

# Umicore IR Management call

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## Umicore IR Management call

**Operator:** Hello, and welcome to the Umicore Management call. Please note this conference is being recorded, and for the duration of the call, your lines will be on listen-only. However, you will have the opportunity to ask questions at the end of the call. This can be done by pressing star one on your telephone keypad to register your question. If you require assistance at any point, please press star zero and you will be connected to an operator.

I will now hand you over to your host, Mr. Miedreich, CEO; and Mr. Peferoen, CFO to begin today's conference. Please go ahead.

**Mathias Miedreich:** Good morning, ladies and gentlemen. Thank you very much for joining our call here today. Here at the very early morning, local time in Canada, Kingston, Ontario. Wannes and myself will be happy to go through with you some key important news that we have shared yesterday evening.

We would like to use the opportunity to - of the yesterday's announcement - if we can go to the page three. Of the yesterday's announcement around our groundbreaking for the North American Battery Materials facility here in Canada as well as the announcement that we had on the long-term agreement with AESC to give you more granularity on those items. But also to update you on the overall status of execution of our 2030 RISE strategy for Battery Materials.

We think it is the right time now to look back on the progress that we have made in the plan, especially also on the order book that we have been able to build, but also on the consequent capacity ramp up and CapEx plan going forward. With all these data points on hand, we can now much more precisely implement and execute the plan. So it is, as I think, a good moment to share the conclusions out of you - out of this with you as well.

So let's go to the next page. Actually, first on the AESC contract. I'm very happy to share that Umicore and AESC have signed a pretty long, 10-year agreement whereby Umicore will supply a very high nickel and in our definition that is above 90% cathode active material to AESC's North American battery factories as of 2026.

This agreement represents a capacity of 50 gigawatt hours equivalent annual CAM volume by the end of the decade to be supplied to AESC's contracted customers like BMW Group in the region. And in the example for BMW, it will power the sixth generation of the BMW eDrive technology for the North American market.

This agreement with firm and secured commitments, will provide us with secured access to a very important part of the North American demand for EV battery materials. It also marks an important milestone for Umicore's decision to build North America's first integrated plant for precursor and cathode active materials, carbon neutral from day one, here very close to where we are today in Loyalist, Ontario, Canada. This contract is also a very good contribution to the further diversification of our order book in the customer type, technology and region. We will come to this a little later in this presentation.

So let's go to the next page and talk more about the plan that we are about to build. So next to the long-term agreement announced with AESC, we also concluded an agreement on direct financial support from the federal government of Canada and the Government of Ontario. Wannes will guide you - guide all of us through the exact numbers and how they're



contributing to the overall financial execution of our plan. But I think it is clear that this significant grant level is a pretty strong support in our funding equation. Together with the support for our IONWAY JV in Poland that we have announced last week, we have now secured close to €1 billion in non-refundable grants for the capacity expansions that we foresee in our strategy.

Following this agreement, we can now confirm as well the start of execution of our combined CAM/pCAM plants in Ontario. This plant, as I have said, which will be carbon neutral right from the start, will be capable of producing both precursor and cathode active materials and will be fully enabled for the most advanced very high nickel technologies.

And on top of that, and we have discussed it before, the plant is capable to host also next-generation CAM technologies like our HLM manganese-rich, solid-state batteries and even sodium-ion, thanks to the flexible manufacturing setup that we have already implemented in our plant in Nysa and we'll now repeat here in Canada.

The engineering and permitting process is currently ongoing, and we plan to start construction later this year. The plant is expected with that to be commissioned at the end of 2025 with production ramping up as from 2026. The deliveries for the AESC contract will start from our Korean plant before the capacity in Canada will phase in, in the course of 2026. Both plants are planned to produce volumes for the full duration of the contract.

And with this approach, we will be - first of all, we will be flexible, but also we will be utilizing our existing capacities in the most efficient way. And as a very important side product, we can also de-risk the ramp-up in Canada. And this is something that I can confirm our customers really appreciate to have this ability.

Finally, this step marks also the creation of truly global presence for the Umicore Battery Material business with now a local for local sustainable supply chain in the four key world regions, as it has been foreseen in our strategy.

So now after this highlights from yesterday, I wanted to move to page seven of the presentation and give you now some more insights on the overall update of where we stand in terms of execution.

So if we go to page seven. Perfect. Let us dive a little bit - dive a little bit deeper in our order book to start with.

So the contract with AESC, as said, further contributing to the diversification of our customer portfolio both in region and customer type. We have formulated this, if you remember, as an integral target of our strategy, and it has worked out pretty well and proves as we think our value proposition that we have repeatedly said to the market, which is threefold.

First of all, it's technology leadership, so translation of our technologies into energy density, durability, quality, and cost competitiveness. It's our local-for-local approach with robust supply chains, compliance with the individual regulatory and geopolitical circumstances. For example, the IRA here in North America. And it is our best-in-class CO2 performance. And that especially I can tell you with BMW, that has played a very important role in selecting finally Umicore for their North American electrification strategy.



Let's go a little bit into more details of that order book if we go to the next page, because not only the diversification of the order book is strong, also its size and quality. As you can see, our shifts to high and very high nickel technologies has happened as planned with the very large majority of our order book now being based on this chemistry.

The regional mix is developing from an Asia-only set up of the past into a very strong position in Europe, and a significant exposure to the North American market with a good mix between different types of customers. About 1.5 years into the execution of our strategy, we have already secured contracts of 190 gigawatt hours, equivalent CAM volumes in 2027 that are further ramping up to 270 gigawatt hours in 2030 with an average contract duration of 10 years. So with that reaching very well into the next decade and very strong protection mechanisms on volume, pricing and profitability that we had also talked about on previous occasions.

The long-term nature of those contracts and the secure terms of the order book give us now a high degree of business predictability. And on this background, we can, again, confirm EBITDA margins of more than 25% for this business from 2026.

So if we move from the order book to the execution, and with that to the slide nine. Wait a second. There we go. Our system is a little bit slow because it's pretty early time yet in Canada, so the system has not woken up yet. But nevertheless, let's talk about the capacity expansion.

So let us look now how this order book will be translated into the expansion of capacities. So with this order book now at critical size and a good understanding of the consequence ramped up curves, we have been able to substantially work on increased capacity utilization. As you can see, we will close the year 2026 with a global operational capacity of 195 gigawatt hours, just slightly ahead of the 190 gigawatt hour order book in 2027.

The majority of the capacities needed to fulfil the current order book also towards 2030, will be in place at that time and will further come online towards 2030. Wannes will give more details from the resulting capex profile in the following pages.

And important and every factor of this approach are our Asian facilities, where Korea can act as a versatile launching path into North America and Europe as the example of AESC proves in this case. And the utilization of our Chinese capacities are benefiting from the local contracts that are now part of our model. Through this quite positive development, we see a confirmation of our strategy to link capacity expansion only to secured value-creative contracts, and to employ a modular future-proof manufacturing setup that is ready to host the key battery technologies to come.

And with that, I would now hand over to Wannes on the next page, who will go through more details of the capex and funding equations.

**Wannes Peferoen:** Thank you, Mathias, and good morning, everyone. When we take into account the latest view on capex density and funding support, total net capital expenditures for the Group were reduced and are expected to amount to €3.8 billion from '22 to '26.

Net capital expenditures include the capex after deduction of the awarded non-refundable capital grants, and also include the equity contribution from Umicore to joint ventures, for instance, IONWAY JV with Volkswagen's PowerCo.



For the Group, the net capex run rate will be around €800 million a year until 2027. Next to the execution of the currently committed order book, this capex envelope leaves room for additional highly selective customer programmes in Umicore Battery Materials.

The lower need for net capex are driven by, on the one hand, the enhanced capex density, offsetting the overall cost inflation, and on the other hand, to reduce funding needs. When considering capex density, we are not only ensuring that investments are backed up by secured and value-creating commercial contracts, we're also phasing the capacity build-up closely with the contractually committed, falling rampant to optimize capacity utilization.

Additionally, the ramp-up of these new customer contracts will be supported by the existing plant capacities in the APAC region, improving the capacity utilization. The capacity in China has proven to be an asset in securing and supporting contracts with Chinese battery OEMs, while the capacity in Korea will serve as an export hub for European and North American during their initial volume ramp up.

Finally, we have started developing an integrated supply chain that is from refining to cathode materials that is more asset-light. This means that we will combine focused investments with strategic collaborations throughout the upstream value chain. The approach of improving capex utilization and capex density enables us to largely offset adverse impacts from cost inflation.

Now, next to reducing the capex needs, we have also been able to reduce the funding needs successfully. Over the past 12 months, we secured higher-than-anticipated firm number of grants, and we have built up a good confidence level that the investments in our joint venture can be partly funded through non-recourse.

Now, moving to next slide. Here, I would like to review the funding strategy to support the Group's growth in Umicore Battery Materials. Okay. So over the past year, we successfully demonstrated different funding levers for the Group, including the solid free operating cash flow generation, ESG-linked debt placement, the co-funding model with partners, a JV with a strategic partner and significant non-refundable government grants.

The Group has a strong balance sheet with an expected net debt leverage of about 1.4 times adjusted EBITDA by the end of this year. And we see an opportunity to raise more debt while continuing to apply a strong financial discipline in order to remain what we call investment grade, that is net debt leverage not exceeding the 2.5 times threshold throughout the plan.

Before handing back to Mathias, I would like to conclude that when we consider the improved capex density and the reduced funding needs, and combine this with the strong financial position and discipline and the confirmed funding levers, the Group has a clear ability to finance that investment plan. Thank you.

**Mathias Miedreich:** Yeah. Thank you, Wannes, for those highlights. And let me now summarise our messages from today.

So our clear message is that now we have the ability to go from a plan into execution mode. We have secured contracts - long-term contracts with significant safeguarding mechanisms that are locking in our returns for the future.



Our order book has a critical mass so that we can now focus on execution, maximising capacity utilisation, and operational efficiency. In doing so, we can rely on our more than 20 years' experience in building capacities around CAM and pCAM in a very large scale. And also we have found a very good way through our modular technologies to not only be future-proof, but also de-risk the ramp-up because we can apply a multiplication of existing footprints into the world, like we have first time done our Nysa now going into North America.

And again, we wanted to highlight our commitment to financial discipline and in return on investment. So what was a plan 1.5 years ago is now reality, and we are putting this reality now into action in the next coming months and years.

If you want to have more details on how we do that, I would also end my conclusions here with an invitation. Again, you might have heard that on 8<sup>th</sup> and 9<sup>th</sup> November, we are hosting a Battery Material Day, I have to say, at our plant in Nysa in Poland, where we will, on the one hand, walk you through our innovation portfolio and technology agenda, everything around the HLM technology, where we are in solid state batteries, and how we look into future advanced technologies like sodium-ion, but also, which I think is also a highlight, go into a plant tour that we have been pretty strict on, not too show too many people, but we think it's very eye-opening if you enter our facility in Nysa and have a look to this modular approach that I've been talking about.

So I just want to repeat. We will unfortunately not be able to broadcast the plant visit in any way. So if you would like to have a chance to see the insights of what we think is one of the most advanced CAM manufacturing places in the world, we currently invite you to join us, Wannes and myself and the UBM, Umicore Battery Materials Management Team will be also on site to discuss with you more details of our strategy forward and our technology roadmap.

So thank you very much. Let's now go into Q&A. Please understand if maybe today, we keep the Q&A a little bit shorter than usual due to the very advanced time. So it's either very late or very early here. We have not decided yet. And yeah, happy to discuss any questions with you. Thank you very much.

## Questions and Answers

**Operator:** Thank you. As a reminder, if you would like to ask a question or make a contribution on today's call, please press star one on your telephone keypad. To withdraw your question, please press star two. We'll pause for just a moment to allow everyone an opportunity to signal for question. We will take our first questions from Ranulf Orr from Citi. Your line is open. Please go ahead.

**Ranulf Orr (Citigroup):** Hi. Good morning, all. Three questions for me please. So first, just on the new customer contract. Can you give us a bit of background into that, why you selected and how many other options there were? Just looking at market shares for them as a seller, assembler today, and they look relatively small in the global context.

Second question, please, can you provide some details around the guardrails as you put it, or the take or pay details for the agreement?



And then thirdly, just on what sort of final size you anticipate for the US facility? You talk about 35 gigawatt hours, the customer contract reaching 50. You have the VW MoU and maybe other customers to come as well. So that'll be my three. Thank you.

**Mathias Miedreich:** Yeah, thank you very much. Very good questions. So to give you a little bit background first on the - on AESC. AESC is a Japanese battery maker that has in the past couple of - it's actually - they're in business quite a long time. And we visited them in Japan. They have, as we think, one of the most efficient battery manufacturing setups with very low scrap rate and a very high quality over the last, I think, 15 years, where they're in operation almost 15 years.

They have been very successful in the last years to get business from many key customers. They have deals with Mercedes, with Renault, with BMW in this case, but as well the Japanese OEMs, Honda, Nissan and others. And they do - have that success because they have proven, like maybe many others not yet, that they can produce high-quality batteries in large scale.

Now, in the specific case of BMW, and we had a very good exchange between all of us here. The three parties here unites one conviction, and this is the conviction of the true CO2 free battery at the end of the day. AESC is part of a bigger group that is coming from clean energy, from wind energy as well and has that in mind from day one.

Umicore, you know, we - that's our signature KPI, so to say, the co2 neutrality. And BMW also has a very strong emphasis on CO2 neutrality of their car. So that's what it fitted very well together. So for us AESC is a very good partner into North America because they are very advanced in terms of technology. And with our very high-nickel cathode active material that fits pretty well together. So very happy with this contract.

Now, I cannot give you all of the details of this contract, but I can reassure you that the guardrails that we have talked about that is valid for our complete order book is including the complete order book, if that helps you. So take-or-pay contracts, inflation clauses, everything around fixed pricing and the duration of the contract is 10 years. So it's pretty long. So you can see that this contract is fitting very well into our thresholds that we have put ourselves here.

Third question, to give you more clarity on how that is intended to be produced. So we will qualify two plants for that business. So our plant in Korea and our plants obviously in North America, that has two benefits. First of all, we can de-risk the ramp up. So we will start the first deliveries from our Korean plant, which, of course, is already existing, so doesn't need to be built. And with that has a pretty low risk of starting up.

But the majority of the volume, 35 gigawatt hours will then be produced in the first instalment that we have now in our Loyalist facility now. Over the course of the contract, it gives, of course, a lot of flexibility to also absorb further volume growth potentially in our Canadian - sorry, in our Korean facility and to react on all kind of changes that we have here. And our customers are very happy that we can offer this dual mode going forward.

And side effect - positive side effect is that our capacity utilisation is significantly also improved by that.

**Operator:** Thank you. We will take our next questions from Geoff Haire from UBS. Your line now has been open. Please go ahead.





**Geoff Haire (UBS):** Yeah, good morning, and thank you for the opportunity to ask some questions. I've just got two. First of all, I just wanted to check the new CapEx number you've given of €800 million a year, roughly €4 billion. Is that in comparison to the €5 billion total capex that you gave last June at the strategy update? Or is it of the growth capex of €4 billion? I seem to remember you had €5 billion in total. €1 billion was for maintenance, and then €4 billion was for growth. So if you could just confirm that.

And then in terms of the contract that you've signed with AECS, are you OEM neutral within that, in that you just provide them with cathode material and then they decide which OEM to provide that to?

**Mathias Miedreich:** Yeah. Very good. Maybe you can take the first one, Wannes and I will take the second.

**Wannes Peferoen:** Yeah. So looking at the capex, so now we talk about net capex indeed about €800 million a year. And the reason why we talk about this because we have better view on some of these elements that support the capex being the funding, so being the grants that have been awarded which are significant, and also the non-recourse part. So yes, that's how we look at it now.

**Mathias Miedreich:** Yes. And the second part is contractual. Yeah, we have - this is business with AESC that we have, so it's in principle independent of the end customer who was behind. In practice, you have seen that also in parallel, there was an announcement made yesterday from BMW and we have also mentioned it in our press release. And a large share of that contract is going into the BMW vehicles in North America, but there are also other customers that have not yet been disclosed that are in line with it.

But yes, and that's also part of the - what I would say portfolio diversification, that this is a business with a cell maker. But as you know, and as we have said before, the OEMs are very much leaning into also the selector of the battery materials also on the R&D and development side. So it's a good mix of both, but yes, it's in principle OEM open contract.

**Geoff Haire:** Can I just follow-up then on the capex question? So just to be clear, you had said that - at the Capital Markets Day last year, you had said €5 billion total capex. You're now saying €3.88 billion according to the press release. Is that how we should see this?

**Wannes Peferoen:** Yes, that is correct. So basically we look at the net capex, so the gross capex minus the secured grants, and also adding what we need to contribute to the JV from an equity point. And this is a good proxy looking at the funding needs going forward. So that's why we talk about the net capex, and that's where we see a net capex of about €800 million a year on average or €3.8 billion in that period.

**Geoff Haire:** Okay. And then, sorry, just to follow on - sorry, I should have asked this the first time. Does that now mean that you no long - you still expect to be cash flow negative through the period up to '26? Or is - or have you changed that assumption as well?

**Wannes Peferoen:** No, that assumption still holds. I mean, first of all, it's important to look at the free operating cash flow, and from a free operating cash flow looking at catalysis, looking at recycling on the one hand, generating the strong cash flows.





On the other hand, the investments going into Rechargeable Battery Materials. The overall free operating cash flows on average will be positive. It'll be slightly around zero, let's say, in certain years. But then looking at the free cash flow indeed until '26, as you say, those will be negative.

**Geoff Haire:** Okay. Thank you.

**Mathias Miedreich:** Welcome.

**Operator:** Thank you. We will take our next questions from Shalin Kapadia from JP Morgan. Your line now has been opened. Please go ahead.

**Shalin Kapadia (JP Morgan):** Hi. Thank you for taking my question. So I have a few. First question is, I wanted to ask if how much of your planned capacity till 2026 is backed by customer contracts?

Secondly, I wanted to - as I saw that you mentioned that the capex run rate is around €800 million till 2027, so I wanted to confirm it if it is before considering all the general subsidies or is it after that? And if you have any comments on 3Q trading, then that would be great. Thank you.

**Mathias Miedreich:** Okay, very good. So let me take the first question. So the question was, if I repeat it, if what is the ratio of secured customer contracts until 2026? So you can make it in the following way. We - when we talk about our order book for 2027, we talk about 190 gigawatt hours and that are the contract. So when we're entering the year of 2027, we will - for the year of 2027, we will produce this 190 gigawatt hours at a capacity that will be at 195 exiting that. So the year of 2026 will be a little bit lower than that, but the ramp up is going forward.

And what is very important to mention, again, is that for all of the investments that we're doing to expand the capacities, we have a 100% coverage with contracts. So the delta that would be between our order book and our free capacity would only come from the existing, if you want, the legacy capacity that we have.

**Wannes Peferoen:** And then moving to capex and the definition of capex. So looking at net capex that is indeed after deducting the non-refundable capital grants. So it's non-refundable and awarded capital grants.

And then looking at comments on Q3, that's something we cannot entertain. I think looking at the guidance we gave earlier that still holds.

**Shalin Kapadia:** Thank you. That's very helpful.

**Operator:** Thank you. We will take our next questions from Riya Kotecha from Bank of America. Please go ahead.

**Riya Kotecha (Bank of America):** Hi, good morning. I have three questions, please. My first one is on the EBITDA margin. Can you clarify that that's for RBM or for the Group level? Can you walk us through the moving parts of the margin to raise 25% compared to 20% EBITDA and answer the Capital Markets Day? What has changed that's allowed you to revise this? Is it the price side or the cost side of the contracts?



Second is on the capex density. So if I take the AESC contracts compared to the €3.8 billion capex figure you've announced, it looks like the AESC contract has a three times higher capex density versus €3.8 billion for 400 gigawatt hour. What explains that difference? Is all of the €3.8 billion going to be spent towards RBM? Or is that a different figure just for the cathodes?

And then my third question is on the AESC contract. So what volume is going to start up from 2026 onwards versus that 50-gigawatt hour? What proportion of your North American plant that's a 35 gigawatt hour is secured in the near term? And then can you give us any colour on the nature of the contracts? Is that take-or-pay volume-wise, and what's the pricing structure like? Thanks.

**Mathias Miedreich:** Very good. Wannes, why don't you start?

**Wannes Peferoen:** Okay. So looking at EBITDA margin, EBITDA margin that today we shared with you, so about 25% is from '26. That deals or that is linked to RBM. I think that somewhat different data points that what we shared earlier in the CMD, which was more linked to E&ST. So it gets good insight looking at battery materials.

Looking at earlier data points you might have picked up versus like the 20%. I think what is important to explain also is that we are applying definition more consistently, I would say, this time because now we are excluding the lithium and the manganese as we have shared earlier last year from the revenue definition. So that explains major - I mean, also why it is somewhat different from the data points you got earlier. But I think what is important today is that we want to reconfirm the attractive EBITDA margins in battery materials and that we feel confident to exceed the 25% in '26.

And with that, I'll pass it on to Mathias.

**Mathias Miedreich:** Yes, regarding capex density, I think the €3.8 billion is actually the value for the Group. So that includes not only the battery materials, but all other investments. So you could not draw a conclusion directly out of it, but let me give you a little bit more data points on this capex density how we see it.

So if we look for the capex density of the plants now in North America, first, it's important to compare it as CAM and pCAM site. So it cannot be compared to purely CAM capex density. And if we look to that kind of pre-grant, so on a gross value, and we compare the capex density with announcement that we have seen, and mostly we compare ourselves with our Korean peers, especially because they're quite known to be capex competitive. So we are absolutely on par with those announcements.

And if you go then post grants, so on a net value, that becomes even superior. So that this – the funding ratio that that was now 46% in this case is really giving us a leap forward as well. So - but overall, I think that you could not compare €3.8 billion because that's including the Group.

Now on AESC, so there is a ramp up plan, obviously behind that going forward, this 50 gigawatt hours. I unfortunately cannot share the detailed annual slices of that. But you can see that the ramp up would be not flat. It would be rather steep ramp up, especially driven also from the lead customer BMW.



And as we start in Korea, we have all of the flexibility we know with two plants and to balance whatever will be the volume growth going forward.

**Riya Kotecha:** Thanks. And just to follow up on that. Did you mention it was a take-or-pay contract?

**Mathias Miedreich:** I did not mention that it's a take-or-pay contract, but I said that this contract is part of our order book. And as we said, all of our new investments have to follow rules, which is take-or-pay, which is fixed pricing, which is a long-term duration, inflation clauses.

And as this contract is part of our order book, you can draw the conclusions, but I didn't say explicitly that it's a take-or-pay contract because I wouldn't be able to do so by our agreements with our customer.

**Riya Kotecha:** Understood. Thank you.

**Operator:** Thank you. As a final reminder, if you would like to ask a question, please press star one on your telephone keypad. We will take our next questions from Alex Stewart from Barclays. Your line is open. Please go ahead.

**Alex Stewart (Barclays):** Hello. Good morning. I thought you are in Canada. It's a very late night for you. Apologies if these questions have been asked. I joined the call a little bit late, so feel free just to say that they've already been addressed. But on the Canada plant, I'm a little bit confused. You were talking about 35 gigawatt hours. The original capacity announcement was closest to 80 gigawatt hours. So is 35 gigawatt hours, the first phase to get to 80, and does the €1.27 billion relate to 35 gigawatt hours or to 80 gigawatt hours? I'm just not sure how those numbers link with each other?

And then secondly, you said, or you have said in the past that there are some clauses which allow you to secure a minimum return on capital. I know that was specifically for the PowerCo joint venture in Europe. But when you look at those conceptually, do you earn a return on capital on your invested capital or on the gross invested capital? What's the best way of thinking about the way you were structured those contracts? Thank you so much.

**Mathias Miedreich:** Okay. I will take the first one and then Wannes will talk about the second one. So not sure where this 80 gigawatt hours are coming from, but let me maybe explain the setup here. So we have said last year that we would go into Canada because of the specificity of the location here with all things around energy, with available of critical resources, etc. But we had not specified a size in gigawatt hours.

So now what we have done is to select the right setup, the right size to increase efficiency because as we have said, we want to use a combination of existing capacities, in this case, Korea, and new capacity to really drive up the capacity utilisation.

And with this 35 gigawatt hours, we are absolutely in a sweet spot now to go forward. I mean will we do further extensions or not? That's not decided yet. Of course, we always can in theory. And the good thing is you might have seen in the announcement that we already have secured also the funding for a potential next step of capacity extension, but that's not on the agenda right now. Right now we are focusing on the utilisation of our capacities as much as possible.



And yeah, with that, I would hand over to the ROCE question.

**Alex Stewart:** Sorry, can I just interject there, because when you first talked about the Canada plant, you said it was going to produce around batteries and enough batteries for about a million EVs. The PowerCo venture was for 2.2 million EVs and was 160 gigawatt hours. So it stands to reason that the Ontario plant originally was about half the PowerCo capacity. So can I just ask that question again? So you are now talking about 35 gigawatt hours. Why the downscale, the original advancement?

**Mathias Miedreich:** Yeah. No, it's not the downscale, but now I remember we said that it will power up to 1 million electric vehicles at the end of the decade, right? So - and this is a 2026 number that we are giving you here, end of '26. So I don't see a contradiction because the end of the decade is still a little bit later than 2026. So no, I think that that's matching together.

**Wannes Peferoen:** Okay. And then moving to the ROCE. So as we have shared earlier, for every single contract, it needs to exceed - the return needs to exceed the cost of capital substantially. And typically for every contract - negotiation factory contract that is in negotiation, we model all of the parameters. And in this case, indeed, we have the grant that is also supporting the return, but it comes to the benefit of the return looking at this equation.

**Alex Stewart:** Sorry, can I just make one more follow up question on that just going back to this Canada venture. Because at the time, as I said, there was - you were talking about a million EVs or supplying a million EVs. The release from the Canadian government, I gather was talking about a capex figure of about CAD\$1 billion, which is give or take - well just shy of €1 billion.

So at the time you were talking about CAD\$1 billion for 80 gigawatt hours or 75 gigawatt hours, and now you're talking about €1 billion or €1.3 billion for 35 gigawatt hours. Am I getting confused with the numbers there? Because it looks like you're roughly same amount, but for about half the capacity.

**Mathias Miedreich:** I can reassure you that it's all squared up because the investment amount was always set until 2026, while this one million vehicles was always set to the end of the decade. So actually these two numbers have not been - had no relation - have no relation to each other. So there would be a different capex number for the one million vehicles or a different number of vehicles for the capacity that we have now. So that's pretty much it.

**Alex Stewart:** Very helpful. Thank you so much.

**Operator:** Thank you. We will take our next questions from Charles Bentley from Jefferies. Please go ahead.

**Charles Bentley (Jefferies):** Thanks, Mathias. Thanks, Wannes. Sorry to kind of keep banging on about this capex point. But I guess if I look at the - by - the target before was €5 billion of capex by 2026, and the capacity was meant to be 230 gigawatt hours. The capacity today is 15% lower, and I know that the CapEx you're saying is €3.8 billion, but you're saying there's close to €1 billion in government grants. I think there's €750 million from adding up the releases. And then on top of that, I believe the non-recourse funding from VW is meant to be up to - for the debt, was meant to be something like 50% of the overall cost of €750 million. So



it looks to me like the gross capex is higher than €5.5 billion and the capacity is lower than the 230. Is that correct?

And then point - second question is just I know you're cut - it implies you're cutting the 230 target by 2026 today. How should we be thinking about the 400 gigawatt hours by the end of the decade? Thank you.

**Mathias Miedreich:** So maybe I can start with the second one first and then Wannes goes to the first one. So now we are around 1.5 years into the plan that we call 2030 RISE. And yes, we have announced that this target of 400 last year. But as you can see, we are already now, after 1.5 years, we have secured 70% of that value. So now what is important for us is to focus on the execution of that, to bring it to the ground, to transform the order book into EBITDA generation and have ample time.

And now we are fully on track on the overall goal of the plan of the 400 gigawatts. I think it's a pretty strong performance to lock down 70% of that plan already in such a short time. And if make the math going forward, obviously you could see a latest start of an SOP or of closing a contract to come to an SOP for 2030 could be done in 2027, '28.

So we have ample time to work on the further acceleration of our order book. And it holds what we have said before. Our hit rate in terms of deals is 100%. So we are able to select more or less also the customers that we will be working with. And as Wannes has said, the current setup is including the ability to onboard very selective additional customers. And selective means, of course, with the best financial terms for us and for our shareholders.

So with that, we're pretty confident on the progress here on this side. And Wannes, I hand over now to you.

**Wannes Peferoen:** Yeah. So looking at the capex and the €3.8 billion net CapEx over '22 to '26, this already includes the JV contribution. And as you rightfully indicate, we have an agreement with PowerCo that - around 50% of that we are looking to source through non-recourse funding. So it is already - I mean, a substantial part of what is needed is already part in the €3.8 billion, and then there's the €600 million - up to €600 million that has been awarded directly to Umicore, which has also been a part of the equation.

So I think those are the two the two key elements to add. If you would add those, you will see that the capex density, the access is basically somewhat lower than what we previously announced. And so no, I'm not agreeing with - the figure you indicate, I think it's more in line looking at what we had said.

**Charles Bentley:** Sorry, can I just follow up on that? I guess that seems to like take out all the funding for the VW JV though, and that total amount is €1.5 billion. Is that right?

**Wannes Peferoen:** No, not that I'm following your calculation.

**Mathias Miedreich:** Maybe you can repeat again once more. What is the definition of it? What are we subtracting and what are we adding to the gross capex? I think it should be pretty clear.

**Wannes Peferoen:** Yeah. So, again, if you look at the gross CapEx, we deduct the non-refundable grant that have been awarded. So in this case, awarded to Umicore, it's about up



to €600 million that we have deducted. And then we add what we from a Umicore side would contribute to the JV. And that's the share after the non-recourse funding looking at the JV.

And this is where we don't - cannot give more details looking at that. So that's something we agreed with a partner that we are not allowed to give more details on that.

**Mathias Miedreich:** So is it basically the equity part of the joint venture that is added to the equation and the equity part is, of course, also influenced by grants? The 350 million that we have been receiving together with our partners. Half of that, if you will, have - has to be deducted and then you take away what is funded by a non-recourse debt in the joint venture and what is left, this is our equity part and this is fully part of that €3.8 billion.

**Charles Bentley:** Okay, thanks.

**Operator:** Thank you. It appears there are no further questions. So I will hand you back to your host to conclude today's conference. Please go ahead, sir.

**Mathias Miedreich:** Yeah, thank you very much for being with us this morning. Thanks for the very good question, and we were very happy to share this progress in our order book as well. The shift from our focus now into execution. We have a lot of more data available than we had last year. We know now what our customers, what is their ramp up profile, what is - what are the financial terms, what is the capex that we need. And with that, with full energy, we go into the execution and we will keep you posted on the further development.

I would be very happy to meet all of you in a couple of weeks in Nysa to continue this discussion and to give you more insights into the details of our Battery Material business. Thank you very much and have a great day, and we will now go to bed. Thank you.

**Operator:** Thank you for joining today's call. You may now disconnect. Hosts, please stay on the line and await further instruction.

