Press release
Regulated information
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Umicore reaches Horizon 2020 targets two years ahead of schedule and reaffirms upside potential

Record results in 2018

Revenues of € 3.3 billion (+17%*)

Recurring EBITDA of € 720 million (+23%*)

Recurring EBIT of € 514 million (+29%*)

ROCE of 15.4% (versus 15.1% in 2017) in a period of intense investments

Recurring net profit (Group share) of € 326 million (+22%) and recurring EPS of € 1.36 (+12%)

Net debt at € 861 million (up from € 840 million) partly driven by temporary factors

Capital expenditures of € 478 million (versus € 365 million in 2017)

Proposed gross annual dividend of € 0.75 per share up from € 0.70 in 2017

*Excluding discontinued operations

Umicore is delivering on its strategy to be the undisputed leader in clean mobility materials and recycling, with its offering of product and process technologies, combined with its closed loop approach and sustainable supply. As part of this strategy, Umicore has won significant new business in the latter half of 2018, which will accelerate its growth in the coming years. For instance, in Automotive Catalysts, Umicore won the largest share of the gasoline platforms requiring particulate filters in Europe and China. In Rechargeable Battery Materials Umicore continued to secure major xEV platforms with OEMs globally. In addition, Umicore continued to step up its R&D efforts, which is reflected in a 56% increase in the number of patent family filings compared to the previous year.

Marc Grynberg, CEO of Umicore, said: *"I am really pleased to see that our strategic choices and recent investments are paying off. We have reached the original Horizon 2020 objectives two years ahead of schedule and are on track to achieve our raised ambitions notwithstanding a less favorable macro-economic environment in 2019. Umicore is uniquely positioned to respond to societal trends and regulatory demands for cleaner mobility and recycling. We have the technologies and are expanding our capacity to ensure that we continue to grow and meet the rising demand for our products and services. I am also proud that Umicore is a pioneer in providing customers in the rechargeable battery value chain with materials of a certified clean and ethical origin."*

Umicore's Horizon 2020 Targets

Umicore
Group Communications
Naamloze vennootschap – Société anonyme
Broekstraat 31 Rue du Marais
B-1000 Brussels, Belgium
www.umicore.com

Tel.: +32 2 227 71 11
Fax.: +32 2 227 79 00
E-mail: info@umicore.com

VAT BE0401 574 852
BE92 2100 0538 0623
RPR/RPM Brussels 0401 574 852
Registered Office Broekstraat 31 Rue du Marais, B-1000 Brussels, Belgium

Progress on our growth investments

In order to meet continued fast-growing customer demand for its cathode materials used in rechargeable batteries for automotive applications, Umicore is rapidly expanding its production capacity. The investment program of € 460 million in China and Korea was completed in 2018, on an accelerated schedule.

In February 2018 Umicore announced an additional investment programme of € 660 million in greenfield production sites in China and Europe. The new production lines in China will start to come on stream in the second half of this year, while construction of the European plant is expected to start in spring this year. The investments in the new Process Competence Center in Olen, Belgium, are expected to be commissioned in late 2019.

On the back of its high rate of business wins, in particular in gasoline particulate filters, Umicore is expanding its automotive catalyst production capacity in Poland and China with new production lines due to come on stream in the second part of 2019.

Major environmental investments in the Hoboken plant aimed at revamping the lead refinery were completed with an immediate and significant reduction in emissions.

Outlook

The long-term fundamentals of our business are strong and we are excited about our prospects, notwithstanding current challenges in the macro economic environment impacting in particular the automotive sector. We remain on track to capture the upside potential of some 35% to 45% over and above the original Horizon 2020 ambitions while maintaining the 15%+ ROCE target at Group level.

We will make further progress in the execution of our growth strategy through 2019. However, we expect that REBIT growth in 2019 will be tempered by the present subdued demand in the automotive and consumer electronics sectors, combined with increased depreciation charges, R&D and startup costs as well as the timing of new capacity. In Catalysis, new capacity will come on stream in China and Europe towards the end of the year to accommodate for recent platform wins compliant with new legislations. In Energy & Surface Technologies, the introduction of new xEV models and the start-up of greenfield capacity in the second part of the year will drive growth in Rechargeable Battery Materials. We do not expect a recurrence of the exceptional profitability from which we benefitted in the first half of 2018 in Cobalt & Specialty Materials. In Recycling, we will combine the regular maintenance of the Hoboken smelter with optimization investments and this will result in an extended shutdown of the plant in the first quarter of the year. Taking account of the impact of this shutdown, we expect processed volumes to be roughly in line with the levels reached in 2018.

Umicore remains committed to pursuing its strategic investments and long-term research programs while consistently delivering strong returns to shareholders.

Note: All comparisons are made with 2017 and all Group KPIs for 2017 include the discontinued Building Products activities until end September 2017, unless mentioned otherwise. There are no discontinued operations remaining as from the start of 2018.

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Broekstraat 31 Rue du Marais
B-1000 Brussels, Belgium
www.umicore.com

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Fax.: +32 2 227 79 00
E-mail: info@umicore.com

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Key figures

(in million €)	H2 2017	H2 2018	2017	2018
Turnover*	5,808	8,432	12,277	14,786
Revenues (excluding metal)	1,462	1,587	2,916	3,271
Recurring EBITDA	303	356	599	720
Recurring EBIT	207	252	410	514
of which associates	18	0	30	5
Non-recurring EBIT	(32)	(8)	(46)	(14)
IAS 39 effect on EBIT	(18)	-	(21)	-
Total EBIT	157	244	343	500
Recurring EBIT margin	12.9%	15.9%	13.1%	15.5%
Effective recurring tax rate	25.7%	23.4%	25.7%	24.4%
Recurring net profit, Group share	133	163	267	326
Net profit, Group share	93	156	212	317
R&D expenditure	86	100	175	196
Capital expenditure	225	280	365	478
Net cash flow before financing	(230)	(335)	(381)	(604)
Total assets, end of period	5,116	6,405	5,116	6,405
Group shareholders' equity, end of period	1,803	2,609	1,803	2,609
Consolidated net financial debt, end of period	840	861	840	861
Gearing ratio, end of period	31.1%	24.4%	31.1%	24.4%
Net debt / recurring EBITDA	183%	120%	140%	119%
Capital employed, end of period	3,004	3,802	3,004	3,802
Capital employed, average	2,861	3,544	2,710	3,344.2
Return on capital employed (ROCE)	14.4%	14.2%	15.1%	15.4%
Workforce, end of period (fully consolidated)	9,769	10,419	9,769	10,419
Workforce, end of period (associates)	3,360	3,180	3,360	3,180
Accident frequency rate**	3.06	3.32	3.01	3.36
Accident severity rate**	0.09	0.11	0.09	0.10

* Including the elimination of the transactions between continued and discontinued operations

** Excluding Building Products for 2017

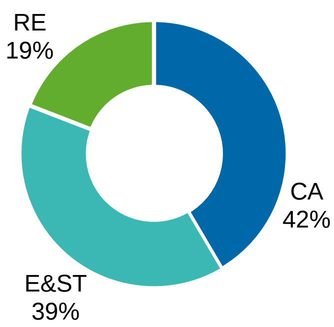
Key figures per share
(in € / share)

	H2 2017	H2 2018	2017	2018
Total number of issued shares, end of period	224,000,000	246,400,000	224,000,000	246,400,000
of which shares outstanding	219,494,433	241,043,417	219,494,433	241,043,417
of which treasury shares	4,505,567	5,356,583	4,505,567	5,356,583
Average number of shares outstanding				
basic	219,374,801	241,077,873	219,079,587	239,202,537
diluted	221,444,104	243,561,929	221,148,890	241,686,593
Recurring EPS	0.61	0.68	1.22	1.36
Basic EPS	0.42	0.65	0.97	1.33
Diluted EPS	0.42	0.64	0.96	1.31
Dividend	0.375	0.40	0.70	0.75
Net cash flow before financing, basic	-1.05	-1.39	-1.74	-2.53
Total assets, end of period	23.31	26.57	23.31	26.57
Group shareholders' equity, end of period	8.21	10.83	8.21	10.83

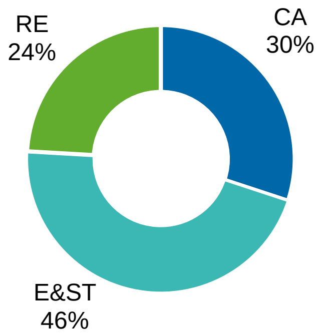
On 16 October 2017 each Umicore share was split into 2 new shares. On 8 February 2018 Umicore placed 22,400,000 new shares, admitted to trading on Euronext Brussels on 12 February 2018. As a result, as from that date, Umicore's capital is represented by 246,400,000 fully paid-up shares without nominal value, each representing 1/246,400,000 of the capital. All data in this table were updated accordingly.

Segment split

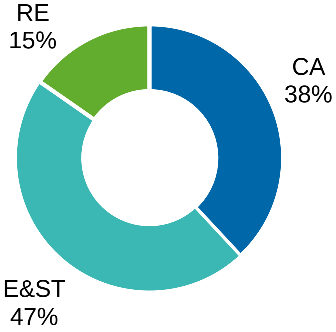
Revenues
(excluding metal)



EBIT
(recurring)



Capital employed
(average)



CA = Catalysis, E&ST = Energy & Surface Technologies, RE = Recycling
Corporate not included

Catalysis

Catalysis key figures (in million €)	**H2 2017**	**H2 2018**	**2017**	**2018**
Total turnover	1,529	1,520	3,091	3,311
Total revenues (excluding metal)	620	652	1,253	1,360
Recurring EBITDA	116	117	224	237
Recurring EBIT	85	82	166	168
Total EBIT	83	81	161	162
Recurring EBIT margin	13.6%	12.6%	13.2%	12.4%
R&D expenditure	60	68	120	136
Capital expenditure	29	47	45	79
Capital employed, end of period	1,150	1,265	1,150	1,265
Capital employed, average	1,074	1,229	1,014	1,200
Return on capital employed (ROCE)	15.7%	13.3%	16.3%	14.0%
Workforce, end of period (fully consolidated)	2,952	3,070	2,952	3,070

Note: On 14 March 2017 Umicore acquired full ownership in the Ordeg joint venture.
Umicore acquired the heavy-duty diesel and stationary emission control catalyst activities from Haldor Topsoe on 1 December 2017. The metathesis catalyst IP and business portfolio from Materia was acquired in January 2018.

Overview and outlook

Revenues for Catalysis increased 9%, benefiting primarily from the integration of Haldor Topsoe's heavy-duty diesel and stationary emission control catalyst activities, as well as from higher demand for Umicore's gasoline catalyst technologies. Recurring EBIT increased 2% with volume growth partly offset by the less favorable engine mix in Europe.

In Catalysis, new capacity will come on stream in China, Europe and India towards the end of the year to accommodate for recent platform wins compliant with new legislations.

2018 Business Review

Revenues for **Automotive Catalysts** were higher, driven by an increased contribution from the heavy-duty diesel catalyst activity and higher demand for Umicore's gasoline catalyst technologies. Umicore has won the largest share of new gasoline platforms requiring particulate filters in Europe and China and is becoming the global leader in this segment. Considering the growing share of gasoline engines in the mix, Umicore is best positioned to benefit from the unprecedented value growth of the car catalyst market.

Umicore recorded higher car catalyst sales volumes year on year, reflecting its strong position in gasoline applications and despite the fast-declining sales of diesel cars in Europe. Global light-duty vehicle production contracted by 1.1% in 2018 reflecting the slowdown of the Chinese and European car markets in the second half of the year.

In Europe, demand for Umicore's gasoline catalysts was strong particularly for direct injection engines, which require more complex catalyst systems under Euro 6d. To cater for this growing demand Umicore is expanding capacity at its Nowa Ruda plant in Poland. The additional production lines are due to come on stream in the second half of 2019. Revenues were impacted by the decline in diesel car production and, to a lesser extent, customer platform delays in the second half of the year caused by the introduction of the new WLTP testing regime.

In North America, Umicore's revenues increased despite a declining car market. Umicore benefitted from a good platform mix, with an increased exposure to the popular SUV segment, as well as customer wins. Umicore's volumes were substantially higher in South America, in line with the recovering car market.

Umicore recorded higher revenues in China where its customers outgrew the market. This strong performance was in sharp contrast with the evolution of the Chinese car market, which contracted in the second half of the year. Moreover, Umicore has won additional awards for China 6a and b compliant platforms. To cater for these awards, Umicore is substantially increasing its catalyst production capacity in China with the new lines set to come on stream at the end of 2019.

Umicore successfully expanded its market share with Japanese OEMs globally, while in Korea, revenues were flat in a slightly declining market. Umicore outpaced the South Asian market supported by the ongoing ramp-up of production in its new facility in Thailand. In India, Umicore won new Bharat Stage 6 awards, for which new production capacity will come on stream in the course of 2019.

The heavy-duty diesel segment benefitted from the integration of Haldor Topsoe's heavy-duty diesel and stationary emission control catalyst activities. This acquisition enabled Umicore to broaden its technology portfolio, extend its customer base in Europe and China and expand its production footprint. Umicore is now better positioned to capture the future growth of the global heavy-duty market, which is set to more than double in value by 2025 (compared with 2017) driven by more stringent legislation in key regions.

In **Precious Metals Chemistry**, revenues from fuel cell catalysts used in the transportation segment increased, benefiting from a first uptake of fuel cell drivetrain technology as an environmentally friendly alternative to internal combustion engines both for passenger cars and heavy-duty applications. Umicore has a complete and competitive portfolio of catalyst technologies for fuel cells and has entered into close collaboration agreements with leading OEMs for existing car platforms as well as future development programs. In order to support the growth of its customers, Umicore is expanding its fuel cell catalyst production capacity in Korea, as announced in December 2018. The new plant will be commissioned towards the end of 2019 and production will ramp up in 2020. This expansion underlines Umicore's unparalleled position in clean mobility materials as the only company worldwide offering at commercial scale the full spectrum of materials technologies required to enable the transition to cleaner mobility.

Alongside fuel cell catalysts, higher sales of active pharmaceutical ingredients and products used in chemical metal deposition applications contributed to the overall year-on-year growth of the business unit revenues.

Energy & Surface Technologies

Energy & Surface Technologies key figures (in million €)	**H2 2017**	**H2 2018**	**2017**	**2018**
Total turnover	1,248	3,054	2,392	4,720
Total revenues (excluding metal)	495	639	894	1,289
Recurring EBITDA	109	172	198	323
Recurring EBIT	79	136	141	257
of which associates	7	(1)	10	1
Total EBIT	53	130	110	251
Recurring EBIT margin	14.6%	21.5%	14.6%	19.8%
R&D expenditure	17	22	30	39
Capital expenditure	132	178	226	316
Capital employed, end of period	1,206	1,769	1,206	1,769
Capital employed, average	1,091	1,610	978	1,469
Return on capital employed (ROCE)	14.6%	16.9%	14.4%	17.5%
Workforce, end of period (fully consolidated)	2,716	3,447	2,716	3,447
Workforce, end of period (associates)	917	782	917	782

Note: The large area coating activity of Thin Film Products was divested on 20 October 2017.

Overview and outlook

Revenues in Energy & Surface Technologies increased substantially (+44%), with Rechargeable Battery Materials continuing to outgrow the xEV market. The business group also benefited from strong demand and a supportive price environment in the refining and distribution activities of Cobalt & Specialty Materials in the first half of the year. The increase in recurring EBIT was even greater (+82%), reflecting scale effects following the ramp-up of new capacity in Korea and China as part of the € 460 million investment program, which was launched in 2016. The program consisted of a combination of a brownfield expansion in China and a greenfield site in Korea and was completed in 2018 on an accelerated schedule.

The new investment programme of € 660 million, entailing greenfield sites in China and Poland, is in full execution with first production lines in China set to come on stream in the second half of this year and construction of the European plant expected to start in the spring.

Revenues of Energy & Surface Technologies should increase further in 2019 on the back of continued growth in Rechargeable Battery Materials. This growth is expected to be more pronounced in the second half of the year when the first production lines will come on stream in the new plant in China.

2018 Business Review

Revenues and volumes for **Rechargeable Battery Materials** increased significantly, driven primarily by strong demand for Umicore's proprietary Cellcore® NMC (nickel manganese cobalt) cathode materials used in lithium-ion batteries for transportation applications. This growth was supported by the fast ramp-up of new production capacity both in China and Korea. In addition, shipments of High Energy LCO (lithium cobaltite) cathode materials for batteries used in high-end portable electronics and shipments of NMC cathode materials for energy storage applications were also higher year on year.

Sales of full electric and plug-in hybrid vehicles grew by more than 60% year-on-year globally and reached 2 million vehicles in 2018. The majority of automotive OEMs have started to expand their offering of electrified car models in anticipation of tighter CO_2 regulations coming into force in several regions. Umicore's broad portfolio of cathode material technologies offers automotive OEMs around the world state-of-the-art solutions to achieve longer driving ranges, faster charge and low battery degradation in combination with cost optimisation. Umicore has captured a significant share of the segment growth. Its products are present on more than 20 platforms with OEMs globally and in qualification for several large new platforms. Umicore also has the ability to scale up production rapidly and its proprietary production lines are capable of producing the full range of NMC materials, all certified for the most stringent automotive requirements.

In order to meet the growing demand from its customers, Umicore is expanding cathode materials production capacity in Korea and China and will soon start construction of a first production facility in Europe. The swift ramp-up of the new lines in Korea and China supported rapid volume growth over the course of the year and generated scale benefits. The construction of the greenfield site in China is progressing according to plan, with commissioning expected around mid-2019. In Nysa, Poland, the engineering work is ongoing and construction of the new cathode materials production plant is expected to start in the spring of 2019 with commissioning planned for mid-2020.

Revenues for **Cobalt & Specialty Materials** were up year-on-year. The refining, recycling and distribution activities generated a strong performance in the first half of the year due to high volume growth and favorable prices. Market conditions became more challenging in the second half of the year, with the cobalt price in particular declining sharply after the peak levels reached in June. The product businesses recorded solid demand for nickel compounds used in the battery, plating and catalyst industries as well as carboxylates used in catalytic applications. Revenues in the tool materials activity were slightly below the strong levels of 2017.

The Energy & Surface Technologies business group includes the battery recycling activity, consistent with Umicore's closed loop approach. Umicore recorded higher activity levels at its battery recycling pilot plant and secured new contracts for the recycling of spent automotive and portable electronics batteries.

With the worldwide penetration of electrified vehicles set to increase sharply in the coming years, industrial-scale battery recycling will be vital for sustainable electric mobility. Based on its long-standing expertise in materials science, metallurgy and chemistry and its extensive know-how of large-scale metal recycling processes, Umicore has developed unrivalled competences and industrial capabilities to recover critical raw materials from spent batteries and battery production scrap, in a sustainable manner.

The growing scarcity of metals and increasing societal pressures to source raw materials in an ethical and environmentally sustainable manner has resulted in a growing need for increased traceability in supply chains. An increasing number of automotive OEMs are therefore looking for a closed loop approach as offered by Umicore. The technology and research alliances, which Umicore entered with BMW and Audi in 2018, underscore the merits of Umicore's closed loop approach.

Revenues for **Electroplating** were stable. Higher revenues for decorative applications and platinised compounds used in electrocatalytic materials offset the impact of competitive pressure on precious metal-based electrolytes used in portable electronics.

Revenues for **Electro-Optic Materials** were slightly lower compared to the previous year mainly due to a smaller contribution from the substrate activities, which were impacted by subdued demand from the space photovoltaics and LED segments. Demand for germanium tetrachloride and infrared finished optics remained stable.

Recycling

Recycling key figures (in million €)	H2 2017	H2 2018	2017	2018
Total turnover	3,365	4,300	7,327	7,625
Total revenues (excluding metal)	311	300	650	626
Recurring EBITDA	85	83	189	195
Recurring EBIT	55	56	128	135
Total EBIT	51	55	121	126
Recurring EBIT margin	17.6%	18.6%	19.7%	21.5%
R&D expenditure	9	7	19	15
Capital expenditure	55	45	80	68
Capital employed, end of period	475	546	475	546
Capital employed, average	489	501	495	483
Return on capital employed (ROCE)	22.3%	22.2%	25.8%	27.9%
Workforce, end of period (fully consolidated)	3,092	2,832	3,092	2,832

Note: The European activities of Technical Materials were divested on 31 January 2018.

Overview and outlook

Excluding the impact of the sale of the European activities of Technical Materials in January 2018, revenues and recurring EBIT increased 6% and 12% respectively. This primarily reflected the growth in processed volumes and somewhat more supportive metal prices in Precious Metals Refining.

The Hoboken plant will undergo a scheduled extended shutdown in the first quarter of 2019 to allow for a combination of investments and regular maintenance work. These investments include certain modifications to the key equipment, to further optimize the future performance of the plant, as well as the next phase of investments to enhance its environmental performance. Taking account of the impact of the extended maintenance shutdown on the overall availability of the smelter, we expect processed volumes to be roughly in line with the levels reached in 2018.

2018 Business Review

Revenues and earnings for **Precious Metals Refining** were considerably higher, primarily driven by higher processed volumes, despite the impact of the fire in the Hoboken plant, and a somewhat more supportive metal price environment for certain PGMs (Platinum Group Metals) and specialty metals.

Processed volumes for the full year were higher in spite of the fire in the Hoboken plant on 12 September 2018. The fire occurred at one of the off-gas cleaning facilities and the affected installation had to be shut down for clean-up and repair until mid-January 2019. While operations in other parts of the plant were unaffected, the overall throughput rate of the plant was impacted. This resulted in lower volume growth than initially anticipated as well as a temporary increase in working capital at year-end. The enhanced performance of the smelter meant that its maintenance shutdown could be rescheduled to the beginning of 2019, which also contributed to the volume growth in 2018.

In addition, the environmental investments aimed at revamping the lead refinery were completed in 2018 and resulted in an immediate and significant reduction in emissions.

The supply mix remained broadly unchanged. While the availability of complex industrial by-products and end-of-life materials was supportive for the ramp-up, commercial terms in some segments continued to be impacted by competitive pressure.

Excluding the impact of the divestment of the European Technical Materials activities in the beginning of 2018, revenues for **Jewelry & Industrial Metals** remained stable. The performance of the product businesses remained strong, in particular for industrial applications, despite competitive pressure and a lower availability of silver-containing scrap which affected the refining and recycling activities. Order levels for jewelry products remained stable. The construction of the facility in China for equipment used in the special glass industry is nearing completion and the facility will be commissioned in Q1 2019.

The earnings contribution from **Precious Metals Management** increased compared to the previous year, mainly as a result of favorable trading conditions for most PGMs. The demand for the physical delivery of metals was also strong, reflecting higher demand for silver and other industrial metals, as well as a recovery in demand for gold investment bars in the second half of the year.

Corporate

Corporate key figures

(in million €)	H2 2017	H2 2018	2017	2018
Recurring EBITDA	(10)	(16)	(24)	(35)
Recurring EBIT	(16)	(21)	(36)	(46)
of which associates	10	2	18	5
Total EBIT	(19)	(22)	(51)	(39)
R&D expenditure	0	4	5	7
Capital expenditure	7	10	12	14
Capital employed, end of period	174	222	174	222
Capital employed, average	161	204	152	191
Workforce, end of period (fully consolidated)	1,009	1,070	1,009	1,070
Workforce, end of period (associates)	2,443	2,398	2,443	2,398

Corporate Review

Corporate costs remained stable year on year.

The contribution from **Element Six Abrasives** decreased significantly compared to the previous year due primarily to an unfavorable customer exposure in the oil and gas drilling segment. Revenues for precision tooling products used in the automotive and aerospace industries as well as for materials used in mining and tunneling were stable.

Research & development

As a materials technology company, technology innovation is at the core of our success.

In line with our Horizon 2020 strategy, the focus of our innovation efforts lies on developing process and product technologies that address the key global societal challenges of clean mobility and resource scarcity.

In 2018, R&D expenditure in fully consolidated companies amounted to € 196 million, up from € 175 million in the same period in 2017, driven by a higher level of R&D in Catalysis as well as in Energy & Surface Technologies. The R&D spend represented 6% of revenues and capitalized development costs accounted for € 20 million of the total. The higher R&D efforts resulted in a 56% increase in the number of patent family filings compared to 2017.

The higher R&D expenditure in Catalysis was mainly associated with new product developments to help customers meet upcoming emission regulations in Europe and China, which require a broader range of more technologically advanced automotive catalysts such as gasoline particulate filters and NOx abatement systems.

R&D efforts in Energy & Surface Technologies were primarily driven by programs aimed at developing new product technologies that would deliver higher energy density, faster charging times and lower costs. Umicore's technology roadmap includes programs covering short-, mid- and long-term research horizons for cathode and composite anode materials as well as for solid state technologies. The focus is also on innovative production processes.

People

The safety of our people is a key priority for management. Nevertheless, the safety performance in 2018 was disappointing. The Group recorded 61 lost time accidents in 2018 compared to 51 in 2017 (excluding the Building Products business unit, which was divested in September 2017). The frequency rate was 3.36 and the severity rate was 0.10 (compared to 3.01 and 0.09 respectively in 2017 – excluding Building Products). Our efforts to improve safety performance will be further stepped up in 2019, with awareness campaigns and specific programmes aimed at changing mindset and creating a more prominent safety culture.

The number of employees in the fully consolidated companies increased to 10,419 at the end of 2018 from 9,769 a year earlier, in line with Umicore's growth trajectory and primarily reflecting new hires in China and Korea. The recruitment of new colleagues in these regions, which are characterized by a significant competition for talent, shows that Umicore is an attractive employer and that its pioneering role in sustainability and in offering solutions to societal problems are more widely recognized. New colleagues were also recruited in Belgium for R&D and in the Hoboken plant.

Financial review

Financial result and taxation

Net recurring financial charges totalled € 69 million, up compared to the previous year. Net interest charges increased as the € 690 million medium- and long-term debt was drawn down for the entire period. The accelerating growth in Asia also resulted in higher funding in local currency and higher forex costs.

The recurring tax charge for the period amounted to € 107 million, increasing in line with the higher underlying operating result and corresponding to a somewhat lower recurring effective tax rate of 24.4% vs 25.7% in 2017. The total tax paid in cash over the period amounted to € 127 million.

Cashflows

Cashflow from operations before changes in working capital increased to a record level of € 800 million. Most of this cash flow was used to fund a € 707 million increase in working capital. This increase resulted from the business expansion and higher prices for certain metals, in particular in the Energy & Surface Technologies business group that accounted for more than two thirds of Umicore's working capital increase.

Capital expenditures totaled € 478 million, up from € 362 million (excluding Discontinued Operations) in 2017, with the Energy & Surface Technologies business group accounting for two thirds of this amount. The capex spending in 2019 is expected to be higher than in 2018, driven by the greenfield expansions underway in Rechargeable Battery Materials, the capacity expansions in Catalysis and the investments to be carried out during the extended shutdown in Hoboken.

Acquisitions and divestments accounted for a net cash outflow of € 95 million. This includes the increase in Umicore's stake in its Chinese cathode material production entity to 90% and the acquisition of Materia's metathesis catalysts business partly offset by the proceeds from the sale of the European operations of Technical Materials, all of which took place in the first half of the year.

Dividends paid to Umicore shareholders over the period amounted to € 175 million and the net cash outflow related to the purchase of treasury shares to cover stock options and share grants was € 79 million.

Financial debt

Net financial debt at 31 December 2018 stood at € 861 million, up from € 840 million at the start of the year. This reflects the € 881 million net proceeds from the February capital increase and the net free cash flow from the period. The majority of the outstanding financial debt is composed of the € 690 million long-term private debt placements in Europe and the United States. Net financial debt at the end of the period corresponded to 1.2x recurring EBITDA which leaves ample balance sheet room to execute the growth strategy. Group shareholders' equity stood at € 2,609 million resulting in a net gearing ratio (net debt / net debt + equity) of 24.4% compared to 31% end of 2017.

Dividend and shares

On 8 February 2018 Umicore successfully placed through an accelerated bookbuild 22,400,000 new ordinary shares with institutional investors, representing 10% of the then outstanding shares. On the back of strong demand, these new shares resulted in net proceeds of € 881 million. On 12 February 2018, the new shares were admitted to trading on Euronext Brussels. As a result, as from that day, the total number of outstanding and fully paid-up shares and the numbers of voting rights amount to 246,400,000.

The Board of Directors will propose a gross annual dividend of € 0.75 per share at the Annual General Meeting on 25 April 2019. Taking into account the interim dividend of € 0.35 per share paid out on 28 August 2018 and subject to shareholder approval, a gross amount of € 0.40 per share will be paid out on 2 May 2019.

Umicore bought back 1,958,988 of its own shares in 2018. In the course of the year, 1,037,470 shares were used in the context of exercised stock options. On 31 December 2018 Umicore held 5,356,583 shares in treasury, representing 2.17% of the Group's outstanding shares.

Non-recurring items

Non-recurring items had a negative impact of € 14 million on EBIT for the full period. Restructuring charges accounted for € 14 million and were mainly related to the plan to close down industrial activities in Guarulhos, Brazil and transfer them to the existing site in Americana. Impairments on permanently tied-up metal inventories accounted for a € 6 million charge and are largely linked to a lower cobalt price at the end of the period. These charges were partly offset by non-recurring income including the gain on the sale of the European operations of Technical Materials. The negative impact of the non-recurring items on the net result (Group share) amounted to € 9 million.

Umicore has adopted IFRS 9 Financial Instruments as from 1 January 2018 which replaces the provisions of IAS 39 on accounting and classification of financial assets and liabilities, financial instruments and hedging. As a consequence, Umicore no longer applies IAS 39 and no longer reports an IAS 39 effect.

Statutory auditor's note on the consolidated condensed financial information for the year ended on 31 December 2018

The statutory auditor, PwC Bedrijfsrevisoren cvba / Reviseurs d'Entreprises scrl, represented by Kurt Cappoen, has confirmed that the audit, which is substantially complete, has not to date revealed any material misstatement in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in the equity of the Group or the consolidated cash flow statement as included in this press release.

Sint-Stevens-Woluwe, 7 February 2019

PwC Bedrijfsrevisoren/Reviseurs d'Entreprises sccrl
Represented by

Kurt Cappoen
Registered auditor

Management responsibility statement

I hereby certify that, to the best of my knowledge, the Consolidated Financial Information of 2018 prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation. The commentary on the overall performance of the Group from page 1 to 15 includes a fair review of the development and performance of the business and the position of the Group and its undertakings included in the consolidation.

Brussels, 7 February 2019

Marc Grynberg
Chief Executive Officer

Consolidated financial information for the year ended on 31 December 2018

Consolidated income statement

(in million €)	2017	2018
Turnover	11,947.3	14,786.3
Other operating income	72.0	101.6
Operating income	12,019.2	14,887.9
Raw materials and consumables	(10,324.4)	(12,924.9)
Payroll and related benefits	(700.7)	(731.1)
Depreciation and impairments	(203.7)	(227.2)
Other operating expenses	(470.0)	(516.6)
Operating expenses	(11,698.9)	(14,399.7)
Income (loss) from other financial assets	(8.3)	5.0
Result from operating activities	312.1	493.2
Financial income	4.4	5.8
Financial expenses	(34.8)	(47.8)
Foreign exchange gains and losses	(6.9)	(26.8)
Share in result of companies accounted for using the equity method	29.6	6.7
Profit (loss) before income tax	304.3	431.1
Income taxes	(75.2)	(103.2)
Profit (loss) from continuing operations	229.1	327.8
Profit (loss) from discontinued operations*	(2.9)	-
Profit (loss) of the period	226.3	327.8
of which minority share	14.3	10.9
of which Group share	211.9	317.0
(in € / share)		
Basic earnings per share from continuing operations	0.98	1.33
Total basic earnings per share	0.97	1.33
Diluted earnings per share from continuing operations	0.97	1.31
Total diluted earnings per share	0.96	1.31
Dividend per share	0.70	0.75

* Attributable to equity holders of these companies

Consolidated statement of comprehensive income

(in million €)	2017	2018
Profit (loss) of the period from continuing operations	229.1	327.8
Items in other comprehensive income that will not be reclassified to P&L		
Changes in post employment benefits, arising from changes in actuarial assumptions	6.5	(7.6)
Changes in deferred taxes directly recognized in other comprehensive income	(4.2)	0.6
Items in other comprehensive income that may be subsequently reclassified to P&L		
Changes in available-for-sale financial assets reserves	3.7	(2.7)
Changes in cash flow hedge reserves	15.3	(30.2)
Changes in deferred taxes directly recognized in other comprehensive income	(2.3)	10.2
Changes in currency translation differences	(83.7)	(4.1)
Other comprehensive income from continuing operations	(64.6)	(33.9)
Total comprehensive income from discontinued operations	(3.4)	-
Total comprehensive income for the period	161.0	293.9
of which Group share	148.9	283.4
of which minority share	12.2	10.5

The deferred tax impact on the other comprehensive income is related to the cash flow hedge reserves for € 10.2 million and to post employment benefit reserves for € 0.6 million.

Consolidated balance sheet

(in million €)	31/12/2017	31/12/2018
Non-current assets	1,945.7	2,246.2
Intangible assets	328.8	337.3
Property, plant and equipment	1,301.4	1,601.9
Investments accounted for using the equity method	153.0	151.4
Available-for-sale financial assets	22.3	-
Financial assets at fair value through Other Comprehensive Income	-	8.0
Loans granted	11.3	2.6
Trade and other receivables	14.1	12.1
Deferred tax assets	114.7	132.9
Current assets	3,170.0	4,159.0
Loans granted	1.7	6.3
Inventories	1,628.4	2,308.1
Trade and other receivables	1,335.7	1,497.9
Income tax receivables	36.0	61.7
Cash and cash equivalents	168.1	285.1
Total assets	**5,115.7**	**6,405.3**
Equity of the Group	1,862.6	2,659.3
Group shareholders' equity	1,803.0	2,609.5
Share capital and premiums	502.9	1,384.3
Retained earnings	1,584.4	1,610.9
Currency translation differences and other reserves	(202.5)	(227.6)
Treasury shares	(81.8)	(158.1)
Minority interest	59.6	49.9
Non-current liabilities	1,168.8	1,185.4
Provisions for employee benefits	342.8	333.8
Financial debt	694.1	708.8
Trade and other payables	40.4	24.4
Deferred tax liabilities	3.5	6.2
Provisions	87.9	112.1
Current liabilities	2,084.3	2,560.5
Financial debt	313.9	436.8
Trade and other payables	1,639.8	1,941.3
Income tax payable	62.8	74.5
Provisions	67.8	108.0
Total equity & liabilities	**5,115.7**	**6,405.3**

Consolidated statement of changes in the equity of the Group

(in million €)

	Share capital & premiums	Reserves	Currency translation & other reserves	Treasury shares	Minority interest	Total for continuing operations	Elements of comprehensive income of discontinued operations	Total equity
Balance at the beginning of 2017	**502.9**	**1,560.0**	**(144.2)**	**(89.6)**	**58.4**	**1,887.5**	**(39.4)**	**1,848.0**
Result of the period	-	214.8	-	-	14.3	229.1	(2.9)	226.3
Other comprehensive income for the period	-	-	(62.5)	-	(2.1)	(64.6)	(0.5)	(65.2)
Total comprehensive income for the period	-	214.8	(62.5)	-	12.2	164.5	(3.4)	161.1
Changes in share-based payment reserves	-	-	6.4	-	-	6.4	-	6.4
Dividends	-	(147.8)	-	-	(5.6)	(153.4)	-	(153.4)
Transfers	-	4.5	(6.4)	1.9	-	-	-	-
Changes in treasury shares	-	-	-	6.0	-	6.0	-	6.0
Changes in scope	-	(47.1)	4.2	-	(5.4)	(48.3)	**42.8**	(5.5)
Balance at the end of 2017	**502.9**	**1,584.4**	**(202.5)**	**(81.8)**	**59.6**	**1,862.6**	**0.0**	**1,862.6**
Change in accounting policies	-	(2.4)	-	-	0.1	(2.2)	-	(2.2)
Restated balance at the beginning of 2018	**502.9**	**1,582.1**	**(202.5)**	**(81.8)**	**59.7**	**1,860.4**	**0.0**	**1,860.4**
Result of the period	-	317.0	-	-	10.9	327.8	-	327.8
Other comprehensive income for the period	-	-	(33.5)	-	(0.3)	(33.9)	-	(33.9)
Total comprehensive income for the period	-	317.0	(33.5)	-	10.5	294.0	-	294.0
Changes in share-based payment reserves	-	-	11.1	-	-	11.1	-	11.1
Capital increase (*)	881.4	-	-	-	10.9	892.3	-	892.3
Dividends	-	(175.3)	-	-	(20.1)	(195.4)	-	(195.4)
Transfers	-	(0.0)	(3.0)	3.0	-	-	-	-
Changes in treasury shares	-	-	-	(79.3)	-	(79.3)	-	(79.3)
Changes in scope (**)	-	(112.8)	0.2	-	(11.1)	(123.7)	-	(123.7)
Balance at the end of 2018	**1,384.3**	**1,610.9**	**(227.6)**	**(158.1)**	**49.9**	**2,659.3**	**-**	**2,659.3**

(*) The increase in share capital during H1 is the result of an equity placement through an accelerated bookbuild for a total gross amount of € 891.5 million (€ 881.4 million net of transaction costs).

(**) The amount reported is mainly related to the increase of Umicore's interest in its Chinese cathode material production entity from 70 % to 90 %.

Consolidated cashflow statement

(in million €)	2017	2018
Profit (loss) from continuing operations	229.1	327.8
Adjustments for profit of equity companies	(29.6)	(6.7)
Adjustment for non-cash transactions	190.7	348.3
Adjustments for items to disclose separately or under investing and financing cashflows	98.3	130.4
Change in working capital requirement	(275.5)	(708.0)
Cashflow generated from operations	213.1	91.8
Dividend received	15.3	8.4
Tax paid during the period	(74.4)	(127.4)
Government grants received	(0.6)	-
Net operating cashflow	153.3	(27.3)
Acquisition of property, plant and equipment	(351.1)	(466.0)
Acquisition of intangible assets	(25.6)	(31.8)
Acquisition of new subsidiaries, net of cash acquired	(211.5)	(24.2)
Acquisition in additional shareholdings in subsidiaries	-	(123.4)
Acquisition of financial assets	(0.1)	(2.5)
New loans extended	(9.9)	(2.5)
Sub-total acquisitions	(598.2)	(650.3)
Disposal of property, plant and equipment	5.4	6.2
Disposal of intangible assets	1.4	12.1
Disposal of subsidiaries and associates, net of cash disposed	74.2	35.7
Disposal of financial fixed assets	0.4	17.4
Repayment of loans	20.0	3.6
Internal transfers	0.0	(1.6)
Sub-total disposals	101.5	73.4
Net cashflow generated by (used in) investing activities	(496.7)	(577.0)
Capital increase	0.0	881.4
Capital increase (decrease) minority	0.4	10.8
Own shares	6.0	(79.3)
Interest received	4.0	5.9
Interest paid	(18.4)	(37.6)
New loans and repayments	562.1	120.3
Dividends paid to Umicore shareholders	(150.7)	(175.3)
Dividends paid to minority shareholders	(5.6)	(20.1)
Net cashflow generated by (used in) financing activities	397.8	706.0
Effect of exchange rate fluctuations	14.0	(0.5)
Total net cashflow of the period	68.4	101.2
Net cash and cash equivalents at the beginning of the period for continuing operations	71.3	155.9
Impact of financing discontinued operations	16.2	-
Net cash and cash equivalents at the end of the period for continuing operations	155.9	257.1
of which cash and cash equivalents	168.1	285.1
of which bank overdrafts	(12.2)	(28.0)

Condensed segment information 2017

(in million €)

	Catalysis	Energy & Surface Technologies	Recycling	Corporate	Eliminations	Total Continued operations	Discontinued operations	Total
Total segment turnover	3,090.6	2,392.4	7,326.7	43.9	(906.3)	11,947.3	330.4	12,277.6
of which external turnover	3,068.3	2,333.7	6,501.4	43.9	-	11,947.3	330.4	12,277.6
of which inter-segment turnover	22.2	58.7	825.4	-	(906.3)	-	-	-
Total segment revenues (excluding metal)	1,253.1	893.6	650.3	-	(6.4)	2,790.6	125.1	2,915.7
of which external revenues (excluding metal)	1,251.8	893.3	645.5	-	-	2,790.6	125.1	2,915.7
of which inter-segment revenues (excluding metal)	1.3	0.4	4.8	-	(6.4)	-	-	-
Recurring EBIT	165.5	140.7	127.9	(36.3)	-	397.9	12.4	410.3
of which from operating result	165.1	130.2	127.9	(54.2)	-	369.1	11.5	380.6
of which from equity method companies	0.4	10.5	-	17.9	-	28.8	0.9	29.6
Non-recurring EBIT	(0.4)	(14.8)	(2.7)	(15.3)	-	(33.2)	(13.0)	(46.2)
of which from operating result	0.0	(14.8)	(2.7)	(14.9)	-	(32.4)	(13.0)	(45.5)
of which from equity method companies	(0.4)	-	-	(0.4)	-	(0.8)	-	(0.8)
IAS 39 effect on EBIT	(3.9)	(16.2)	(3.9)	1.0	-	(23.0)	2.3	(20.7)
of which from operating result	(4.8)	(16.2)	(3.9)	0.3	-	(24.6)	2.3	(22.3)
of which from equity method companies	0.9	-	-	0.7	-	1.6	-	1.6
Total EBIT	161.2	109.7	121.3	(50.6)	-	341.6	1.6	343.3
of which from operating result	160.3	99.2	121.3	(68.8)	-	312.1	0.8	312.9
of which from equity method companies	0.9	10.5	-	18.2	-	29.6	0.9	30.4
Capital expenditure	45.0	225.5	79.5	11.9	-	361.9	3.3	365.2
Depreciation & amortization	58.9	57.6	61.8	12.2	-	190.5	0.0	190.5

Condensed segment information 2018

(in million €)

	Catalysis	Energy & Surface Technologies	Recycling	Corporate	Eliminations	Total Continued operations	Total
Total segment turnover	3,311.0	4,719.8	7,625.4	46.1	(915.9)	14,786.3	14,786.3
of which external turnover	3,272.7	4,662.4	6,805.2	46.1	-	14,786.3	14,786.3
of which inter-segment turnover	38.3	57.3	820.3	-	(915.9)	-	-
Total segment revenues (excluding metal)	1,360.4	1,289.3	626.2	-	(4.8)	3,271.1	3,271.1
of which external revenues (excluding metal)	1,359.2	1,288.9	623.0	-	-	3,271.1	3,271.1
of which inter-segment revenues (excluding metal)	1.2	0.4	3.2	-	(4.8)	-	-
Recurring EBIT	168.2	256.6	134.8	(46.0)	-	513.6	513.6
of which from operating result	168.2	255.8	134.8	(50.5)	-	508.2	508.2
of which from equity method companies	-	0.9	-	4.5	-	5.4	5.4
Non-recurring EBIT	(5.8)	(5.4)	(9.0)	6.6	-	(13.6)	(13.6)
of which from operating result	(5.8)	(5.4)	(9.0)	5.2	-	(14.9)	(15.0)
of which from equity method companies	-	-	-	1.4	-	1.4	1.4
Total EBIT	162.3	251.3	125.8	(39.4)	-	500.0	500.0
of which from operating result	162.3	250.4	125.8	(45.3)	-	493.2	493.2
of which from equity method companies	-	0.9	-	5.9	-	6.7	6.7
Capital expenditure	78.8	316.1	68.4	14.3	0.0	477.6	477.6
Depreciation & amortization	69.1	66.3	59.9	11.3	-	206.6	206.6

Non-recurring results and IAS 39 impact included in the results, including discontinued operations

Impact of IAS 39 & non-recurring elements (in million €)	**Total**	**of which: recurring**	**Non-recurring**	**Effect IAS 39**
2017				
Profit from operations	312.9	380.6	(45.5)	(22.3)
of which income from other financial investments	(22.4)	1.3	(23.7)	-
Result of companies accounted for using the equity method	30.4	29.6	(0.8)	1.6
EBIT	343.3	410.3	(46.2)	(20.7)
Finance cost	(38.3)	(41.9)	-	3.5
Tax	(78.7)	(87.2)	4.5	4.0
Net result	226.3	281.2	(41.7)	(13.2)
of which minority share	14.4	14.4	0.1	(0.2)
of which Group share	211.9	266.8	(41.8)	(13.0)
2018				
Profit from operations	493.2	508.2	(15.0)	-
of which income from other financial investments	5.0	0.1	4.9	-
Result of companies accounted for using the equity method	6.7	5.4	1.4	-
EBIT	500.0	513.6	(13.6)	-
Finance cost	(68.9)	(68.9)	-	-
Tax	(103.2)	(107.2)	4.0	-
Net result	327.8	337.4	(9.6)	-
of which minority share	10.9	11.0	(0.2)	-
of which Group share	317.0	326.4	(9.4)	-

The cobalt market price substantially decreased since the 31 December 2018 closing date. The prevailing cobalt market price is currently lower than the average cost of the permanently tied-up cobalt inventories, implying a risk of future impairment charges.

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.

Glossary

For a glossary of used financial and technical terms please refer to:
http://www.umicore.com/en/investors/financial-data/glossary/

For more information

Investor Relations

Evelien Goovaerts	+32 2 227 78 38	evelien.goovaerts@umicore.com
Eva Behaeghe	+32 2 227 70 68	eva.behaeghe@umicore.com
Aurélie Bultynck	+32 2 227 74 34	aurelie.bultynck@umicore.com

Media Relations

Marjolein Scheers	+32 2 227 71 47	marjolein.scheers@umicore.com

Link to all documents related to Umicore’s 2018 FY results.

Financial calendar

22 March 2019	Publication of the annual report 2018
25 April 2019	Annual General Meeting
29 April 2019	Ex-dividend trading date
30 April 2019	Record date for the dividend
2 May 2019	Payment date for the dividend
31 July 2019	Half year results 2019
7 February 2020	Full year results 2019

Umicore profile

Umicore is a global materials technology and recycling group. It focuses on application areas where its expertise in materials science, chemistry and metallurgy makes a real difference. Its activities are organised in three business groups: Catalysis, Energy & Surface Technologies and Recycling. Each business group is divided into market-focused business units offering materials and solutions that are at the cutting edge of new technological developments and essential to everyday life.

Umicore generates the majority of its revenues and dedicates most of its R&D efforts to clean mobility materials and recycling. Umicore’s overriding goal of sustainable value creation is based on an ambition to develop, produce and recycle materials in a way that fulfils its mission: materials for a better life.

Umicore’s industrial and commercial operations as well as R&D activities are located across the world to best serve its global customer base. The Group generated a turnover of € 14.8 billion (€ 3.3 billion excluding metal) in 2018 and currently employs 10,400 people.

A conference call and audio webcast will take place today at 09:30 CET. Please visit: https://www.umicore.com/en/investors/news-results/audio-webcast-fyr2018