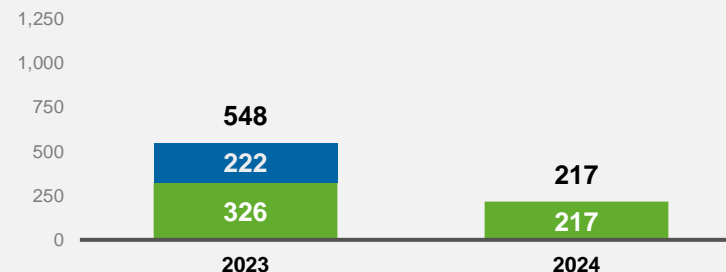
While long-term fundamentals remain in place

Battery Materials H1 2024 | Performance

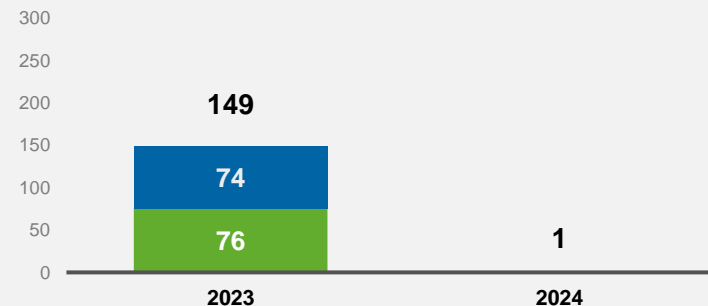
Revenues and adj. EBITDA significantly below the level of the previous year

- Revenues down 33% Y-o-Y driven primarily by lower non-recurring lithium effect. Sales volumes of cathode materials broadly in line with the level of H1 2023
- Adj. EBITDA close to break-even:
 - Costs related to greenfield investments in Poland and Canada;
 - Unfavorable comparison with H1 23, marked by a substantial positive one-off
- Capex € 169 million, well below H1 2023
- Adjustments of -€ 1.6 billion (non-cash), reflecting primarily impairment of PPE and non-current inventories, mainly in Asia

Revenues (€ mn)



Adj. EBITDA (€ mn) & EBITDA margin



● H2
● H1

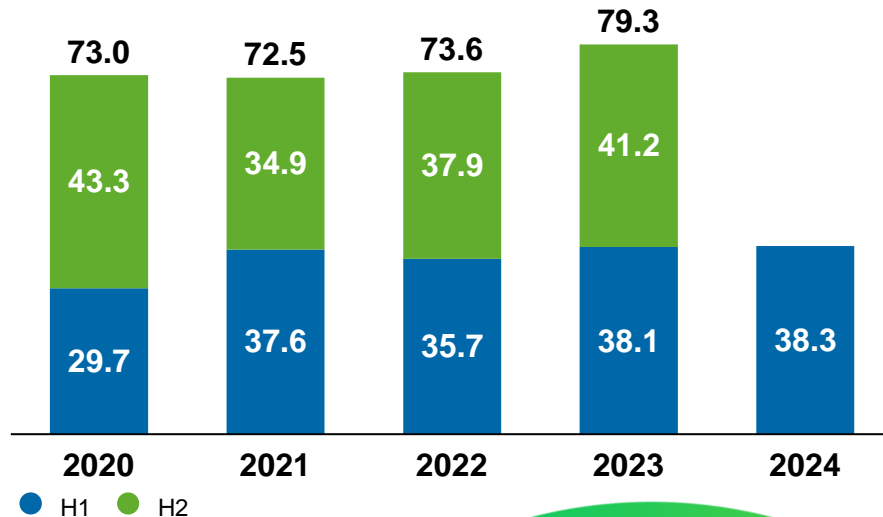
CATALYSIS



Catalysis H1 2024 | Market context

Stable light-duty ICE production, masking contrasting developments worldwide

Annual global ICE passenger car production
(millions)



- **LDV ICE production**

- China +6.1%
- America -0.4%
- W. Europe -2.9%
- Japan/Korea -7.3%

- **Substantial decline in EU HDD production (-13%); muted HDD production in China (+4%)**

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Source: IHS & Umicore

ICE Internal Combustion Engine
LDG Light-Duty Gasoline
HDV Heavy-Duty Vehicles

Catalysis H1 2024 | Performance



Adj. EBITDA reflecting strict cost discipline and efficiency measures

Automotive Catalysts

- Lower revenues reflecting reduced sales in LD and HD applications
- Higher earnings despite revenue and metal prices headwinds, driven by better mix and efficiency gains
- R&D streamlined in response to the evolving ICE market and less stringent Euro-7 emission standards

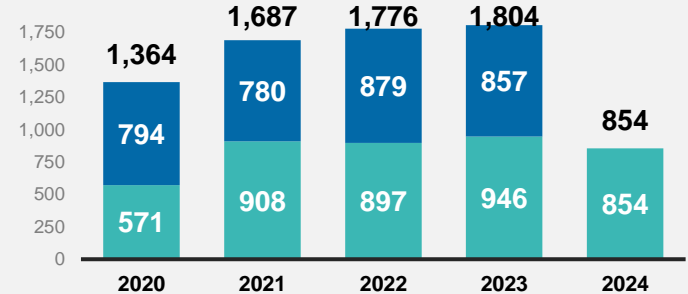
Precious Metals Chemistry

- Lower revenues: reduced orders for homogenous catalysts only partially mitigated by increased demand for inorganic chemicals. Impact of lower PGM prices mitigated by strategic hedges

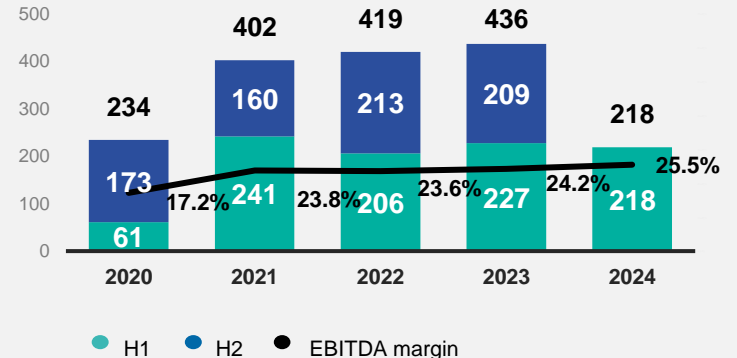
Fuel Cell & Stationary Catalysts

- Lower revenues reflecting reduced demand for fuel cell catalysts in Asia
- More pronounced decrease in earnings reflecting ongoing construction of the Changshu plant, China, progressing well

Revenues (€ mn)



Adj. EBITDA (€ mn) & EBITDA margin



RECYCLING

Recycling

Battery Recycling Solutions

Postponing decision to invest in a large-scale European battery recycling plant with start of production anticipated in 2032 at the earliest

Given :

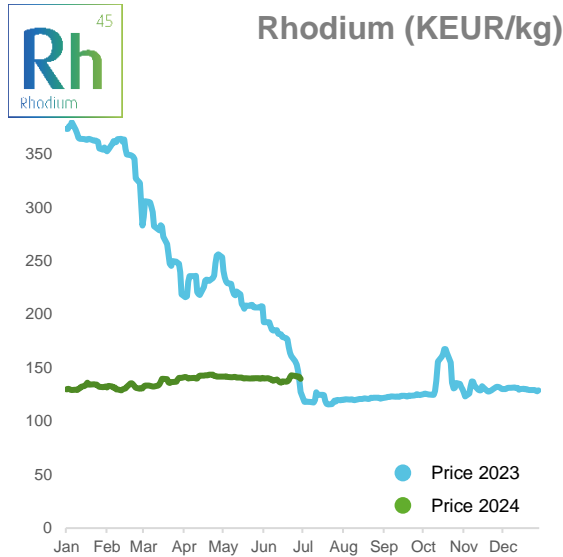
- The slowdown in EV sales:
 - lower availability of battery scraps
 - delayed influx of end-of-life batteries
- Longer useful life of batteries

Immediate focus is on the first industrial deployment of the pilot plant's technology and processes in Belgium

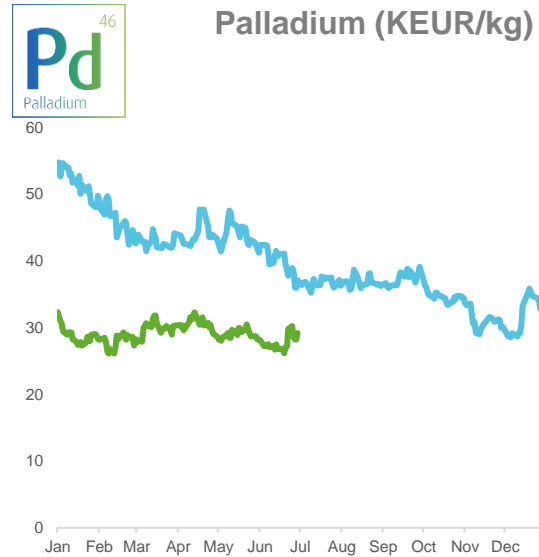
Battery recycling remains a cornerstone for sustainable electrification in the automotive sector, providing essential recycled metals for eco-friendly and closed-loop battery production

Recycling H1 2024 | Market context

Substantially declining PGM prices



Av. H1 2023	268 K€/kg
Av. H1 2024	137 K€/kg
Delta	-48.8%



Av. H1 2023	44.9 K€/kg
Av. H1 2024	29.0 K€/kg
Delta	-35.3%

Recycling H1 2024 | Performance



Revenues -13% and adj. EBITDA -16% reflecting less supportive precious metal price environment

Precious Metals Refining

- Lower revenues reflecting unfavorable PGM price environment and planned maintenance shutdown
- Earnings slightly higher Y-o-Y driven by efficiency measures and reduced energy costs
- Supply mix broadly stable

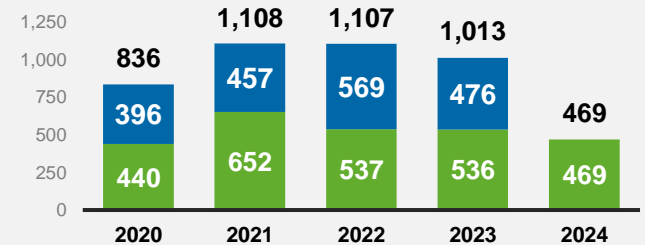
Jewelry & Industrial Metals

- Stable revenues on like-for-like basis; higher earnings reflecting cost efficiency measures

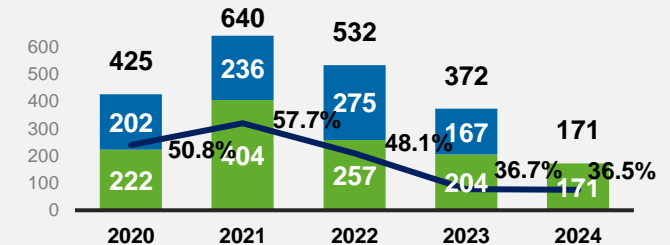
Precious Metals Management

- Earnings significantly lower due to unfavorable PGM price environment, especially for rhodium

Revenues (€ mn)



Adj. EBITDA (€ mn) & EBITDA margin



● H2 ● EBITDA margin
● H1



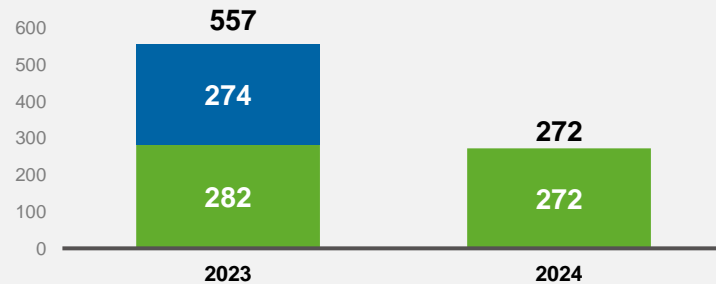
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SPECIALTY MATERIALS

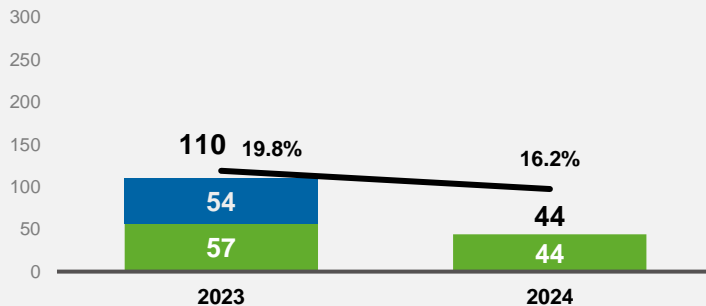
Specialty Materials H1 2024 | Performance

Revenues -4% and adj. EBITDA -22%, reflecting challenging market environment in Cobalt & Specialty Materials

Revenues (€ mn)



Adj. EBITDA (€ mn) & EBITDA margin



● H2 ● EBITDA margin
● H1

Cobalt & Specialty Materials

- Revenues slightly below H1 2023; continued competitive environment impacting Co & Ni activities
- Earnings reflecting primarily impact of lower distribution margins in cobalt chemicals and low cobalt margin

Metal Deposition Solution

- Revenues roughly stable vs. H1 2023; solid demand for semiconductors used in microelectronics and precious metals connectors for electronic applications offsetting lower revenues in decorative applications

Electro-Optic Materials

- Revenues increased vs. H1 2023 reflecting higher revenues from germanium solutions more than offsetting lower demand for optic fibers and production backlog in infra-red solutions.
- Signing of long-term partnership with STL on the refining of germanium

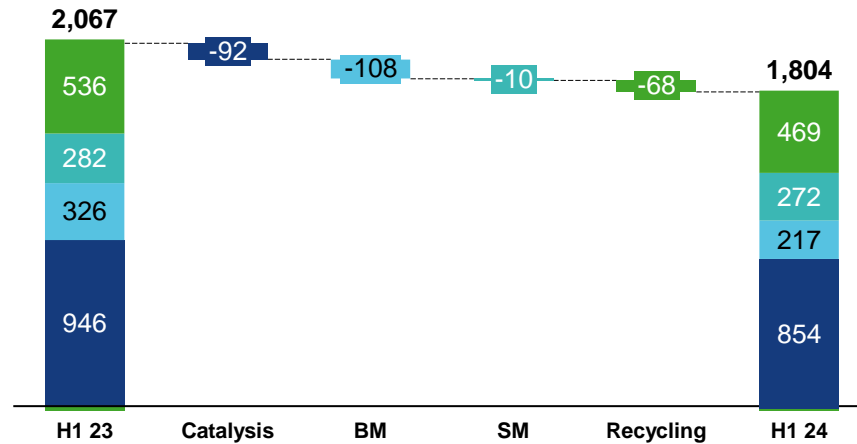


Financial review | 4

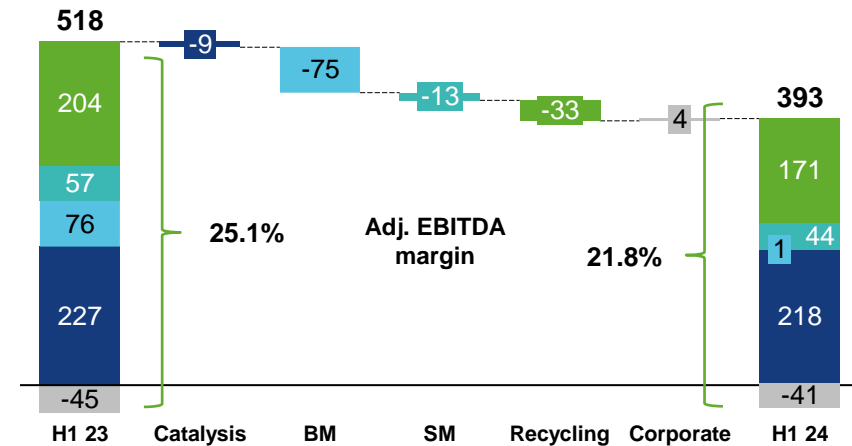
Half-Year
Results 2024

Efficiency and PGM hedges partly offset market headwinds

Revenue bridge (€ mn)



Adj. EBITDA bridge (€ mn)



- Catalysis impacted by less favorable LDV customer mix and a more difficult HDD market in Europe and China
- Battery Materials impacted by absence of exceptional lithium margin in Y-o-Y comparison
- Recycling reflecting less favorable PGM price environment

Efficiency for Growth on track, over half delivered in H1 2024
Additional cost measures being introduced

Consolidated P&L

Net result affected by non-cash impairment

€ million	H1 23	H1 24
Adjusted EBITDA	519	393
- Depr. & Amortization	(145)	(152)
Adjusted EBIT	373	241
- Adj net finance cost	(65)	(56)
- Adjusted Tax	(78)	(67)
Adjusted net result	230	118
- Minorities	(3)	(0)
Adjusted net result Group share	233	118
<i>Adjusted EPS</i>	<i>0.97</i>	<i>0.49</i>
Adjustments to EBIT(DA)	(13)	(1,662)
Adjustments to net result Group share	(10)	(1,590)
Net result Group share	223	(1,472)

- Decrease in adj. net finance cost, reflecting higher financial income on cash & deposits
- Lower adj. tax charges from lower taxable profit against higher adj. effective Group tax rate (36.3% vs 25.5%)
- Adj. net result attributable to shareholders down to € 118 million, resulting in a € 0.49 adjusted EPS

Consolidated balance sheet

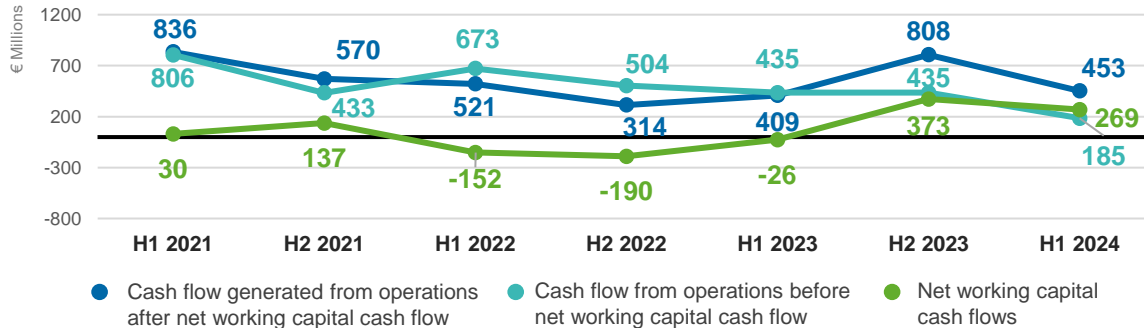
Strong balance sheet

€ million	31/12/2023	30/06/2024
Non-current assets	4,155	3,321
Property, plant and equipment	3,037	2,185
Current assets	5,811	4,906
Inventories	2,850	2,359
Cash and cash equivalents	1,515	1,300
Total assets	9,966	8,227
Equity of the Group	3,697	2,011
Non-current liabilities	2,672	2,528
Financial debt	2,019	1,808
Current liabilities	3,596	3,688
Financial debt	729	903
Trade and other payables	2,591	2,536
Total equity & liabilities	9,966	8,227

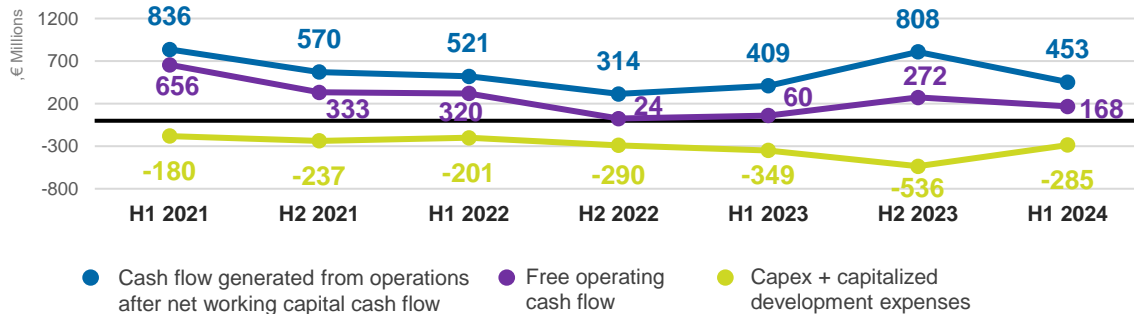
- PPE, inventories and equity impacted by the H1 2024 Battery Materials impairment and write-down
- Strong cash position
- Net gearing ratio at 41.6%

Solid free operating cash flow

Operating cash flow breakdown



Free operating cash flow breakdown



- Group-wide focus on **working capital** improvement, resulting in a **€ 269 million reduction**, in particular in Catalysis and Recycling
- Cash flow from operations after changes in working capital increased to **€ 453 million**
- **Capex**, incl capitalized development expenses, **reduced to € 285 million**
- **Solid free operating cash flow at € 168 million**

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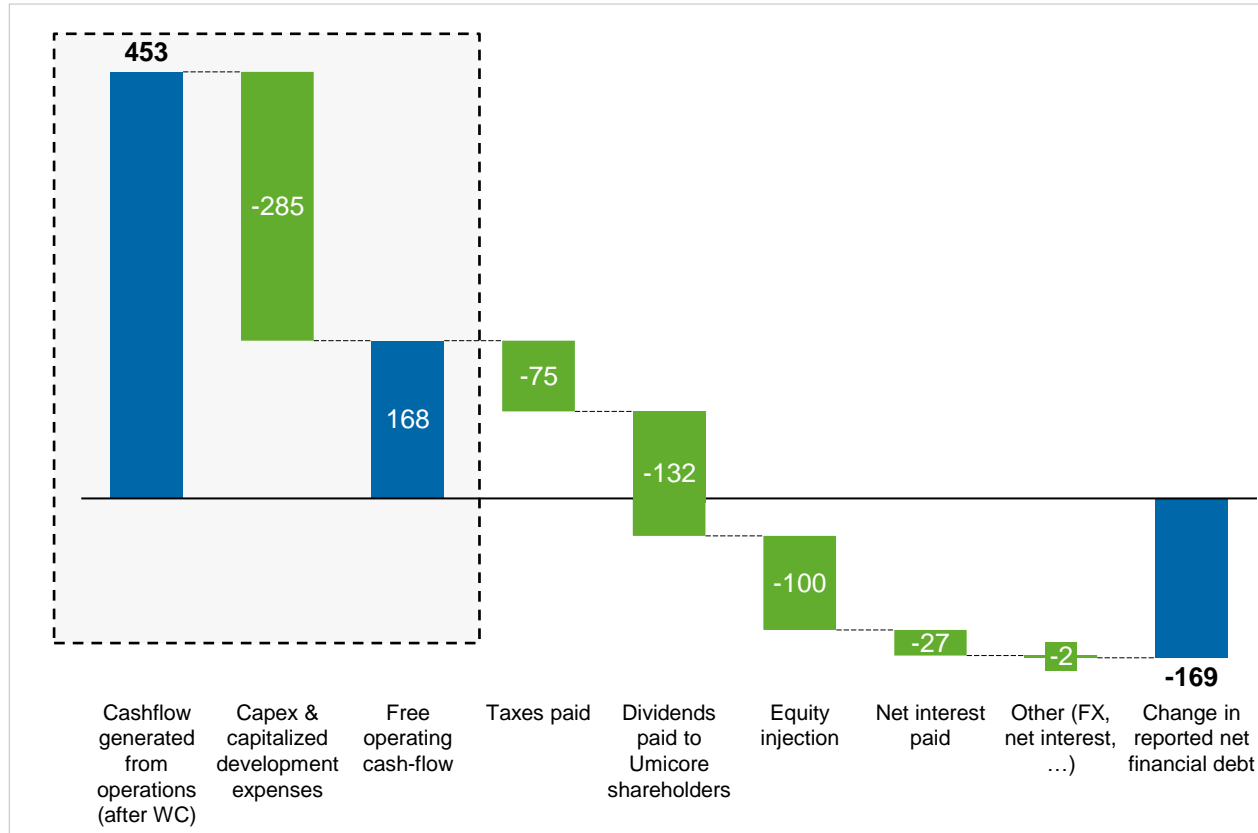
Free cash flow from operations = cash flow generated from operations – capex & capitalized development expenses

Net financial debt

Leverage ratio of 1.70x LTM adj EBITDA



Net cash flow bridge (€ mn)

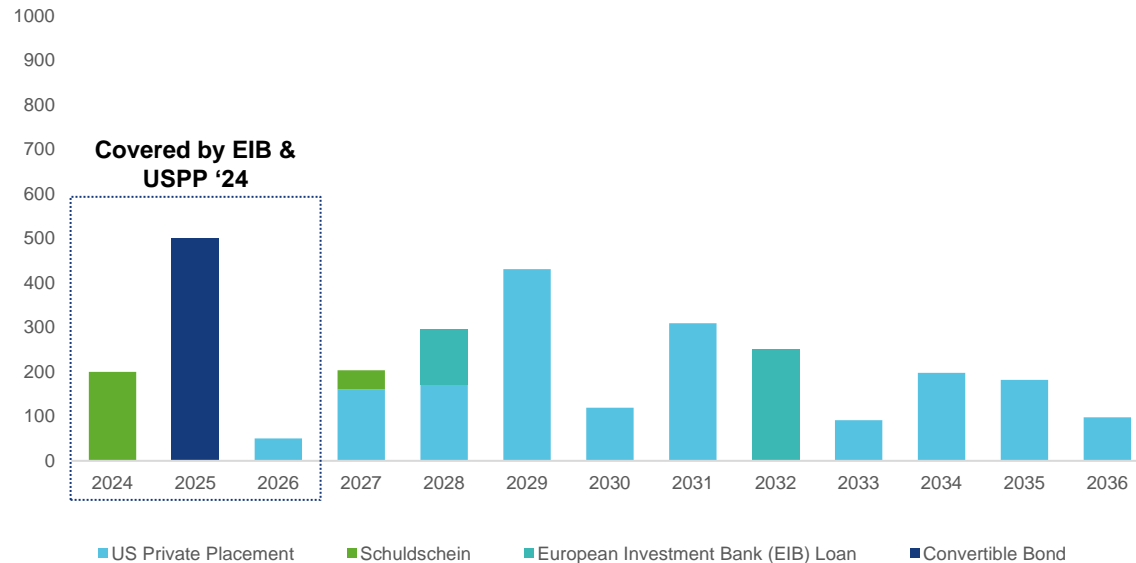


- Net financial debt of € 1.4 bn
- Leverage ratio of 1.70x LTM adj EBITDA

- Strong Free Operating Cash Flows partially covers other cash out items
- Resulting in an € 169 mn increase of net financial debt to € 1,434 mn

Well-balanced debt maturity profile

Maturity profile as per 30/06/2024¹ (€ mn)



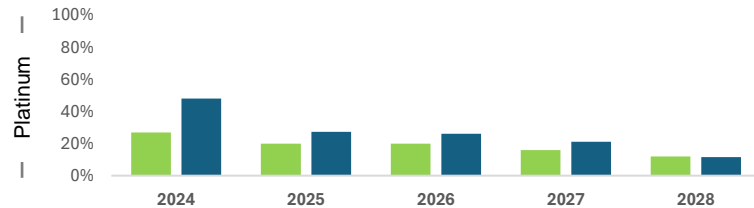
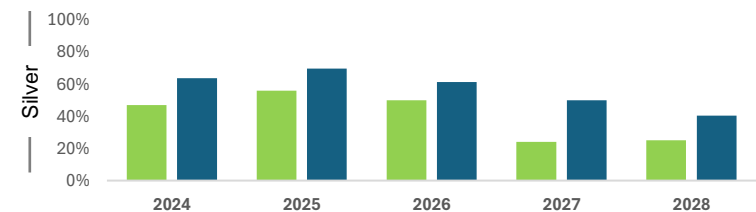
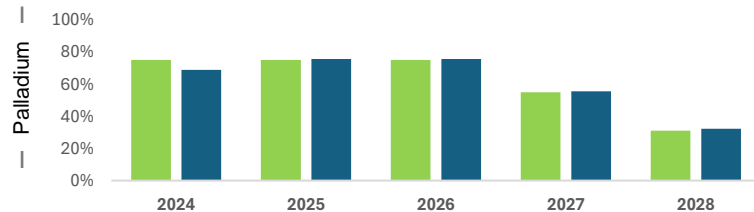
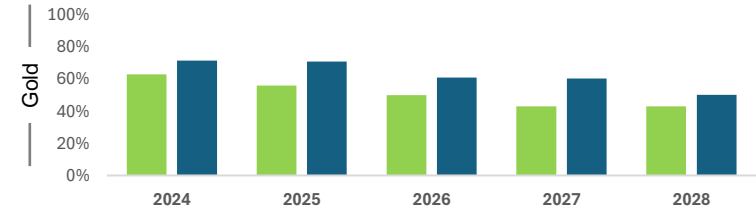
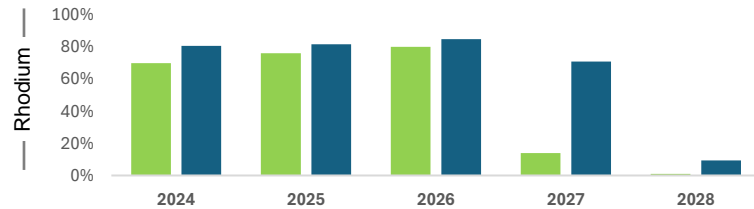
¹ Incl. USPP '24, drawn in July 2024

- €1.3bn cash position end-June
- € 1.1 bn of committed bank facilities (fully undrawn), half of which recently renewed

- Diversified long-term funding instruments
- € 2.7bn gross debt, with long-term debt being fixed-rate
- Phased maturity profile with a 5.6 years weighted average duration
- **Maturities until 2027 covered by debt contracts concluded in H1 2024**

Hedging of strategic metals exposure

Increase visibility and reduce volatility of future earnings



● Hedged position at 31/12/2023 ● Hedged position at 30/06/2024

- Further strengthening our strategic metal hedging approach to reduce volatility, increase visibility of future cash flows and protect future earnings from exposure to specific precious metal prices
- Substantial portion of our expected structural price exposure covered up to 2028



Outlook 2024 | 5

Half-Year
Results 2024

Outlook 2024

Based on the performance in the first half of the year and assuming precious metal prices remain at current levels for the remainder of the year, Umicore reconfirms that it anticipates 2024 Group adj. EBITDA to be within a range of € 760 million to € 800 million.



Volumes for **Battery Materials** are anticipated to be equal to, or slightly below, the level of last year. Umicore expects adj. EBITDA in 2024 for this Business Group to be around break-even, including a positive one-off of c. € 50 million.



Automotive Catalysts will continue to benefit from its strong market position in gasoline applications and further efficiency improvements. Considering the current strategic metal hedges and the impact of efficiency measures, it is expected that the adj. EBITDA of the Business Group **Catalysis** in 2024 will be in line with the level of the previous record year, despite the lower PGM price environment.



Assuming that current metal prices continue to prevail throughout the year and taking into account the current strategic metal hedges, it is expected that the 2024 adj. EBITDA of the **Recycling** Business Group will be below the level of the previous year, in line with current market expectations¹.



Revenues and earnings of the Cobalt & Specialty Materials business unit will continue to be impacted by the challenging market environment, Umicore expects adj. EBITDA in the Business Group **Specialty Materials** for the full year 2024 to be below the level of the previous year and below current market expectations².

Corporate costs are anticipated to be roughly in line with previous year

Capital expenditures for the full year 2024 will be below € 650 million

¹ VARA consensus as at July 25th, 2024. Consensus adj. EBITDA for Recycling in 2024 amounted to € 324 million at the time of this publication.

² VARA consensus as at July 25th, 2024. Consensus adj. EBITDA for Specialty Materials in 2024 amounted to € 109 million at the time of this publication.



Wrap-up | 6

Half-Year
Results 2024

**Adjusting to
new market
reality in
Battery
Materials**

**Thorough
strategic review
in Battery
Materials**

**Strong
fundamentals to
build on**

**Repositioning
to seize new
opportunities**

Capital Markets Day in Q1 2025



Q&A | 7

Half-year
Results 2024

Thank you!

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Glossary

Adjusted EBIT	EBIT - EBIT adjustments including total other income, income taxes, depreciation and amortization, and excluding non-recurring, irregular and one-time items
Adjusted EBIT margin	Adjusted EBIT of fully consolidated companies / revenues excluding metals
Adjusted EBITDA	Adjusted EBIT + adjusted depreciation and amortization of fully consolidated companies
Adjusted items	<p>Adjusted items are the items that are considered by management not to relate to items in the ordinary course of activities of the Group. They are presented separately as they are important for the understanding of users of the consolidated financial statements of the performance of the Umicore Group.</p> <p>Adjusted items relate to:</p> <ul style="list-style-type: none">• Restructuring measures,• Impairment of assets, and other income or expenses arising from events or transactions that are clearly distinct from the ordinary activities of the company,• Sale of business activities or environmental provisions related to historic pollution and environmental remediation of closed sites
Average capital employed	For half years: average of capital employed at start and end of the period; For full year: average of the half year averages
Average number of shares outstanding	<ul style="list-style-type: none">• Basic: average number of outstanding shares• Diluted: average number of outstanding shares + number of potential new shares to be issued under the existing stock option plans x dilution impact of the stock option plans
Closed loop	For Umicore a “closed loop” involves taking back secondary materials from customers (e.g. production residues) or End-of-Life materials (e.g. used mobile phones, automotive catalysts). The recovered metals are then fed back into the economic cycle
Effective adjusted tax rate	Adjusted tax charge / adjusted profit (loss) before income tax of fully consolidated companies
Return on capital employed (ROCE)	Adjusted EBIT / average capital employed
Revenues (excl. Metals)	All revenue elements less the value of the following purchased metals: Au, Ag, Pt, Pd, Rh, Co, Ni, Pb, Cu, Ge and also incl. Li, Mn as of 2021. In order to neutralize distortions from fluctuating metal prices and precious metal prices in particular, Umicore uses revenues excluding the value of purchased metals rather than turnover (which include the value of the purchased metals) to track its performance. This is an industry practice followed by direct peers with similar activities.

Financial calendar

19 August 2024

Ex-interim dividend trading date

20 August 2024

Record date for the interim dividend

21 August 2024

Payment date for the interim dividend

14 February 2025

Full-year results 2024

