



umicore

*materials for a better life*

# 2016 full year results

10 February 2017



# Overview

- Highlights 2016
- Outlook 2017
- Business review 2016
- Financial review 2016
- Wrap-up
- Q&A

# Highlights 2016

- **Revenues +3% and REBIT +7% from continued operations:** strong growth in Automotive Catalysts and Rechargeable Battery Materials more than offset impact of lower metal prices on various recycling activities
- **Growth investments** in clean mobility and recycling:
  - Expansion works to triple cathode materials capacity in South Korea and China by end of 2018 has started
  - Start up of automotive catalyst plant in Thailand
  - Auxiliary investments in Hoboken facility completed and new capacity ramping up; investments to further reduce metal emissions ongoing
- **Non recurring elements of €110 million:** fine imposed by French Competition Authority on Building Products France & closure costs for two plants in Europe and China
- Proposed gross **annual dividend of €1.30**

# Outlook 2017



## CATALYSIS

- Volume growth for LDV and HDD, albeit at lower pace than in 2016 in absence of major legislative steps
- Shipments of GPF set to start towards the end of the year



## ENERGY & SURFACE TECHNOLOGIES

- Volume growth in Rechargeable Battery Materials for automotive applications
- Growth more pronounced in H2 as new capacity comes on stream



## RECYCLING

- Ramp-up of Hoboken expansion
- Incremental volumes likely to be somewhat less beneficial in terms of margin

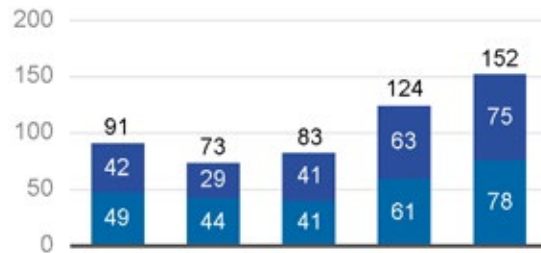
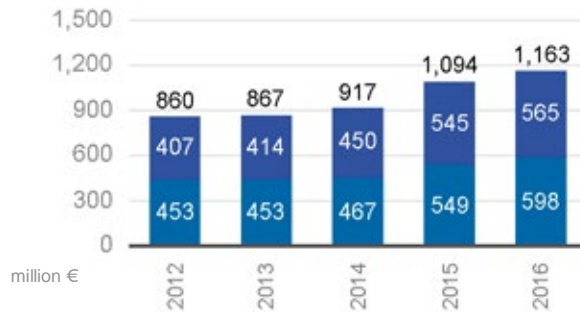
Umicore well on track to reach its Horizon 2020 objectives

# Business review 2016



# 2016 FY business review

## Revenues



## Recurring EBIT

Revenues +6% and recurring EBIT +23%:

- Strong growth in **Automotive Catalysis**:
  - High demand for LDV catalysts; outperforming the car market globally and in Europe and China in particular
  - Higher demand for HDD catalysts in Europe and Asia
  - Positive mix and scale effects
- Slightly lower revenues for **Precious Metals Chemistry**

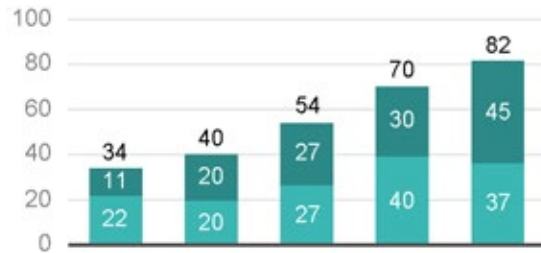
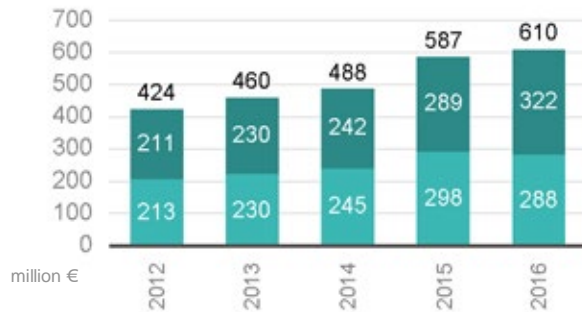


- ~ H1
- ~ H2



# 2016 FY business review

### Revenues



### Recurring EBIT

Revenues +4% and recurring EBIT +16%:

- Strong growth in **Rechargeable Battery Materials** driven by the transportation segment
- Stable revenues in **Cobalt & Specialty Materials** despite lower cobalt and nickel prices; earnings benefited from cost reduction measures
- Higher revenues for **Electroplating** reflecting mainly growing demand for portable electronics
- Lower revenues for **Electro-Optic Materials** and **Thin Film Products**

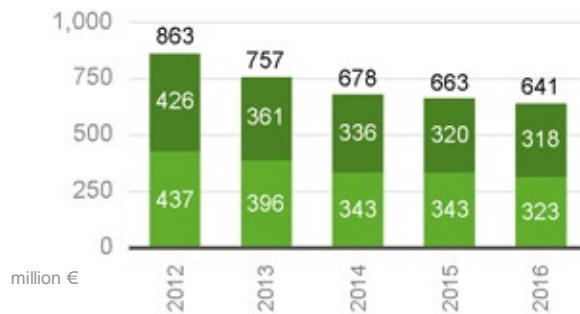


- ~ H1
- ~ H2



# 2016 FY business review

## Revenues



## Recurring EBIT



Revenues -3% and recurring EBIT -12%:

- Slightly lower revenues for **Precious Metals Refining**:
  - Lower demand for specialty metals and lower prices for PGMs
  - Processed volumes in line with 2015
  - Good availability of complex residues
- Slightly higher revenues in **Platinum Engineered Materials** and stable revenues in **Jewellery & Industrial Metals**
- Challenging market conditions in **Technical Materials** and lower contribution from trading activity in **Precious Metals Management**



~ H1  
~ H2



# Growth investments in clean mobility and recycling



## CATALYSIS

- New production plant for automotive catalysts in Thailand commissioned and ramping up



## ENERGY & SURFACE TECHNOLOGIES

- Expansion works in China and South Korea to triple cathode material capacity by end 2018 started
- Smaller debottlenecking projects in China completed



## RECYCLING

- Auxiliary investments in Hoboken completed and new capacity ramping up
- Investments to further reduce metal emissions ongoing

# Discontinued operations

### Revenues



### Lower revenues for **Building Products**:

- Subdued demand in France; first signs of recovery observed
- Increasing share of higher value added-products; competitive pressure on premiums
- Appeal against the decision of the French Competition Authority



### Recurring EBIT

Sale of **Zinc Chemicals** to OpenGate Capital completed effective on 1 November 2016



- ~ H1
- ~ H2

# Employees and Safety

## People



## Safety

- Accident frequency rate at 3.34
- Accident severity rate at 0.56
- Fatal accident in Manaus, Brazil
- Efforts will continue in order to ensure any and all possible areas for improvement are identified and pursued

## People

Number of employees in fully consolidated companies lower reflecting primarily the sale of the Zinc Chemicals business unit.



- ~ Fully consolidated
- ~ Associates

# Financial review

# Margin expansion despite lower metal prices

## Group, including discontinued activities

### REBIT & REBIT margin



**REBIT**  
2015-2016  
**+6.2%**



**REBITDA**  
2015-2016  
**+4.4%**

### REBITDA & REBITDA margin

## Continued activities

### REBIT & REBIT margin



**REBIT**  
2015-2016  
**+7.0%**



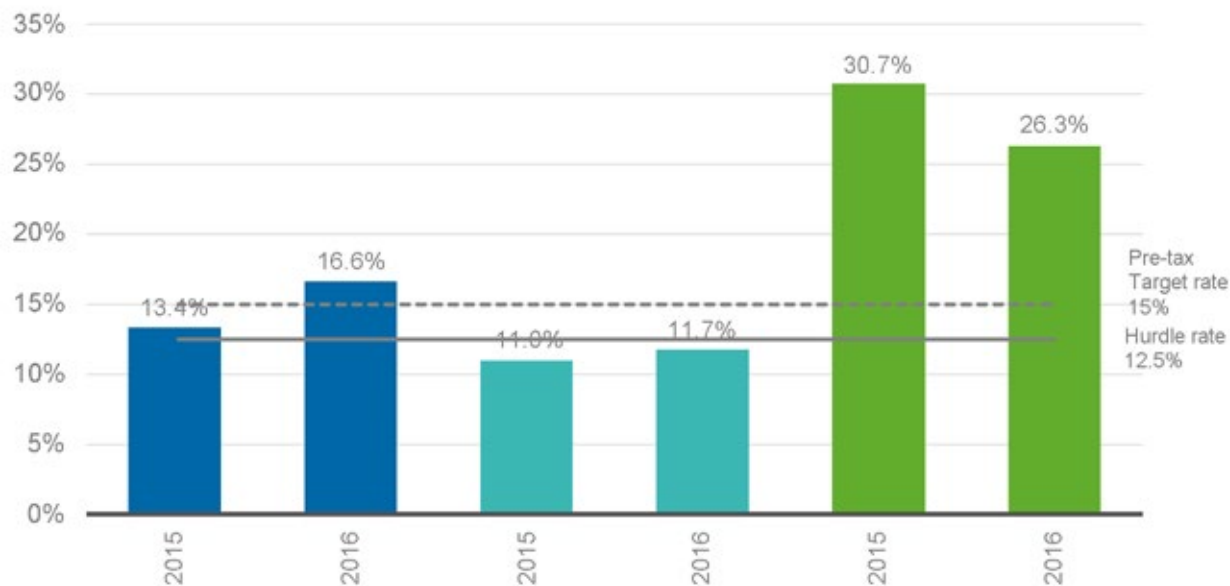
**REBITDA**  
2015-2016  
**+6.6%**

### REBITDA & REBITDA margin



- ~ H1
- ~ H2

# ROCE per business group



Group ROCE	
2015	13.7%
2016	14.6%

- Catalysis ROCE 16.6%, well above target ratio
- Energy & Surface Technologies ROCE 11.7%, higher despite significant investments for future growth
- Recycling ROCE 26.3%, highly value accretive, even in lower metal price environment

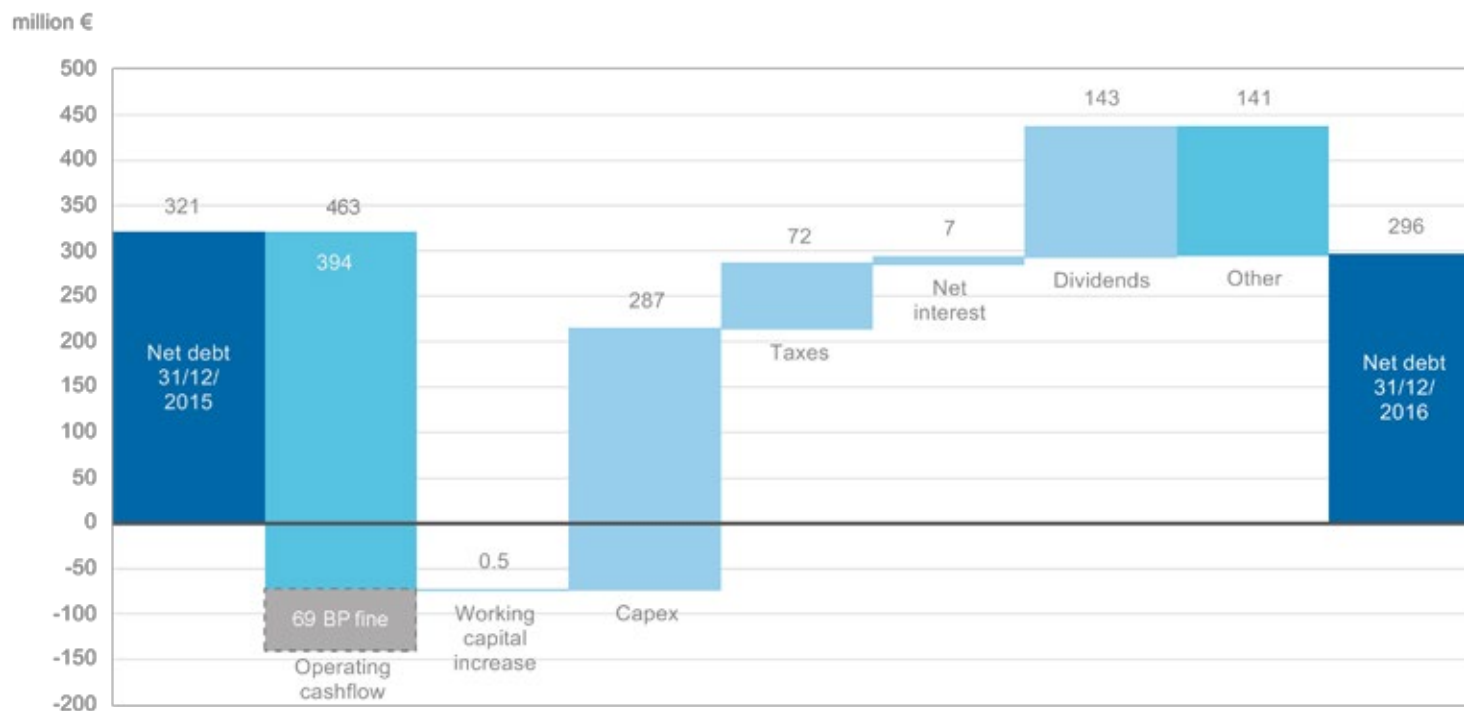


~ Catalysis

~ Energy & Surface Technologies

~ Recycling

# Net debt and cash flows

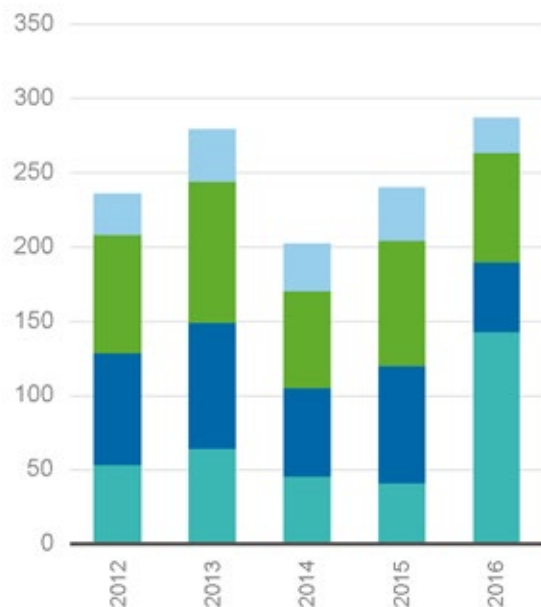


Operating cashflow = cashflow from operations before change in working capital requirement plus dividend and grants received

# Expenditures for growth

## Capital expenditure

million €



Capex € 287 million relating mainly to growth projects in clean mobility and recycling:

- Energy & Surface Technologies: start of investment works to triple total cathode materials capacity by end 2018 and acquisition of NMC patent families from 3M
- Recycling: auxiliary investments in Hoboken and investments to further reduce metal emissions
- Catalysis: construction and commissioning of new catalyst production plant in Thailand

R&D € 156 million, up from € 145 million in 2015, reflecting higher expenditures in Catalysis



~ Catalysis

~ Recycling

~ Energy & Surface Technologies

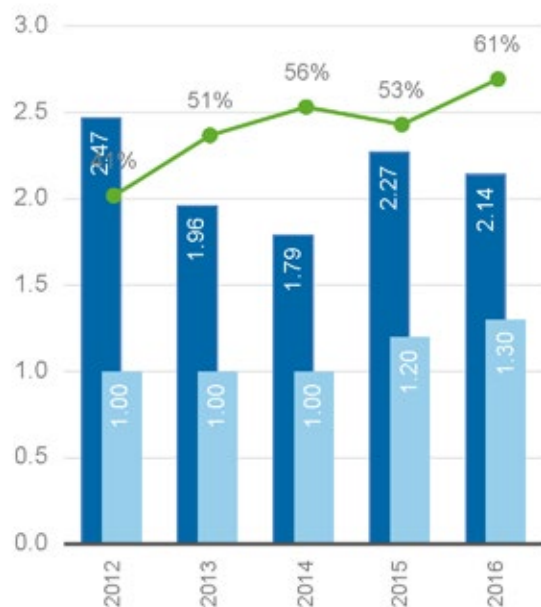
~ Corporate & Discontinued operations



# Dividend returns to shareholders

**Data per share**

million €



Recurring EPS slightly lower due to higher taxes and negative Fx result

Dividend of € 1.30 per share proposed

Corresponds to 61% payout ratio based on recurring EPS of € 2.14 per share

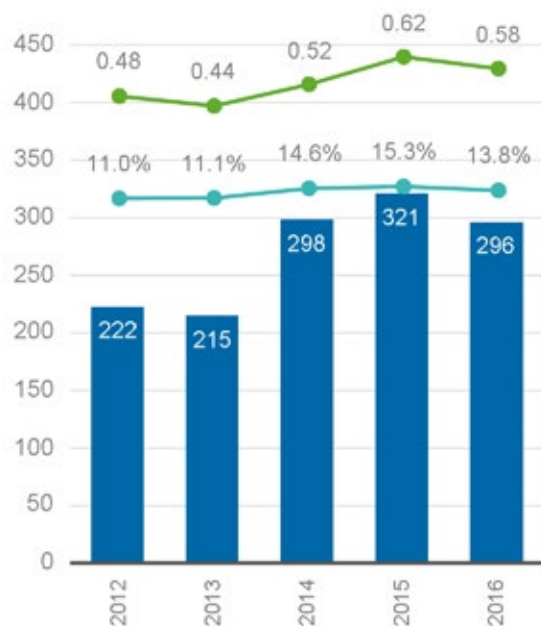


- ~ Recurring EPS
- ~ Dividend
- ~ Payout ratio

# Strong capital structure maintained

**Net financial debt**

million €



Net financial debt of € 296 million

Corresponds to :

- 0.6 x average net debt to recurring EBITDA ratio
- 13.8% gearing ratio

Average weighted net interest rate increased slightly to 1.76%



- ~ Net debt
- ~ Gearing ratio
- ~ Average net debt / recurring EBITDA

# Non-recurring elements

million €	2016
Restructuring charges & provisions	(42.8)
Environmental charges & provisions	(0.5)
Impairments on metal inventory	16.0
Other	(82.9)
<b>Non-recurring EBIT</b>	<b>(110.2)</b>
Non-recurring tax result	5.7
Non-recurring minority result	(0.2)
<b>Net non-recurring result</b>	<b>(104.4)</b>

Non-recurring EBIT mainly affected by € 69 million fine imposed by the French Competition Authority

€ 43 million restructuring charges covering closure costs for two production sites in Europe and China.

€ 16 million reversal of impairments for permanently tied-up metal inventories

Total negative impact on net result of € 104 million

# Wrap-up

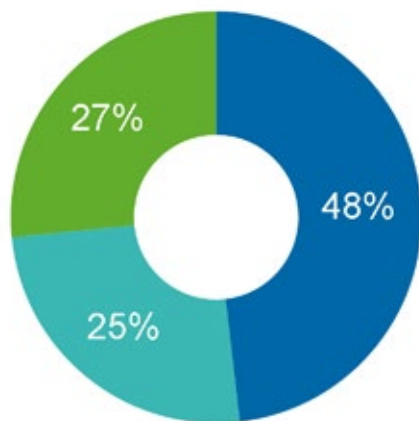
- **Revenues +3% and REBIT +7% for continued operations:** strong growth in Automotive Catalysts and Rechargeable Battery Materials more than offset impact of lower metal prices on various recycling activities
- Growth projects in clean mobility and recycling continue:
  - New capacity ramping up in Hoboken; ongoing investments to further reduce metal emissions
  - Accelerated expansions of cathode material capacity in China and South Korea to come on stream as of H2 2017
- Umicore well on track to reach Horizon 2020 objectives: significant volume growth expected across business groups in 2017

# Annexes

# Business group split for 2016

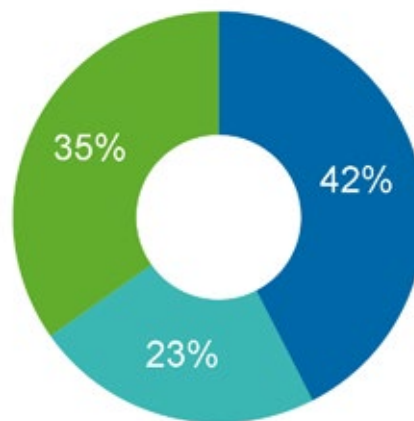
## REVENUES

(excluding metal)



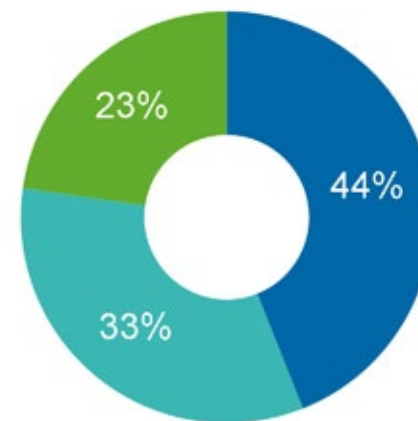
## EBIT

(recurring)



## CAPITAL EMPLOYED

(average)



~

Catalysis

~

Recycling

~

Energy & Surface Technologies

(excl. corporate & discontinued operations)

# Business Group key figures

## CATALYSIS

million €	2015	2016
Revenues	1,093.7	1,163.4
Recurring EBITDA	172.3	203.4
Recurring EBIT	124.2	152.5
of which associates	8.8	9.2
EBIT	115.9	125.6
R&D expenditure	91.1	102.0
Capital expenditure	78.8	46.5
Recurring EBIT margin	10.6%	12.3%
ROCE	13.4%	16.6%

## ENERGY & SURFACE TECHNOLOGIES

million €	2015	2016
Revenues	586.9	610.2
Recurring EBITDA	112.6	131.6
Recurring EBIT	70.2	81.7
of which associates	(3.5)	1.0
EBIT	37.3	74.2
R&D expenditure	20.3	20.2
Capital expenditure	42.5	144.3
Recurring EBIT margin	12.6%	13.2%
ROCE	11.0%	11.7%

# Business Group key figures

## RECYCLING

million €	2015	2016
Revenues	662.9	641.2
Recurring EBITDA	204.3	187.2
Recurring EBIT	141.5	124.9
EBIT	132.5	115.5
R&D expenditure	21.2	23.0
Capital expenditure	83.0	72.3
Recurring EBIT margin	21.3%	19.5%
ROCE	30.7%	26.3%

## DISCONTINUED OPERATIONS

million €	2015	2016
Revenues	291.8	258.1
Recurring EBITDA	39.6	30.7
Recurring EBIT	31.0	30.6
of which associates	0.7	0.9
EBIT	19.6	-34.2
R&D expenditure	3.0	3.1
Capital expenditure	27.5	14.5
Recurring EBIT margin	10.4%	11.5%
ROCE	14.9%	20.0%



# IFRS Income statement

million €	2015	2016
Operating income	9,755.7	10,503.4
Operating expenses	(9,529.9)	(10,248.5)
Income (loss) from other financial assets	(2.6)	(5.9)
<b>Result from operating activities</b>	<b>223.2</b>	<b>249.0</b>
Net financial result	(12.5)	(15.2)
Foreign exchange gains and losses	(12.1)	(2.5)
Share in result of companies accounted for using the equity method	9.8	16.8
<b>Profit (loss) before income tax</b>	<b>208.5</b>	<b>248.1</b>
Income taxes	(47.7)	(56.4)
Profit (loss) from continuing operations	160.7	191.7
Profit (loss) from discontinued operations*	16.4	(50.3)
<b>Profit (loss) of the period</b>	<b>177.2</b>	<b>141.4</b>
of which minority share	7.9	10.6
of which Group share	169.2	130.7
€ / share		
Basic earnings per share from continuing operations	1.41	1.66
Total basic earnings per share	1.56	1.20
Diluted earnings per share from continuing operations	2.27	2.14
Total diluted earnings per share	1.55	1.19
Dividend per share	1.20	1.30

\* Attributable to equityholders of these companies

# IFRS Balance sheet

million €	31/12/2015	31/12/2016
Non-current assets	1,614.2	1,727.4
Current assets	1,996.3	2,164.8
Assets of discontinued operations	419.6	253.5
<b>Total assets</b>	<b>4,030.1</b>	<b>4,145.7</b>
Group shareholders' equity	1,698.7	1,812.5
Minority interest	52.6	60.0
Elements of comprehensive income of discontinued operations	23.2	(32.2)
Non-current liabilities	490.2	491.3
Current liabilities	1,525.7	1,661.5
Liabilities of discontinued operations	229.2	144.9
<b>Total equity &amp; liabilities</b>	<b>4,030.1</b>	<b>4,145.7</b>
Net financial debt, continued	321.3	296.3
Gearing ratio	15.3%	13.8%

# IFRS Cashflow statement

million €	2015	2016
Operating cashflow	459.2	436.8
Tax paid during the period	(80.9)	(65.3)
Change in working capital requirement	(113.1)	13.3
<b>Net operating cashflow</b>	<b>265.1</b>	<b>384.7</b>
Acquisition of property, plant and equipment	(204.5)	(207.0)
Acquisition of intangible assets	(20.9)	(80.8)
Capital expenditure	(212.9)	(272.6)
Capitalised development costs	(12.4)	(15.2)
Acquisitions	3.3	140.7
Loans to third parties	0.1	(12.3)
<b>Net cashflow generated by (used in) investing activities</b>	<b>(221.9)</b>	<b>(208.6)</b>
Capital changes	(6.3)	38.0
Interests	(5.6)	(6.4)
New loans and repayments	26.8	6.5
Dividends	(114.0)	(143.0)
<b>Net cashflow generated by (used in) financing activities</b>	<b>(99.1)</b>	<b>(104.9)</b>
Effect of exchange rate fluctuations	(17.3)	1.4
<b>Total net cashflow of the period</b>	<b>(73.2)</b>	<b>72.6</b>
<b>Net cash and cash equivalents at the beginning of the period for continuing operations</b>	<b>102.9</b>	<b>66.2</b>
<b>Impact of final financing carved out entities</b>	<b>36.4</b>	<b>(67.5)</b>
<b>Net cash and cash equivalents at the end of the period for continuing operations</b>	<b>66.2</b>	<b>71.3</b>
Cash to discontinued operations	37.9	45.3

# Income statement of discontinued operations

million €	2015	2016
Operating income	748.4	661.3
Operating expenses	(729.2)	(698.0)
<b>Result from operating activities</b>	19.3	(35.4)
Finance cost - net	(1.9)	(3.0)
Share in result of companies accounted for using the equity method	0.3	1.3
<b>Profit (loss) before income tax</b>	17.7	(37.2)
Income taxes	(1.3)	(13.1)
<b>Profit (loss) of the period</b>	16.4	(50.3)
€ / share		
Basic earnings per share from discontinued operations	0.15	(0.46)
Diluted earnings per share from discontinued operations	0.15	(0.46)

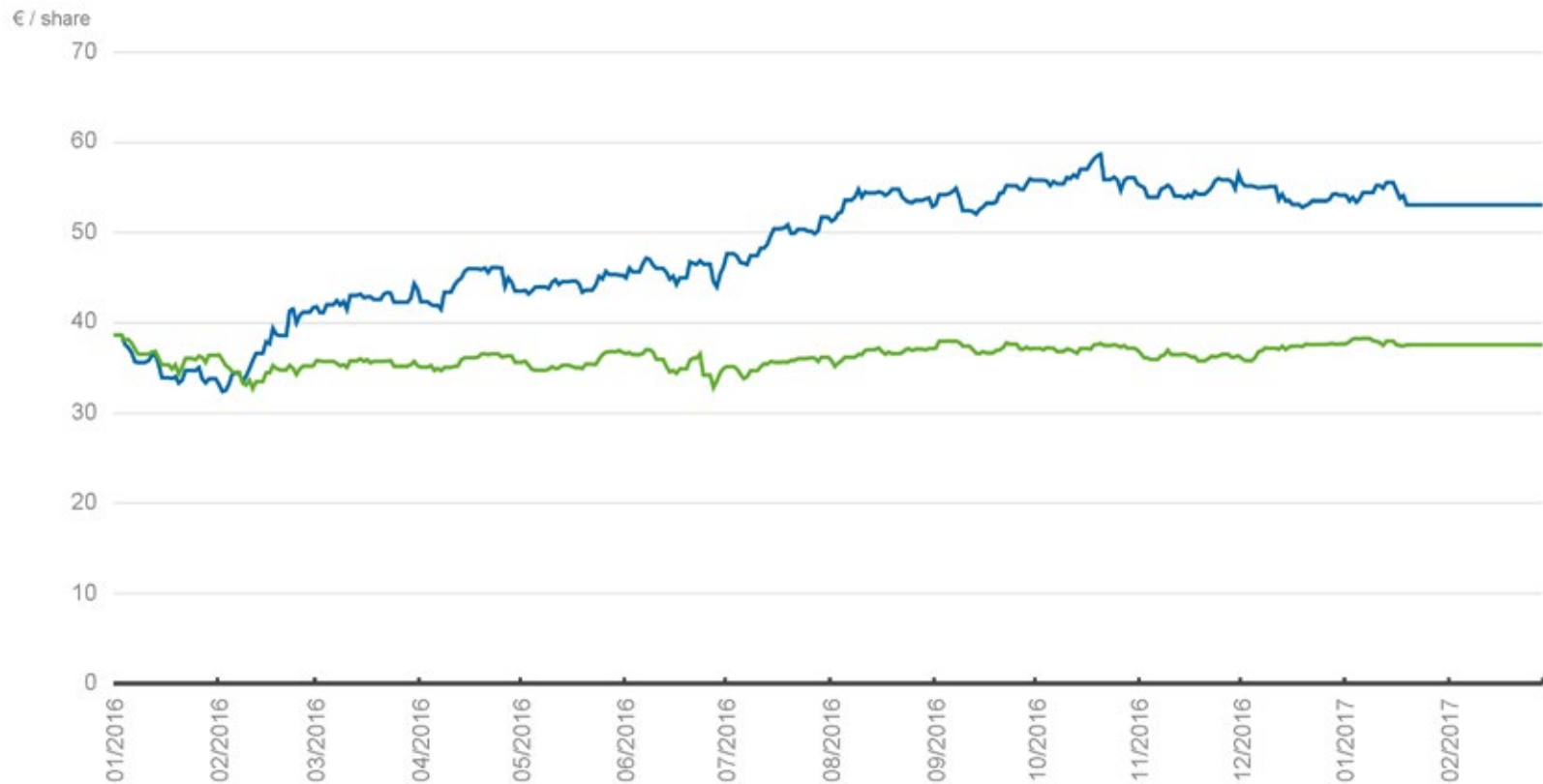
# Assets & liabilities of discontinued operations

million €	31/12/2015	31/12/2016
Non-current assets	163.6	90.3
Current assets	256.0	163.1
<b>Total assets</b>	<b>419.6</b>	<b>253.5</b>
Non-current liabilities	44.1	39.8
Current liabilities	185.1	105.1
<b>Total liabilities</b>	<b>229.2</b>	<b>144.9</b>

# Cashflow statement of discontinued operations

million €	2015	2016
Net operating cashflow	108.8	(63.4)
Net cashflow generated by (used in) investing activities	(26.0)	27.9
Net cashflow generated by (used in) financing activities	15.2	(22.6)
Effect of exchange rate fluctuations	(0.6)	(3.0)
<b>Total net cashflow of the period</b>	<b>97.3</b>	<b>(61.1)</b>
Net cash and cash equivalents at the beginning of the period for continuing operations	(23.1)	37.9
Impact of final financing carved out entities	(36.4)	67.5
Net cash and cash equivalents at the end of the period for continuing	37.9	45.3

# Shareprice performance



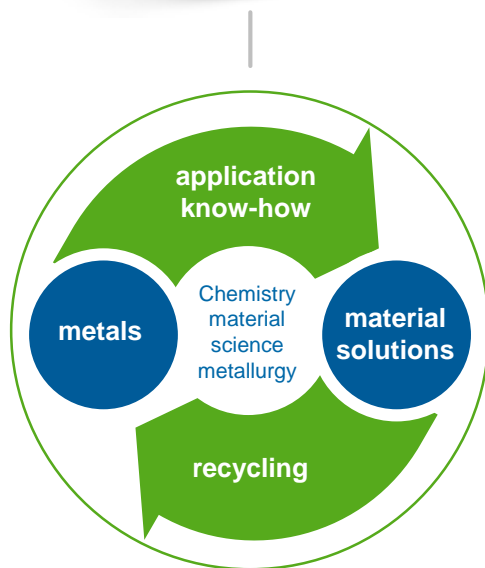
- ~ Umicore
- ~ Bel 20 (indexed)

# Intro & Strategy

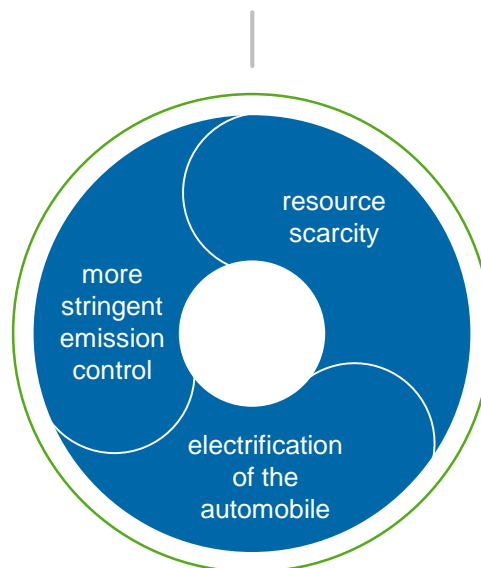


# Our foundations

Unique business model



Supportive megatrends

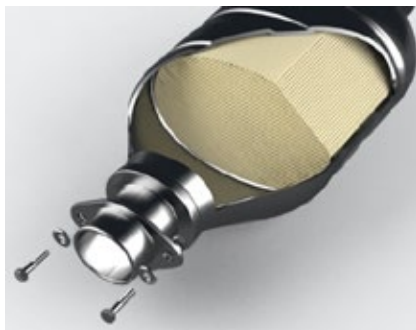


Industry leader in sustainability



# Who we are

## A global materials technology and recycling group



One of three global leaders in emission control catalysts for light-duty and heavy-duty vehicles and for all fuel types



A leading supplier of key materials for rechargeable batteries used in electrified transportation and portable electronics



The world's leading recycler of complex waste streams containing precious and other valuable metals

# Our Group structure



## CATALYSIS

Automotive Catalysts  
Precious Metals Chemistry



## ENERGY & SURFACE TECHNOLOGIES

Cobalt & Specialty Materials  
Electroplating  
Electro-Optic Materials  
Rechargeable Battery Materials  
Thin Film Products



## RECYCLING

Jewellery & Industrial Metals  
Platinum Engineered Materials  
Precious Metals Management  
Precious Metals Refining  
Technical Materials

# Our Strategy

## BY 2020 WE HAVE ...



Clear leadership  
in clean mobility  
materials and  
recycling



Doubled the size  
of the business  
in terms of  
earnings



Rebalanced  
the portfolio &  
earnings  
contributions



Turned  
sustainability  
into a greater  
competitive edge



# Unique position in clean mobility materials

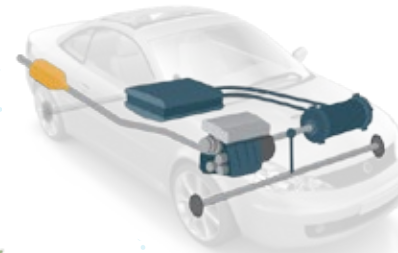


Leadership  
in clean mobility  
materials and  
recycling

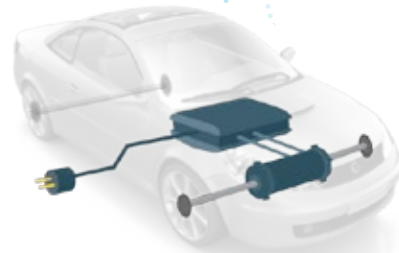
**ICE**  
Emission control  
catalysts



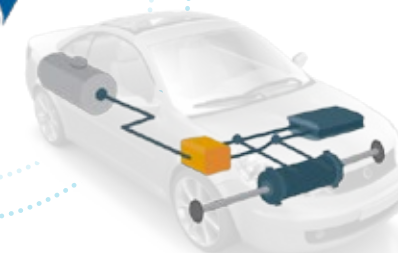
**(p)HEV**  
Battery cathode  
materials and  
emission control  
catalysts



**BEV**  
Battery cathode  
materials



**Fuel cells**  
Electro-catalyst  
and battery  
cathode materials



# Unique position in clean mobility materials

- ✓ ✓ ✓ Incumbent
- ✓ Early stage



Leadership  
in clean mobility  
materials and  
recycling

<b>Umicore</b>	✓ ✓ ✓	✓ ✓ ✓	✓	✓ ✓ ✓
Automotive catalyst competitors	✓ ✓ ✓	✓	✓	✓ (incumbent in spent automotive catalysts)
Battery material competitors		✓ ✓ ✓	✓	
Fuel cell catalyst competitors	✓ ✓ ✓		✓	✓

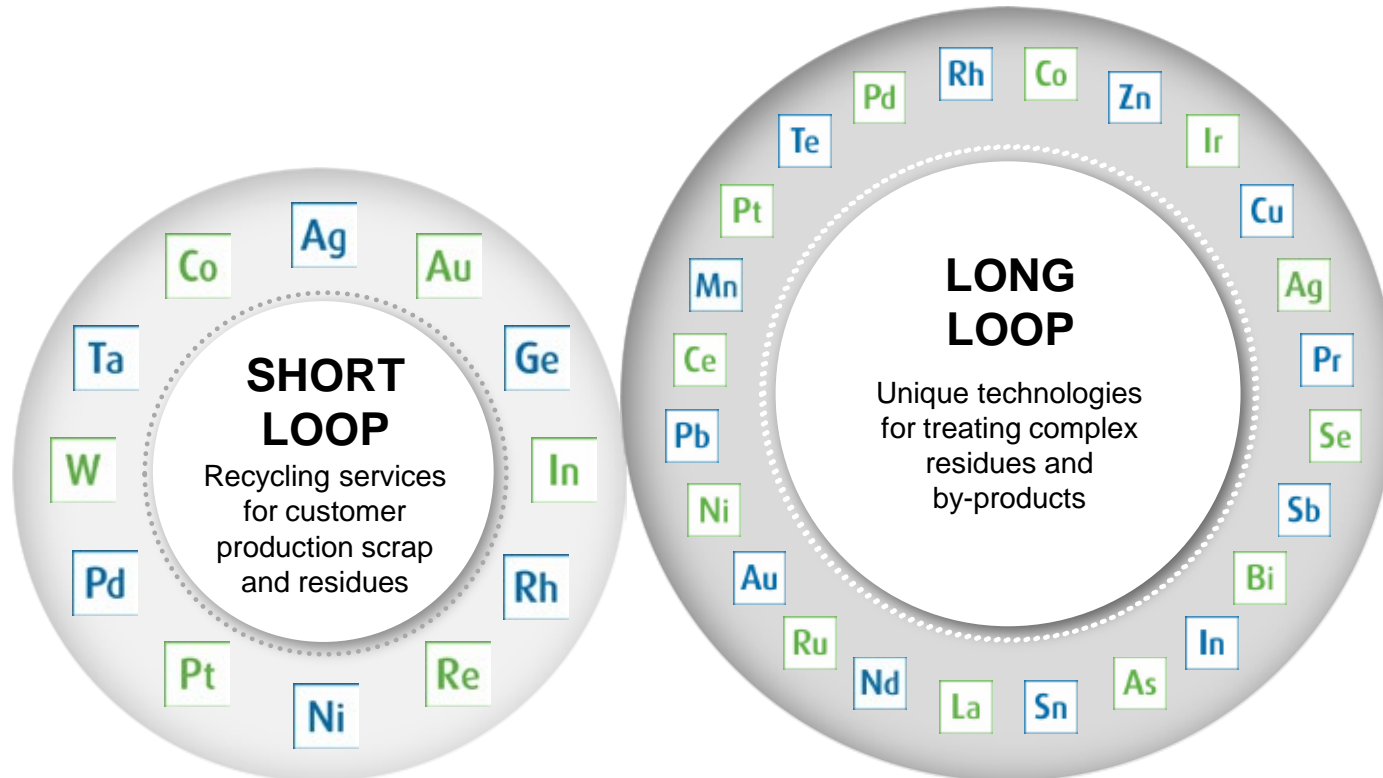

Grow faster than the market  
in LDV and HDD



Clear leadership in  
cathode materials for xEV



# Unique position in recycling

Leadership  
in clean mobility  
materials and  
recycling

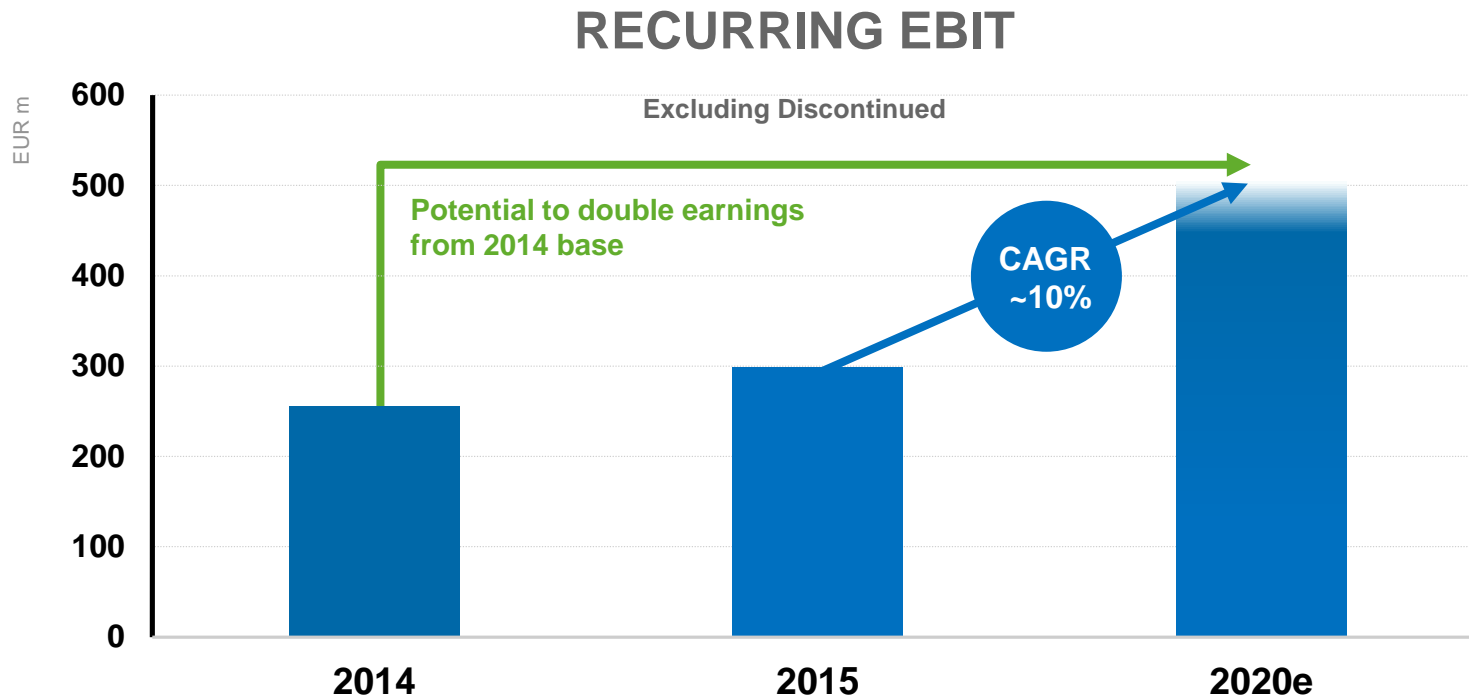

Further leverage Umicore's leadership  
in closed loop solutions for customers




Leverage the profitable  
expansion to 500kt in Hoboken



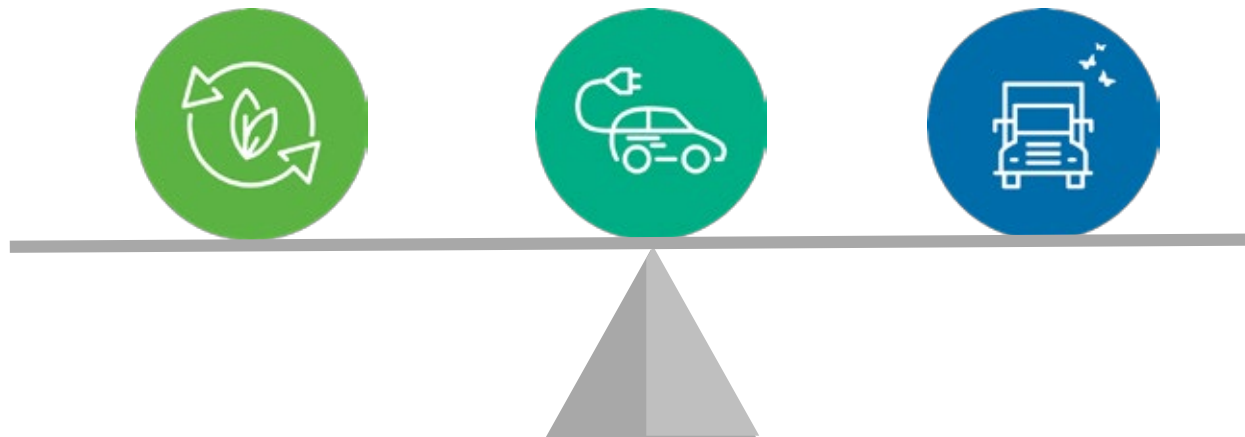
# Doubling the earnings

Doubled the size of the business in terms of earnings

 Increase ROCE to beyond 15% target

# Rebalancing the portfolio



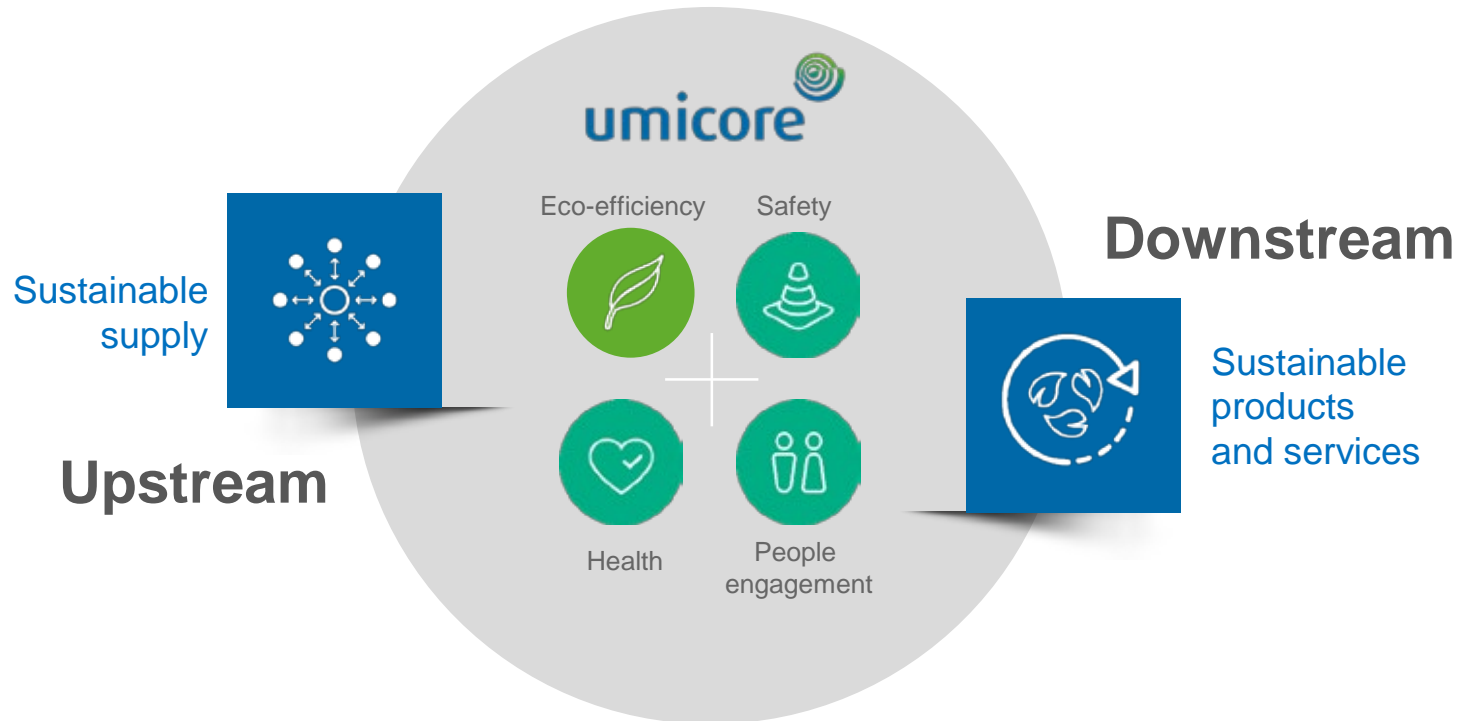
Rebalanced the portfolio & earnings contributions

**More significant relative contribution expected from both Catalysis and Energy & Surface Technologies in 2020**

# Turning sustainability into a greater competitive edge

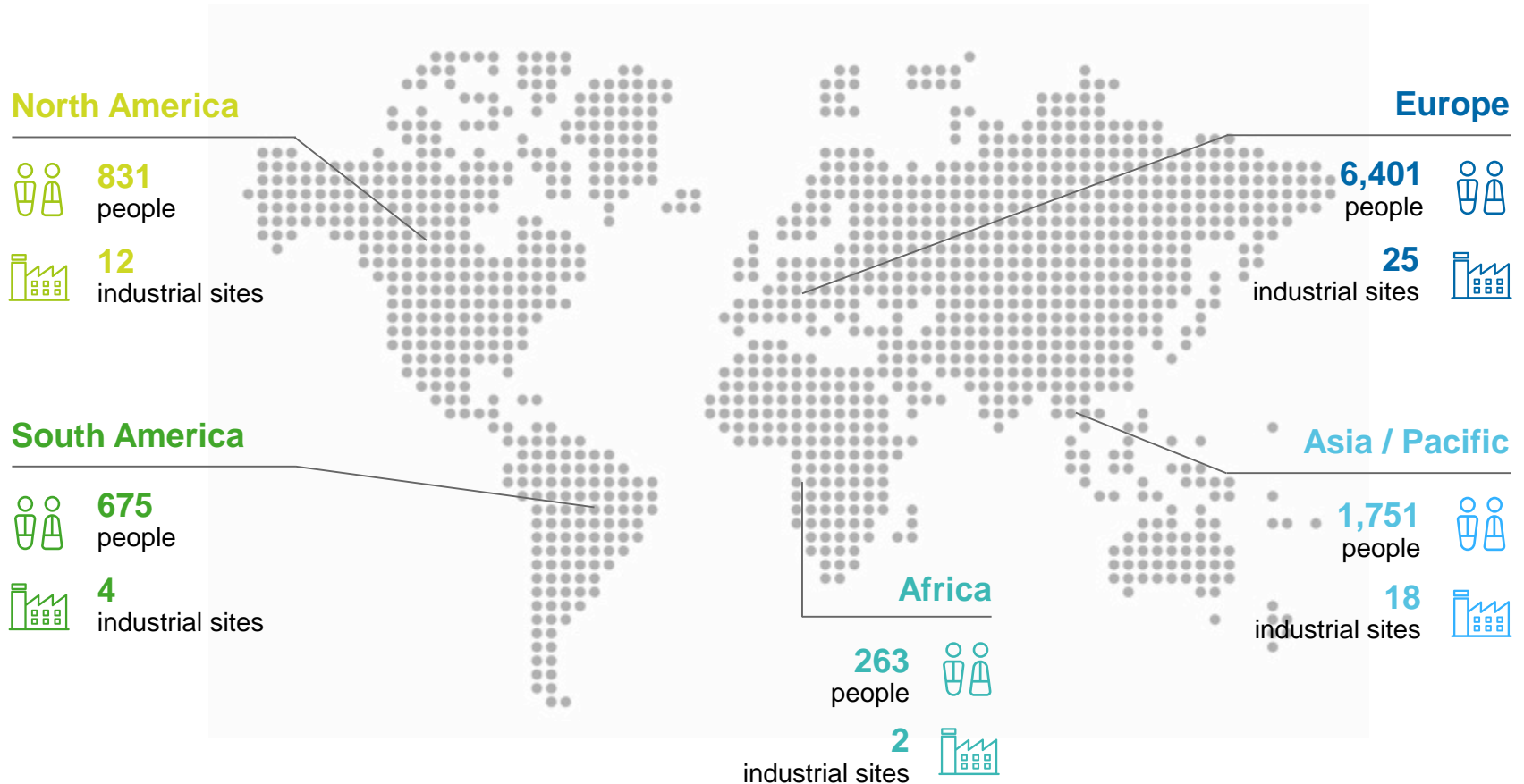


Turned sustainability into a greater competitive edge




# Global presence:

## 9,921 people, 61 manufacturing sites



# Financial calendar

<b>25 April 2017</b>	Ordinary General Meeting of Shareholders
<b>25 April 2017</b>	Trading update Q1 2017
<b>31 July 2017</b>	Half Year Results 2017
<b>24 October 2017</b>	Trading update Q3 2017
<b>9 February 2018</b>	Full Year Results 2017



## Forward-looking statements

This presentation 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.

*materials for a better life*

**Investor Relations**

Evelien Goovaerts  
evelien.goovaerts@umicore.com  
+32 2 227 78 38

Eva Behaeghe  
eva.behaeghe@umicore.com  
+32 2 227 70 68