

TRADING UPDATE Q3 2007

Highlights

Umicore's businesses continued to perform well in the third quarter. Overall revenues were up by 9% compared with the same period in 2006.

- Revenues in Advanced Materials were up by 3%, with germanium semi-conductor substrates recording the strongest growth.
- Good growth was experienced in the Precious Metals Products and Catalysts business with revenues up by 12%, despite lower sales volumes in North America for Automotive Catalysts.
- Revenues in Precious Metals Services were 1% down, with market conditions remaining strong.
- Zinc Specialties revenues were 25% up as a result of higher premiums in Zinc Chemicals

Positive operating cash flows in the period were supplemented by a reduction in working capital requirements.

Some €120 million worth of Umicore shares have been purchased as part of the company's announced €150 million share buy-back programme. Umicore intends to complete the remaining purchases in the coming weeks.

The acquisition of Delphi Catalysts was closed on 29 September and the integration of the operations is progressing smoothly.

Nyrstar was floated on 29 October. The proceeds for Umicore from the operation (net of transaction costs) are expected to be approximately €680 million, potentially rising to €780 million should the greenshoe option be fully exercised.

Outlook

Umicore confirms its expectation for full year recurring EBIT for continued operations in the range of €345 million to €365 million.

This compares with 2006 recurring EBIT of € 329.4 million

Note : All the comparisons are made with the third quarter 2006 unless mentioned otherwise.

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ADVANCED MATERIALS

Revenues were up by 3%, corrected for the move of Zinc Battery Materials to Zinc Specialties.

Cobalt & Specialty Materials

In **Rechargeable Battery Materials** sales of lithium cobaltite have remained stable through the year but were slightly lower in the third quarter than in the very strong corresponding period in 2006.

In **Tool Materials** the business recorded steady volume growth, largely due to continued strong demand from tool producers in Europe and Asia. Overall premiums were also better year-on-year.

The **Ceramics and Chemicals** activities continued to perform strongly across most product and service areas. Lower levels of imports from China into Europe meant that sales volumes and premiums for cobalt products used in ceramics improved year-on-year. The acquisition of Corn. Van Loocke is scheduled to close in the course of November.

Electro-Optic Materials

Sales of **Substrates** continued to outstrip the levels of 2006. This is not only due to higher activity levels in the space sector but also due to the continued substitution of silicon-based solar cells for those based on germanium by the world's satellite manufacturers. The use of germanium substrates continues to grow in new applications.

In **Optics**, sales of germanium blanks improved further, especially as a result of higher demand from European customers. Sales of GASIR[®] optical assemblies were stable.

Umicore's ability to recycle germanium residues is becoming an increasingly important consideration for customers as the germanium price continues to rise.

Element Six Abrasives

Sales volumes and prices for diamond grit were down year-on-year. Sales of more advanced products for metalworking applications remained stable in the key automotive and machining markets. Demand from the oil and gas industry showed continued strength and the smaller woodworking segment also grew, in line with the global construction sector.

The contribution was affected negatively by the weakening of the U.S. dollar.

PRECIOUS METALS PRODUCTS & CATALYSTS

Revenues in Precious Metals Products and Catalysts were up by 12%.

Automotive Catalysts

Car production in North America slowed, following the inventory build in the first half. Umicore's operations also started to feel the impact of the previously announced volume reductions linked to the phasing out of one of its customers' platforms. As a result of recent awards, the North American business will see a full recovery by mid-2009.

In Europe, despite flat overall sales of light-duty vehicles, Umicore continued to perform well. This was the result of a good platform mix and the growing voluntary take-up of DPFs.

The volumes delivered by the Chinese operations continued to grow strongly. In Korea, the performance of Umicore's joint venture benefited from highly supportive market conditions coupled with its ability to offer a full technology range to local OEMs. The performance in the South American market was stable.

The acquisition of Delphi's automotive catalyst business was completed as expected on 29 September. The purchase price paid was USD 66 million, which differs from the originally agreed price of USD 75 million due to working capital and other closing adjustments. A final adjustment will be completed in the fourth quarter. The integration of the operations is proceeding swiftly.

Catalyst Technologies

Revenues in **Precious Metals Chemistry** continue to grow. The investment to further grow the business in Argentina will be finalized by 2008.

Umicore as well as its joint-venture SolviCore intensified their collaboration on promising **Fuel Cells** developments with the major automotive customers.

Technical Materials

Sales volumes for **Contact Materials** grew although there was some pressure on pricing. The volumes benefited from a broader global presence, especially in North America. The consolidation of the U.S. operations at the recently acquired site in Glens Falls has been completed.

BrazeTec recorded strong sales and stable margins. Good volume growth was recorded by the Chinese operations, mainly in the heating and ventilation segment, while the German based operations benefited from general growth in industrial demand. Sales of higher value-added brazing pastes and silver alloys grew further.

In **Platinum Engineered Materials** Sales of platinum equipment for the production of high quality glass were weaker than the comparable quarter in 2006. This is linked to the uneven, project-based pattern of orders through the year. On a year-to-date basis sales volumes are higher and revenues remain strong, despite currency headwinds. The previously announced precious metals free catalysts for the abatement of N₂O (nitrous oxide) have received a positive initial reaction from customers

Sales volumes in **Electronic Packaging Materials** increased compared to the equivalent period in 2006. The business line benefited from its leading position in die-attach products for power electronics and was also able to grow its position in Hermetic Sealing Materials (HSM) in North America and Asia.

Jewellery & Electroplating

The positive trends seen in the first half continued in **Jewellery & Industrial Metals**. Demand for silver products in Europe remains buoyant and sales, particularly of silver coin blanks, were well up year-on-year. Sales of gold products for jewellery applications continued to grow steadily.

The **Electroplating** business continued to show good growth in revenues. Sales of gold and platinum electrolytes for industrial use, as well as rhodium products for decorative applications developed positively. The capacity expansion investment for high temperature electrolysis products based on platinum remains on course for completion in 2008.

Thin Film Products

The **Optics and Wear Protection** activities recorded lower sales than in the first part of the year but remained well ahead of the previous year, primarily due to the integration of the Chinese optics operations.

Sales of **Electronics and Data Storage** products were slightly up compared with the previous year with a continued positive evolution in electronics more than offsetting sustained weakness in data storage.

In **Displays**, sales volumes of ITO targets were well up year on year but this could not compensate for significantly lower margins.

PRECIOUS METALS SERVICES

Revenues in Precious Metals Services were down by 1%.

Precious Metals Refining

The business unit continued to perform strongly, in line with the trends seen from the third quarter of 2006 and through the first half of 2007. The prices of the metals recovered by the Hoboken operation generally remained strong. The price of platinum increased, driven by a reduced supply of primary concentrates linked to mining issues in South-Africa.

Commercial conditions for the treatment of secondary materials remained buoyant, in line with the high demand for recycling in the current metal price environment. The intake of electronic scrap remained at a very high level. The supply of spent automotive catalysts continued to grow and additional leverage was obtained from Umicore's own collection network for this type of end-of-life material.

The investment in the new precious metals concentration operation is progressing according to plan.

Precious Metals Management

Sales and leases of physical metal increased year-on-year, reflecting the continued strong industrial demand for precious metals. Prices, notably of silver, gold and platinum increased further during the quarter. Deliveries of investment bars increased as investors sought the security of physical metal. The price volatility supported the performance of the trading activities, although not to the same extent as the corresponding period in 2006.

ZINC SPECIALTIES

Revenues in Zinc Specialties were up by 25%, corrected for the move of Zinc Battery Materials from Advanced Materials.

Zinc Chemicals

Sales volumes of fine zinc powders were below the levels in the corresponding period of 2006, particularly for paint-grade products. This was mainly due to a slow-down in demand from customers in Asia. Premiums remained well above the levels of 2006, more than compensating for the reduction in volumes. Sales volumes of zinc oxide were slightly higher than those of the previous year, while premiums for oxides in general remained high.

The titanium-oxide nano-powders activity (used for UV protection in skincare products), which was previously part of Umicore's R&D Venture Unit, will henceforth form part of the Zinc Chemicals business scope.

Building Products

Sales volumes recovered to the levels of the previous year after a very slow first half. Year-to-date sales volumes remained well below those of 2006. Although the zinc price decreased somewhat during the quarter, the volatility of the price movements were detrimental to the overall commercial conditions experienced by the business. In terms of product mix, the increased focus on higher value-added products continued.

Zinc Battery Materials

Overall sales volumes were well up, primarily due to increased sales from the European operation. The product mix was also better year-on-year leading to improved premiums. Sales volumes from the Chinese operation were slightly up but premiums were somewhat lower as a result of the reduction in export business.

CORPORATE ITEMS

Discontinued operations

Proceeds to Umicore of the IPO of Nyrstar are expected to be approximately €680 million (net of transaction costs). This would rise to €780 million should the greenshoe option be fully exercised. These proceeds are expected to lead to a net capital gain of somewhat more than €380 million (somewhat more than €440 million if the greenshoe option is fully exercised).

The impact of the unwinding of the residual zinc hedges that were previously part of Umicore's Zinc Alloys business is some €66 million. This unwinding operation has now been completed although it is only expected that some €25 million will be paid out in 2007. The remainder will be paid out in 2008, in line with the maturity dates of the unwound hedge contracts.

Share buy-back

As at 29 October Umicore has completed €120 million of its previously announced €150 million share buy-back programme. The number of shares currently held in treasury by the company stands at 1,421,517 or 5.45% of the total shares outstanding. It is Umicore's intention to complete the share buy-back programme in the coming weeks.

In the light of the proceeds to be received from the Nyrstar IPO, Umicore will be looking at further avenues in order to optimize the company's capital structure.

Cash flows and debt

Umicore generated positive cash flows in the third quarter as a result of strong operational performance and a reduction in working capital requirements. The company also contributed €93 million of its financial debt to Nyrstar.

For more information

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Umicore profile

Umicore is a materials technology group. Its activities are centred on four business areas: Advanced Materials, Precious Metals Products and Catalysts, Precious Metals Services and Zinc Specialties. Each business area is divided into market-focused business units.

Umicore focuses on application areas where it knows its expertise in materials science, chemistry and metallurgy can make a real difference, be it in products that are essential to everyday life or those at the cutting edge of new technological developments. Umicore's overriding goal of sustainable value creation is based on this ambition to develop, produce and recycle materials in a way that fulfils its mission: materials for a better life.

The Umicore Group has industrial operations on all continents and serves a global customer base; it generated a turnover of € 8.2 billion (€ 1.7 billion excluding metal) in 2006 and currently employs some 14,000 people.

A conference call and audio webcast will take place today at 09h30 CET in Brussels.

LIVE WEBCAST

The audio webcast can be accessed via following link:

<http://wcc.webeventservices.com/view/wl/r.htm?e=96565&s=1&k=95ECAE3527865BBEC1D89EBFE33561E8&cb=genesys>

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For Q&A: Please press the number 1 on your telephone keypad to register for a question and the hash or pound key to withdraw a question during the Q&A session.

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