

TRADING UPDATE Q3 2008

Highlights

Umicore has continued to perform at a high level, posting 20% revenue growth in the third quarter:

- Advanced Materials revenues were up by 30% with growth recorded in all business units.
- In Precious Metals Products and Catalysts revenues grew by 17%, (4% excluding the impact of the Delphi acquisition), with good growth in the precious metal products businesses.
- Revenues were up by 37% in Precious Metals Services as supportive supply conditions and strong operational yields were complemented by the benefits of the recently completed flow-sheet improvements.
- In Zinc Specialties revenues were down 1% with a satisfactory performance in all units.

Net debt was reduced by some €100 million during the quarter.

Outlook

Although signs of slower demand in several product areas have become apparent in recent weeks, the company still expects the full year recurring EBIT to stay within the previously announced range of €385 million to €405 million.

Note: All comparisons are made with the third quarter of 2007, unless mentioned otherwise.

ADVANCED MATERIALS

Cobalt & Specialty Materials

Sales volumes of cathode materials for Li-ion rechargeable batteries were well up year-on-year and at similar levels to the first two quarters of 2008. Customer demand has recently shown signs of weakening in the face of less supportive consumer demand for portable electronics. Sales of new-generation cathode material continued to grow well and the Asian capacity expansion programme for these materials is fully on track.

Sales volumes of extra-fine cobalt powders for tooling applications were lower year-on-year although average premiums remained satisfactory. Sales of cobalt and nickel products for ceramic, chemical and plating applications were above prior year levels but were below the levels seen in previous quarters, particularly in the US market. The revenues from the refining and recycling activities remained strong but were lower than previous quarters as a result of a seasonally lower throughput and a lower cobalt price.

Earlier this month Umicore was nominated as one of Europe's most innovative clean tech companies for its promising battery recycling activity.

Electro-Optic Materials

Sales volumes of germanium substrates remained at the high levels seen in the first semester and above the levels of the previous year. The main growth driver has been the continued increase in demand for germanium substrates for space applications, bolstered by growing demand for terrestrial photovoltaic and to a lesser extent for LED applications. Sales of germanium blanks for infra-red optics applications were above prior year levels while the number of GASIR-containing optical assemblies sold for automotive night vision systems was down. The demand for recycling activities was particularly strong as a result of the high germanium price.

Thin Film Products

The business unit recorded strong growth in all its activities. Year-on-year, sales of targets and materials used in optical and micro-electronic applications increased, while sales of higher added value rotary ITO targets to the photovoltaic industry also grew year-on-year.

Element Six Abrasives

Sales volumes of products for oil and gas applications were up, benefiting from the high levels of activity in the oil and gas sector. Sales of products for wood and metalworking were up slightly, although the reduced activity in the construction and automotive industries began to affect sales late in the quarter. Sales of hard metal products were stable. Sales volumes of diamond grits were well down, although the price erosion in this product category showed signs of easing somewhat.

PRECIOUS METALS PRODUCTS & CATALYSTS

Automotive Catalysts

Global car production was down by some 2% in the third quarter. The US market dropped by 19 % while European production fell by 1%, primarily due to lower US-driven export demand. Growth in the Asian market - the driver of global growth in previous periods - slowed to 4%. Production in the South American market grew more than 10%. The current newsflow on capacity cuts in all regions is likely to be a precursor to a severe global slowdown from the fourth quarter. Overall the consumer shift towards smaller fuel-economic vehicles is increasing.

Umicore's revenues were up in the period due to the additional volumes from the acquired Delphi activities. However, the shift in the product mix has had a negative impact on performance. Although the situation in the US automotive market is far from encouraging the impact on Umicore has been mitigated to a certain extent by the company's strong presence in platforms used on smaller cars.

Plans are proceeding well for the new Indian plant, which will serve the Indian domestic market and other customers in the Asia Pacific region.

Revenues grew in HDD-related products. Although this remains a small part of the business unit portfolio, the comprehensive technology, testing and production offering will facilitate further growth of this activity.

Catalyst Technologies

Sales of catalytic products for the Precious Metals Chemistry industry were well up year-on-year, due to higher demand from fine chemical and pharmaceutical customers. The new production plant for APIs (Active Pharmaceutical Ingredients) in Pilar, Argentina, was officially opened in early October.

Technical Materials

Only limited growth was recorded in Contact Materials, in contrast to the strong growth of the first half. Sales in China slowed down as Chinese export decreased and as multi-national customers partly delayed further investments in the region. The brazing alloys activity, BrazeTec, posted stable sales with a weaker performance in North-America and Asia being compensated by better sales in South America. Sales in Europe were stable, but margins were lower.

Overall revenues in Electronic Materials were down. Sales of Hermetic Sealing Materials, used in electricity distribution equipment, were lower year-on-year, but in line with the overall levels of the first half. Sales of die-attach fluxes and pastes used in the semiconductor industry were stable.

Platinum Engineered Materials

Sales of platinum manufacturing equipment to high-quality glass producers remained at the high levels seen in the first half, mainly driven by the consumer demand for LCD screens. Revenues were also strong for platinum gauzes, benefiting from the high activity levels in the fertiliser industry. Production of the newly developed catalyst for the reduction of N₂O gases, is stepping up.

Jewellery & Electroplating

Revenues for the business unit were up year-on-year due to high sales levels of semi-finished gold products for top jewellery brands, in line with the first half of the year. Sales of silver-based products for industrial applications were stable. Revenues from electroplating solutions decreased mainly as a result of weaker demand for automotive-related applications.

PRECIOUS METALS SERVICES

Precious Metals Refining

The performance of the precious metals recycling operations was maintained at the very high levels seen in the first quarters of the year.

Supply conditions for secondary materials remained excellent. Average received recycling charges increased year-on-year through further optimisation of the supply mix processed by the Hoboken plant. Decreasing metal prices did not impact the performance during the quarter, given the contractual arrangements and hedging mechanisms in place.

A more depressed long term metal price environment is not beneficial to the overall refining sector. However, Umicore is well equipped to maintain an above average performance through its long term customer relationships, its flexibility in adjusting the supply mix to changing market conditions and the competitive advantage derived from its unique technology. Furthermore a significant part of the metal-price related margin components have been locked in for the next two years.

The new precious metals pre-concentration plant has now been operational for some three months and its performance is exceeding expectations.

Precious Metals Management

Broader economic and inflation concerns have created a surge in investor demand for physical deliveries of gold and silver. The number of bars sold has more than doubled year-to-date, and went up ten-fold in the last month, following the turmoil in the banking sector. Deliveries of precious metals to industrial customers have slowed. Despite the steep decline in metal prices the high volatility on the metals markets benefited the trading activities.

ZINC SPECIALTIES

Zinc Chemicals

While sales volumes decreased, overall product premiums remained strong. Sales of fine zinc powders for paint applications – particularly in the Asian sea container market – were down year-on-year and sales of chemical grade powders were down as a result of lower demand from the US market. Sales of zinc oxide materials were also slightly down, primarily as a result of lower demand from paint manufacturers. Despite somewhat tighter supply conditions, the recycling operations continued to perform well, as a significant portion of the zinc price sensitivity has been locked in.

Building Products

Sales volumes for the quarter were slightly up year-on-year. While new-build residential construction in France, Benelux and Germany has seen a severe slow-down, the business unit's presence in non-residential and renovation markets as well as new geographic markets for zinc materials has provided some protection against this impact. The proportion of sales of higher value-added pre-weathered products continued to grow in the portfolio. Product premiums remained above the levels of 2007 but have recently come under pressure because of the overall slowdown in the residential segment of the building industry and the resulting reduction in zinc demand.

Zinc Battery Materials

Sales volumes of high-grade zinc powders for primary batteries were at similar levels year-on-year. Limitations on the export of zinc battery materials from China have made the competition in the Chinese domestic market for such materials more intense. Overall premiums remained stable.

CORPORATE ITEMS

Net debt at the end of September was reduced by some €100 million from €478 million at the end of the first semester.

The company currently owns 9.96% of its own shares (12,446,522 shares). An Extraordinary General Meeting scheduled for December will seek approval to cancel five million shares, thereby enabling the remaining €63 million of the €400 million share buy back programme to be completed.

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, be it in products that are essential to everyday life or those at the cutting edge of new technological developments.

Umicore focuses on application areas where it knows its expertise in materials science, chemistry and metallurgy can make a real difference. Umicore generates approximately 50% of its revenues and spends approximately 80% of its R&D budget in the area of clean technology, such as emission control catalysts, materials for rechargeable batteries and photovoltaics, fuel cells, and recycling.

The Umicore Group has industrial operations on all continents and serves a global customer base; it generated a turnover of €8.3 billion (€1.9 billion excluding metal) in 2007 and currently employs some 15,800 people.

A conference call and audio webcast will take place today at 12:00 CET in Brussels.
Please visit <http://www.investorrelations.umicore.com/en/financialCalendar/confCall20081023.htm>