

TRADING UPDATE Q1 2015

Highlights

Revenues were well up (+11%) compared to the same period last year with positive demand developments across segments and recent investments starting to make a more significant contribution.

In Catalysis revenues increased by 15% due to the ramp-up of Euro 6 catalyst production both for passenger cars and heavy duty diesel applications, combined with higher demand in most regions. Strong revenue growth in Energy Materials (+20%) reflected the contribution of recent acquisitions and organic growth. Revenues in Performance Materials were slightly lower (-2%) due to a slow start of the year in the European construction sector. Recycling revenues were up (+7%) as a result of higher processed volumes and a more favourable supply mix.

Following the completion of an information process with employees and their representatives, Umicore is now moving ahead with the creation of separate legal entities for the activities of four business units (in Belgium and the US). This is the first step in the portfolio realignment process announced in February which aims to divest the Zinc Chemicals and Building Products activities and find strategic partnerships in Electro-Optic Materials and Thin Film Products by the end of 2016.

Cash flows remained strong in the quarter. As a result, net debt was reduced from the levels reported at the end of 2014.

Outlook

Based on the first quarter performance and assuming current market conditions continue to prevail, Umicore expects full year recurring EBIT for 2015 to be between € 310 million and € 340 million. This reflects year-on-year growth in Catalysis and Energy Materials in particular.

Note: All comparisons are made with the first quarter of 2014, unless mentioned otherwise.

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Catalysis

Revenues in Catalysis were up substantially, mainly due to higher revenues in Automotive Catalysts.

Revenues for **Automotive Catalysts** were well up year on year due to higher demand for Umicore's catalysts for passenger cars across regions and the ramp-up of heavy duty diesel (HDD) catalyst sales in China and Europe.

Global light duty vehicle production grew by 0.4% with growth in North America (up by 4.5%) and China (up 3.2%) largely offset by a drop in Japan and South America. Umicore's revenues and sales volumes outperformed the market both globally and in all regions.

In Europe, car production was flat as a recovery in the EU was offset by the drop in Russia. Demand for Umicore's catalysts for light duty diesel vehicles benefited from the introduction of Euro 6 diesel platforms as well as the successful introduction of new gasoline platforms. These factors led to solid revenue growth in the region.

Revenues and sales volumes grew in North America as a result of a more supportive vehicle mix. The drop in gasoline prices fuelled demand for larger engines, to which Umicore is more exposed. In contrast, the South American car market continued to shrink. Nevertheless, Umicore's revenues in that market increased year on year due to the launch of several new platforms.

The Chinese market continued to grow, albeit at a slower pace. Umicore significantly outperformed the market through its strong presence with international car manufacturers. Car production in the South Korean market fell slightly, although favourable platform exposure meant that Umicore's revenues in that market increased year on year. Production of catalysts for light duty vehicles is ramping up at the new plant in Pune, India.

All major investments in the Automotive Catalyst business unit are progressing according to plan. Operations at the new technology development centre in South Korea are expected to begin at the end of 2015. Light duty catalyst production is expected to begin at Nowa Ruda, Poland, early next year and at the new plant in Hemaraj, Thailand, in the second half of 2016.

Revenues for **Precious Metals Chemistry** were up mainly due to higher demand from the automotive industry for precursors used in catalytic applications. Revenues for compounds used in the bulk chemicals and life science sectors were also up, benefiting from a higher demand and a favourable product mix.

Energy Materials

Revenues in Energy Materials were up by 20% driven by the integration of the recently acquired activities in Cobalt & Specialty Materials as well as higher demand in various end markets.

Volumes for **Rechargeable Battery Materials** were slightly lower compared to the very strong first quarter of 2014 as some inventory adjustments were observed following the strong demand of the previous quarter.

Demand for polymer Li-Ion batteries used in high-end portable electronics continues to be supported by the introduction of new devices and functionalities. Umicore is well positioned in this market with its proprietary High Energy LCO (lithium cobaltite) technology which offers distinctive advantages to a broad range of customers. Fierce competition among cell producers and materials suppliers continues to put pressure on margins across the value chain of this market segment.

The increasing number of electrified car models is supporting the overall demand growth of Li-ion cathode materials for the automotive segment. Demand for Umicore's NMC (nickel manganese cobalt) cathode materials grew faster than in the previous quarters and further progress was made for new platform qualifications which will support Umicore's future growth in this application.

Additional capacity investments will be carried out in South-Korea and China in 2015 to cope with growing demand.

Revenues of **Cobalt & Specialty Materials** showed substantial growth year on year, driven primarily by the successful integration of activities acquired in 2014 and higher sales volumes in ceramics & chemicals. In that segment, demand for nickel sulphates and metal carboxylates were up substantially. Revenues in tool materials remained roughly stable year on year while revenues in cobalt and nickel refining benefited from the acquisition of US-based CP Chemicals in the third quarter of 2014.

Revenues for **Electro-Optic Materials** were well up year on year, driven by a larger contribution from the recycling and refining activities and higher sales volumes of germanium tetrachloride to the fibre optics industry. Order levels for substrates for space photovoltaic applications were also up year on year. Umicore is focusing its infrared optics activities on the fast-growing market for finished optics.

Volumes and revenues for **Thin Film Products** were higher compared to the first quarter of the previous year, driven by further growth in demand for Umicore's indium tin oxide rotary targets used in large area display applications, in particular in China.

Performance Materials

Revenues for Performance Materials were down 2% year on year. Growth in Zinc Chemicals and Electroplating was largely offset by lower revenues in Building Products and Platinum Engineered Materials.

Revenues for **Building Products** were below the level of the same period last year, due to a slower start in Europe and the effects of some customer destocking. Sales volumes in the markets outside Europe were up, primarily in the Asia-Pacific region, as some of the projects which were delayed in 2014, were launched in the first quarter. The product mix was somewhat better with a larger share of higher added value surface-treated products. Product premiums, however, were further impacted by competitive pressure in the European markets and the higher zinc price.

Revenues for **Electroplating** increased year on year with higher sales volumes for most product groups. The strongest growth was recorded in sales for decorative applications driven primarily by demand for Umicore's silver protection coatings.

Revenues for **Platinum Engineered Materials** were down compared to the same period in 2014, primarily due to the timing of the projects in its display glass activities.

Volumes and revenues for **Technical Materials** were roughly flat year on year across the different product segments.

Revenues for **Zinc Chemicals** were well up year on year, with higher sales volumes across the different product groups. While the availability of zinc-containing residues from the galvanizing industry remained tight in a competitive market, recycling margins benefited from a higher received zinc price.

Revenue growth was largely driven by increased sales volumes of zinc oxides, particularly feed grade products. Order levels for fine zinc powders used in anti-corrosive paint were up too and benefited from strong demand from the Chinese market. Also last year's investment in additional zinc powder capacity in Malaysia started to pay off in higher revenues. Demand for zinc powders used in primary batteries was slightly up.

Umicore has decided to close its zinc oxide plant in Goa, India, due to persistently unfavourable conditions in the Indian zinc oxide market.

Element Six Abrasives recorded lower revenues compared to the first quarter of 2014. The sharp drop in the drilling activity in the oil and gas sector led to a lower demand for Oil and Gas-drilling products and this could not be fully compensated by further growth in demand for its Precision Tooling products for the automotive and aerospace industries. Revenues were also impacted by currency headwinds.

Recycling

Revenues for Recycling were up 7% driven primarily by growth in the Precious Metals Refining activity.

Revenues for **Precious Metals Refining** were up compared to the first quarter of 2014, mainly due to higher processed volumes and a more favourable supply mix. Metal prices had no material impact on the revenue evolution.

The intake of material increased year on year with higher arrivals across the different segments. The quality of the supply mix was also better: arrivals of pgm-rich material increased slightly and the supply of complex materials from the non-ferrous metal mining and smelting industries continued to rise. The mix for end-of-life materials remained fairly stable.

Throughput was higher as a result of smooth plant operation and considering the engineering and testing work carried out in the Hoboken plant in the first quarter of last year.

The expansion in Hoboken is continuing as planned. The next wave of investments will take place during two extended shutdowns, one in the second quarter and a second one during the summer months. It is anticipated that throughput improvements following these investments will make up for the additional shutdown time compared to last year.

Jewellery & Industrial Metals recorded slightly higher revenues year on year as a result of a better contribution from its recycling activity. Recycling revenues benefited from a higher availability of silver containing scrap and industrial sweeps. The refining volumes of higher grade gold, however, remained at the low levels seen at the end of 2014. Order levels and product mix in the lifestyle and jewellery segment improved and demand for industrial applications was well up too.

Revenues for **Precious Metals Management** were roughly at the same level as the first quarter last year.

Forward looking statements

This document contains forward-looking information that involves risks and uncertainties, including statements about Umicore's plans, objectives, expectations and intentions. Readers are cautioned that forward-looking statements include known and unknown risks and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Umicore. Should one or more of these risks, uncertainties or contingencies materialize, or should any underlying assumptions prove incorrect, actual results could vary materially from those anticipated, expected, estimated or projected. As a result, neither Umicore nor any other person assumes any responsibility for the accuracy of these forward-looking statements.

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<http://www.umicore.com/en/investors/news-results/press-releases/20150421CalendarQ1-2015EN/>