



**umicore**  
*materials for a better life*



## Umicore FY 2020 performance

11 February 2021

# Overview

Highlights 2020

2021 outlook

Maintaining strategic course while responding effectively to COVID-19 crisis

2020 business review

Wrap-up

Q&A



# Highlights 2020

## Record earnings in unprecedented conditions



### CATALYSIS

Significant impact of pandemic on automotive market in H1

Umicore disproportionately exposed to market recovery in H2 due to strong position in gasoline for LDV

Strict cost management and operational excellence initiatives



### ENERGY & SURFACE TECHNOLOGIES

Impact of pandemic on several end-markets

Excluding impact of excess inventories, Umicore's EV cathode materials volumes grew broadly in line with EV battery demand

Adj. EBIT reflecting underutilized capacity and pricing pressure in China, as well as costs related to recent and ongoing expansions



### RECYCLING

Record performance with a nearly doubling of adj. EBIT YoY, reflecting strong growth across all business units

Exceptional metal price environment

High activity levels despite COVID-19 crisis and favorable trading conditions



# 2021 outlook

## Umicore expects to achieve substantial growth in earnings in 2021, with growth in all business Groups

Given the current limited visibility, this outlook statement is made under the assumption that the ongoing COVID-19 outbreak would not result in additional material or protracted disruptions to the economy or Umicore's operations



### CATALYSIS

Further benefit from leading edge technology offering in gasoline applications for LDV in China and Europe

Initial impact of China VI legislation for HDD applications

Savings from footprint adjustments and cost improvements carried out in 2020



### ENERGY & SURFACE TECHNOLOGIES

Substantial growth in sales volumes of cathode materials for EVs

Persisting Chinese overcapacity and pricing pressure

Some € 50m increase in fixed costs in Rechargeable Battery Materials

Volume growth to result in meaningful Adj. EBIT growth, in line with current market consensus<sup>1</sup>



### RECYCLING

Favorable metal prices

Supportive supply mix and moderate volume growth in Precious Metals Refining

If current elevated metal price levels were to prevail throughout the year, Adj. EBIT would increase very significantly vs 2020

<sup>1</sup> Umicore has engaged Vara Research GmbH to survey brokerage analysts to provide analysts' consensus estimates to the market. The most recent consensus is available on <https://vara-services.com/umicore/>



Maintaining the strategic course while  
responding effectively to the COVID-19 crisis

# Maintaining the strategic course...

## Strong regulatory drivers underpin Umicore's growth strategy

EU ambition : zero-emission mobility

China :

NEV subsidy plan extended (2022)

Higher NEV penetration rate (20% by 2025, 50% by 2035)

Green recovery measures and stimuli for cleaner mobility

Stricter emission norms for ICE (China VI regulation for HDD in July 2021)

Increased need for a more circular economy

## Umicore committed to strategic investments in clean mobility and recycling

Greenfield cathode materials plant in Poland :

Commissioning by end of H1 2021  
1st industrial-scale plant in Europe

Fuel cell catalyst production ramp-up in Korea

Catalyst production capacity expansion in China for LDV and HDV

Multi-year investment program to improve safety and environmental performance of Hoboken recycling plant

# ... while responding effectively to the COVID-19 crisis

## Health & safety

Remain top priority

Strict hygiene and other precautionary measures

Dedicated task force monitoring global operations

## Strong capital and liquidity management

Strict cost management

Optimization of working capital

Postponement of certain investments

Further strengthening of liquidity

## Production footprint reassessment

Consolidation of North American Automotive Catalysts production

Streamlining of Cobalt & Specialty Materials activities

Impairment of certain assets



# 2020 business review

# Key figures FY 2020



<b>REVENUES</b> <b>€ 3.2 bn</b> -4% YoY	<b>Adjusted EBIT</b> <b>€ 536 m</b> +5% YoY	<b>Free Operating Cash Flow</b> <b>€ 167 m</b> (- € 39 m in 2019) <b>Net debt at € 1,414 m</b> <b>Net debt / LTM Adj. EBITDA 1.76x</b>
<b>Adjusted NET PROFIT</b> (Group share) <b>€ 322 m</b> Adjusted EPS € 1.34 Proposed gross annual dividend of € 0.75 per share	<b>Adjusted EBITDA</b> <b>€ 804 m</b> +7% YoY	<b>CAPEX</b> <b>€ 403 m</b> <b>ROCE</b> <b>12.1%</b>

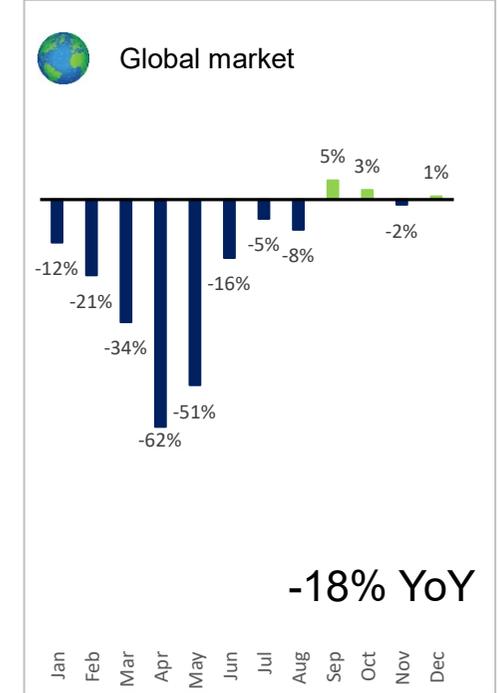
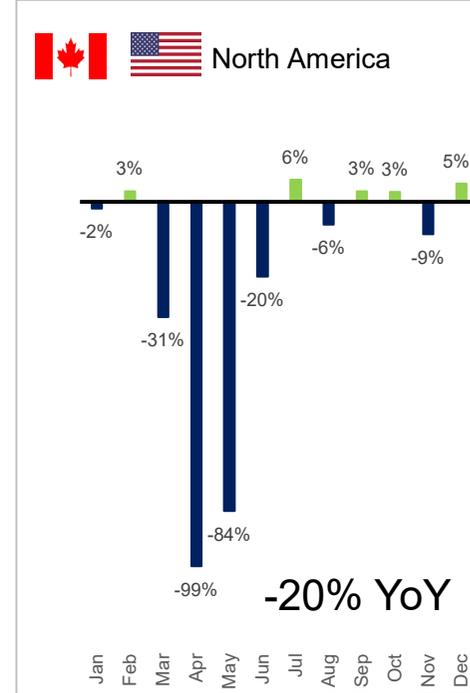
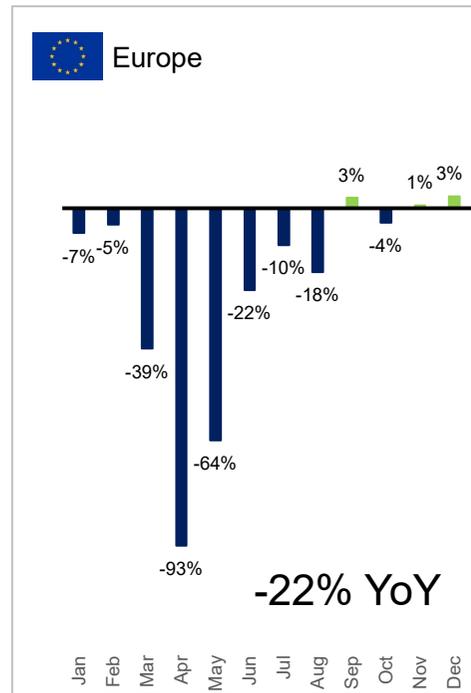
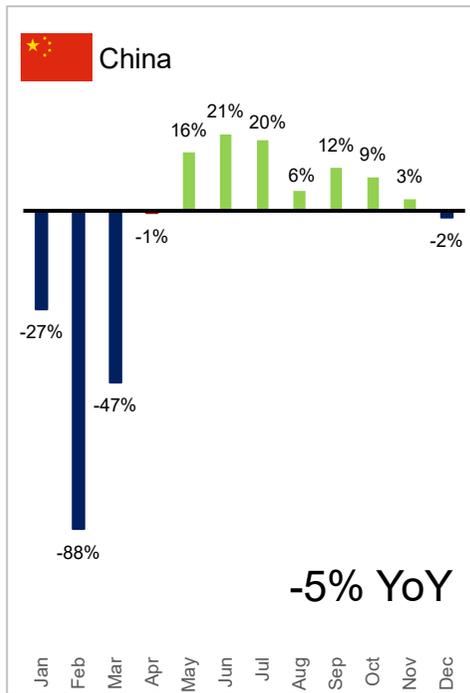
## Record earnings in unprecedented conditions

*Note: All references to revenues in this document refer to revenues excluding metals (all revenue elements – value of purchased metals)*



# COVID-19 outbreak: significant impact on auto-industry

FY 2020 YoY evolution of passenger car production across all powertrains (source: IHS & Umicore - 31/12/2020)



H1: shut down of car OEM's assembly lines and dealerships in key regions as a result of government imposed lock-downs  
H2: pick-up in global car demand, albeit with discrepancies between regions in terms of timing, speed and intensity of the recovery



# Catalysis FY 2020 performance



Revenues -7% and Adj. EBIT -17%; reflecting severe impact from the pandemic in H1

## Automotive Catalysts

Revenue decline much lower than global car market contraction

Disproportionate benefit from market recovery in H2

Outperformed LDV market in China and Europe

Higher sales of catalysts for HDD applications

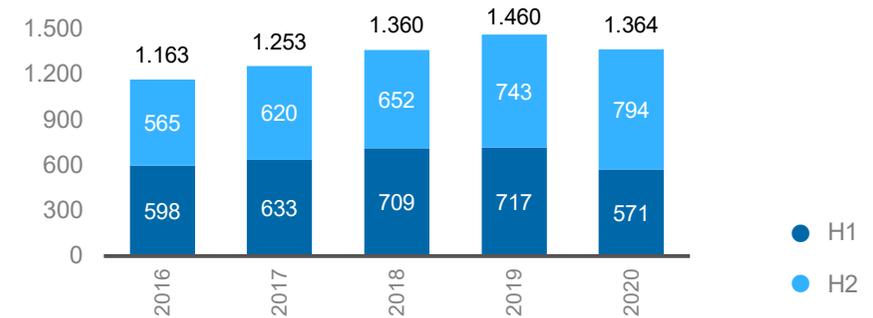
Cost savings (footprint adjustments + operational excellence initiatives)

## Precious Metals Chemistry

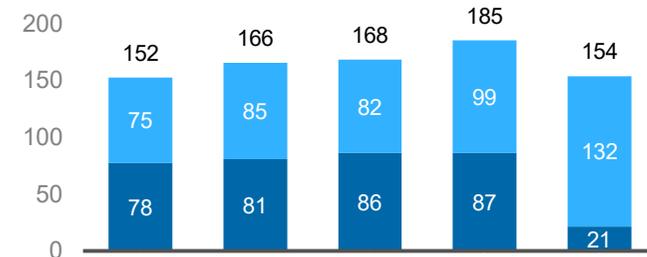
Revenues down due to COVID-19 impact on automotive industry

Continued strong demand for fuel cell catalysts

## REVENUES



## Adjusted EBIT



million €



# EV battery demand evolution

Evolution global EV LDV battery demand (GWh)



Source: EV Volumes, Umicore

Global EV battery market up 17% to 137 GWh, driven by Europe

Regional differences in demand patterns:

Little year-on-year growth in China, well below industry anticipations

More than doubling of demand in Europe driven by CO2 Directive

Contrasting evolution in China with demand dropping in H1 and some recovery starting at year-end



# E&ST FY 2020 performance



Revenues -15%; Adj. EBIT -59%; severe COVID-19 impact and significant negative operating leverage

## Rechargeable Battery Materials

- Lower cathode materials revenues: higher NMC volumes for EVs; lower LCO and ESS volumes
- Underutilized capacity and unfavorable pricing in China
- Higher fixed costs related to expansions
- Positive contribution of Kokkola activities acquired in Dec. '19

## Cobalt & Specialty Materials

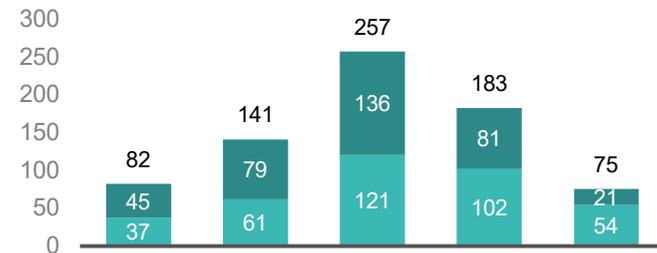
- Lower revenues reflecting impact of COVID-19
- Lower contribution from refining & recycling activities; reduced demand for cobalt and nickel chemicals

**Electroplating** recorded slightly higher revenues; revenues in **Electro-Optic Materials** decreased

## REVENUES



## Adjusted EBIT

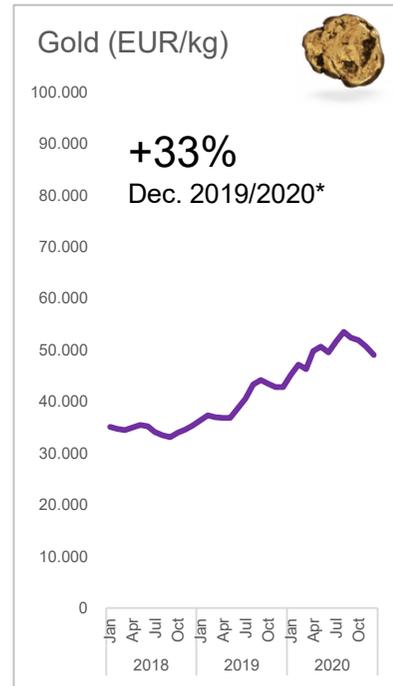
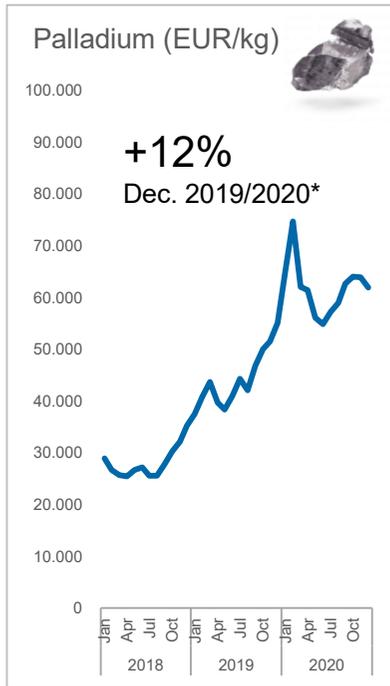
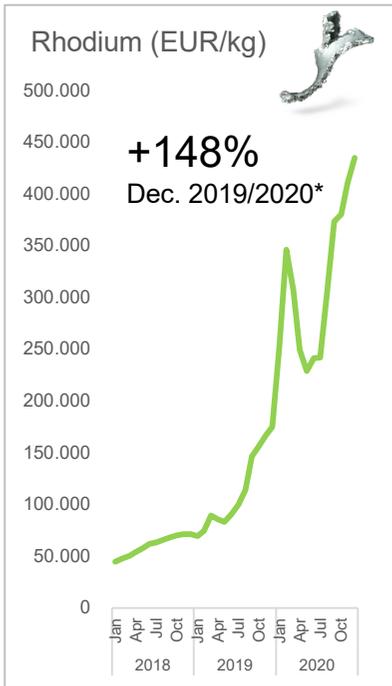


million €



# Recycling FY 2020 performance

An exceptional metal price environment, in particular for rhodium



Historically high and volatile precious and PGM price levels in 2020, in particular for rhodium.

Rhodium price surged in H2 20 in a context of tight supply and high demand from the car industry as a result of increasingly stringent emission norms.

Current prices for precious and PGM metals already well above the average received prices in 2020.

Source: Umicore

\*Comparison of average metal rates December 2019 vs December 2020



# Recycling FY 2020 performance

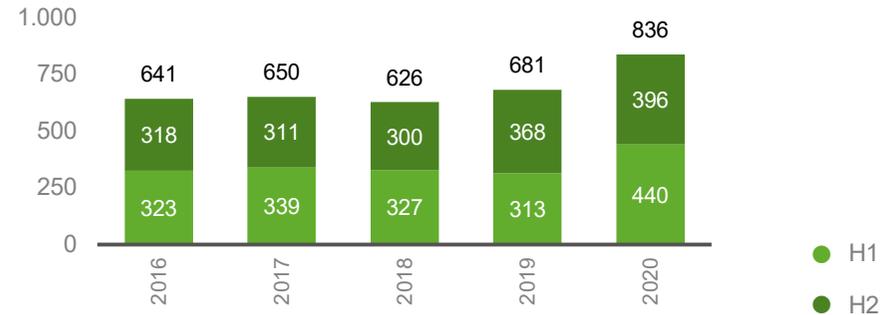
Revenues +23%; Adj. EBIT +92%; higher metal prices and to a lesser extent favorable trading conditions and supply mix

## Precious Metals Recycling

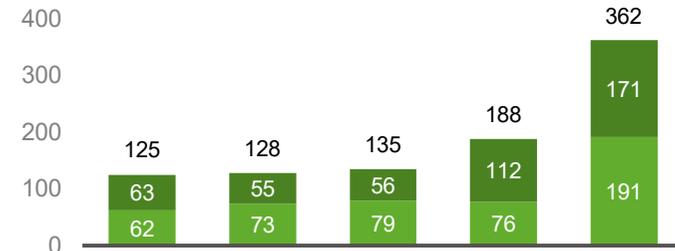
Higher metal prices, particularly for PGMs  
Supportive supply environment  
Higher processed volumes (vs. extended maintenance in '19)

Increased **Jewelry & Industrial Metals** revenues  
Substantial increase in earnings contribution from  
**Precious Metals Management**

### REVENUES



### Adjusted EBIT



million €



# Environmental focus on the Hoboken plant



## Lead in blood

Multiple years of decreases with **2019** readings **historically low**, well below 5µg/dl norm

**Unexpected increase** in July 2020 readings, despite dust emissions well below the legal norm

Root cause analysis pointed to a combination of external factors

**October 2020 test results show a clear reduction**, again below 5µg/dl norm



## Extra measures taken

**Extra cleaning** inside and outside plant

**Redesigning** raw materials storage

Enhancement of **ventilation** system

## Creation of green zone

**€ 50 m provision** booked

**Concertation** ongoing



Wrap-up

# Wrap-up

Maintaining strategic course and commitment to growth investments in clean mobility and recycling while responding effectively to the COVID-19 crisis

Strongest financial performance ever despite unprecedented conditions

Success of Horizon 2020 strategy, building on complementarity of activities

Umicore's priority remains to keep its employees healthy and safe

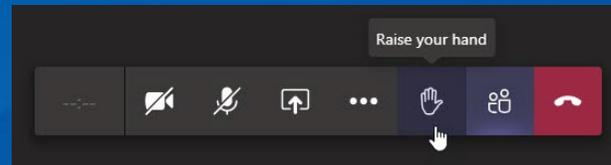
Long-term strategic drivers stronger than ever; further progress in execution of growth strategy in 2021



Q&A

## Q&A guidelines

- We kindly request to ask only one question per turn
- To ask your question please use the “Raise your hand” button at the top menu on the Teams window.



- Please keep your microphone muted until the moderator calls your name. You will then be able to unmute your microphone and ask the question directly.
- After the question please unraise your hand by clicking on the "Raise your hand" button again.
- For those connected via phone, please send an email with your question to [media@umicore.com](mailto:media@umicore.com)