

# Umicore FY 2021 performance

16 February 2022



Umicore PUBLIC document

# Agenda

- All-time record results and cash flows
- FY 2021 business review
- FY 2021 financial review
- Update on Let's go for Zero
- 2022 outlook
- Capital Markets Day: 22 June 2022
- Wrap-up
- Q&A



”

*Umicore is uniquely positioned to provide tomorrow's sustainable solutions for clean mobility and recycling, and I am proud to lead a company with such a **strong sense of purpose and deeply rooted technology focus**.*

*I am very impressed by the **talented teams** I have met, the industry-leading **product and process know-how** and promising **innovation pipeline** in the Group. I am excited to build further on these **strong fundamentals** to bring Umicore to its next stage of development and to **capture the tremendous growth** potential that will be brought on by the clean mobility transition.*

*I am looking forward to providing more insight in our ambitions at our 2022 Capital Markets Day.*

”

Mathias Miedreich,  
CEO UMICORE





# Umicore 2021 FY Record Results and Cash Flows

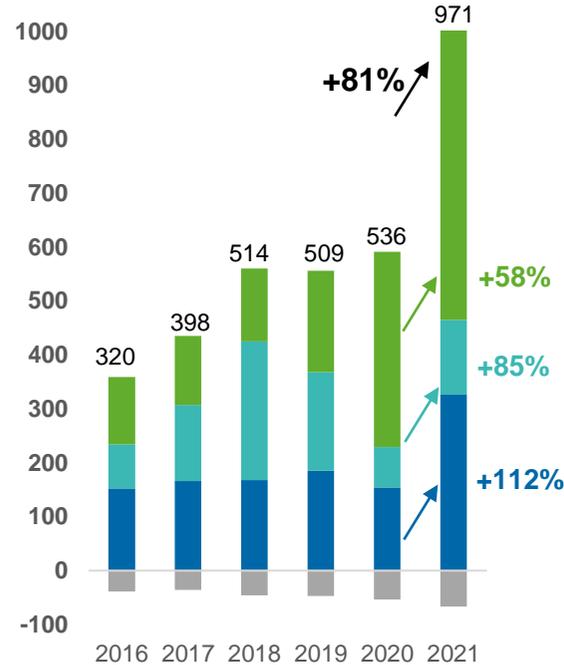
# Record results and cash flows

*Strong operational performance across business groups, further boosted by metal prices*

**Revenues**  
billion €



**Adjusted EBIT**  
million €



**Revenue and earnings growth across business groups**

- **Strong** and resilient **operational performance** in all business units
- Outperformance of automotive market in **Catalysis**
- Recovery of demand in key end-markets and higher EV cathode materials volumes in **E&ST**
- Optimized intake complex PGM-rich materials in **Recycling**
- Additional boost of € 270 million versus 2020 from exceptional precious metals price environment

**Record free cash flows of € 989 million**

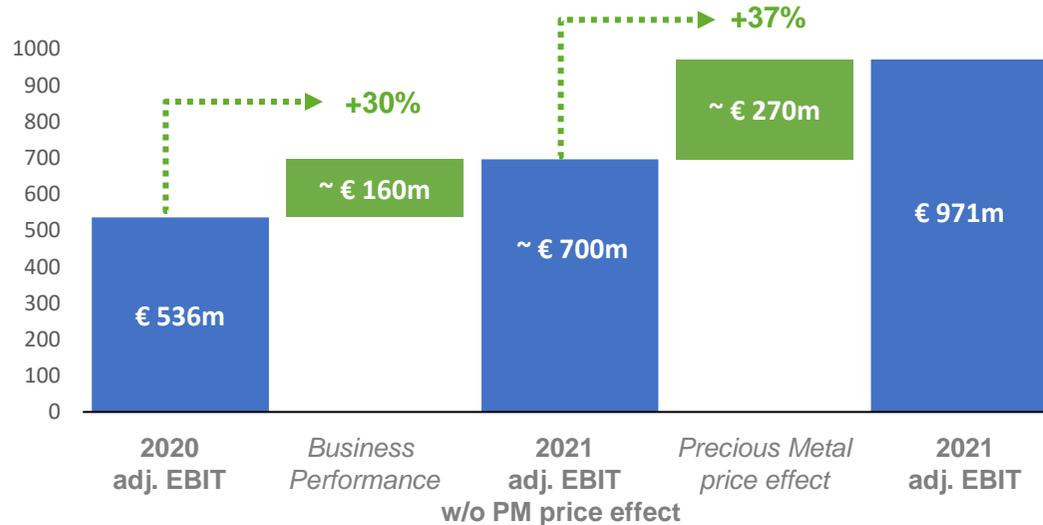


Umicore PUBLIC document

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

# Strong growth of Business Performance

*30% adj EBIT growth excluding precious metal price effect*



## **Business Performance: appr. + € 160 million**

- ~ € 700 million adj EBIT 2021 and approx. 30% adj. EBIT growth excluding precious metal price effect
- **Strong operational performance improvements** in all business groups
- Increase of adj. EBIT margin above historic levels

## **Precious Metal price effect: appr. + € 270 million**

- Includes impact of strategic hedges
- Includes price effect on higher 2021 volumes
- More than  $\frac{3}{4}$  in Recycling, less than  $\frac{1}{4}$  in Catalysis
- Majority of the precious metal impact in H1 21

*Relatively high precious metal **strategic hedge** ratios for **2022** expected to **mitigate precious metal price risk** (rhodium still largely unhedged).*



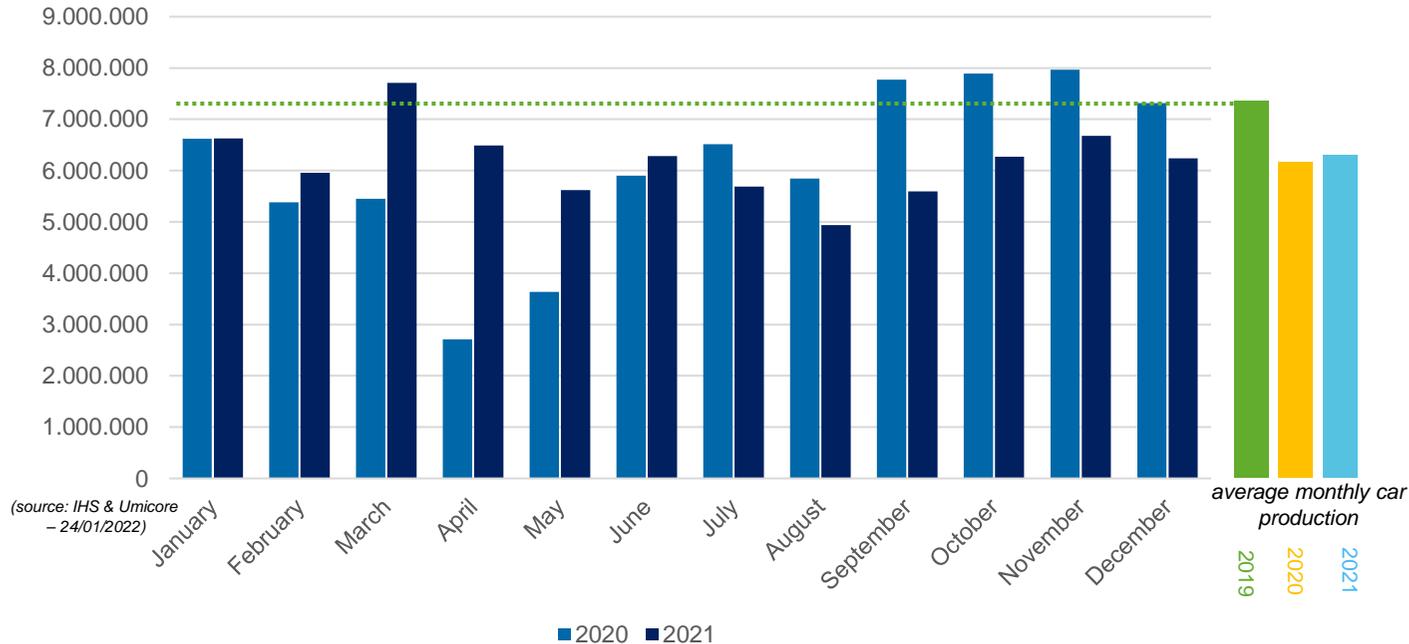
# Substantial outperformance of the automotive market and high operational efficiency in Catalysis



# Auto industry significantly impacted by semiconductor shortages in H2 2021

## Monthly global passenger car production (all powertrains)

Source: IHS (Jan. 2022 update) & Umicore



- **Visible recovery** of automotive industry from COVID-19 in **1H 21**
- **Severe decline** in car production in **2H 21** due to **semiconductor supply shortage**
- **Stable** car production in **2021** vs already difficult **2020**
- **2021** global car production still **-16%** below pre-COVID levels of **2019**





# Catalysis FY 2021 performance

Revenues +24% and adj. EBIT +112%



Strong performance across business units further supported by favorable PGM price environment

## Automotive Catalysis

Strongly outperforming car market in key regions: further **market share gains** and favorable platform mix in **LDV**, esp. in Europe and China, strong demand for China V **HDD** catalysis in H1

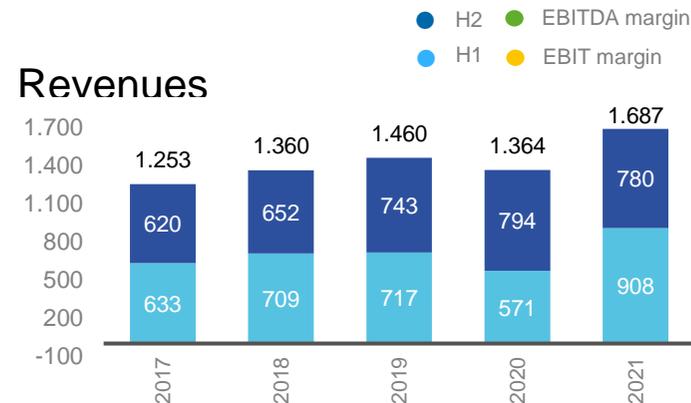
Earnings supported by **structural improvements in fixed cost base** through production footprint- and process- optimization

## Precious Metals Chemistry

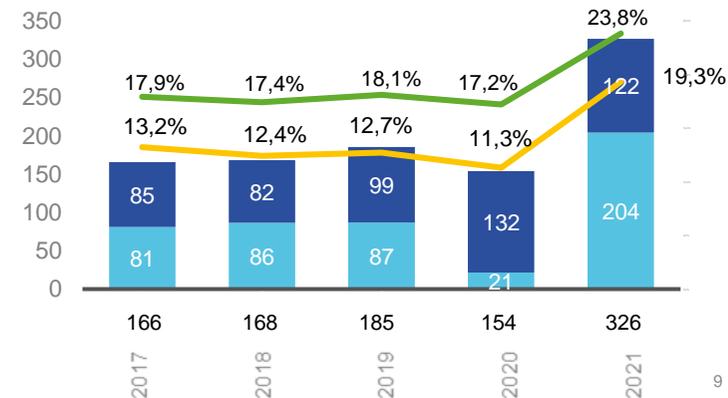
High demand for homogenous catalysis

## Fuel Cell & Stationary Catalysis

Growing contribution to business group's earnings. Doubling of PEM fuel cell catalysis sales volumes, achieving **40% market share** in mobility applications, reflecting strong demand from existing customers and **new customer wins in China**



## Adjusted EBIT & EBIT(DA) margin





# AC Revenues Composition

*Leading position in LD Gasoline and high growth in HDD*

## Strong Position in LD-Gasoline

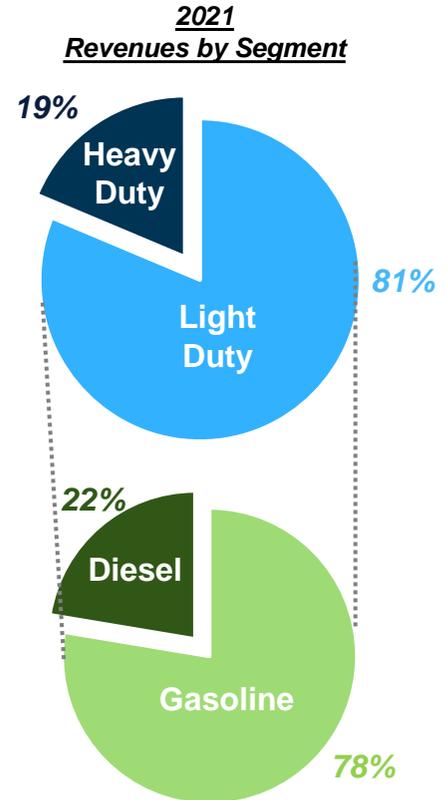
- Leading position in LD gasoline market segment in Europe and China
- Strong portfolio of next generation **catalyst technologies**, in line with **EU7 requirements**
- LD diesel segment development with limited impact to Umicore

## Strong Growth of HDD activity

- Established market position in China and Europe
- **Significant growth** in both regions vs. 2020 (EU +32%, CN+34%), outpacing the market

## Optimized and highly efficient production footprint

- Streamlining global manufacturing footprint in Europe, North America and Asia resulting in lean and efficient production footprint
- Targeted, selective expansions in function of market demand



# Sharp demand recovery in key end-markets and higher sales volumes of EV cathode materials in E&ST



# E&ST FY 2021 performance



*Revenues +12% and adj. EBIT +85%, reflecting outstanding CSM contribution*

## Rechargeable Battery Materials

EV NMC cathode materials **volumes well up**

**Strong growth in EU** sales volumes in line with market growth

**Below market growth in China** due to unfavorable customer and platform mix as well as the chemistry mix (LFP)

## Cobalt & Specialty Materials biggest uplift to earnings growth

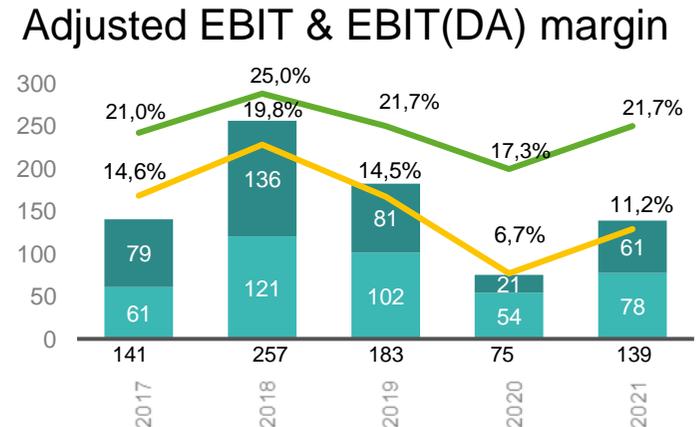
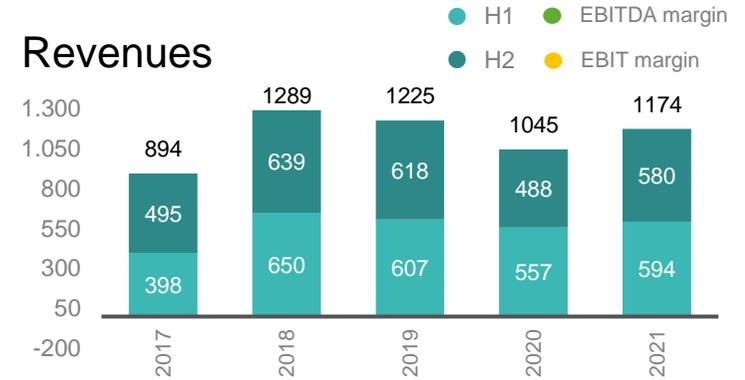
Very **strong demand** after severe COVID-19 slump in 2020

Particularly for **cobalt** and **nickel chemicals** and tool materials

**Overall recovery** and strong price environment

## Metal Deposition Solutions and Electro-Optic Materials

Higher revenues driven by strong demand

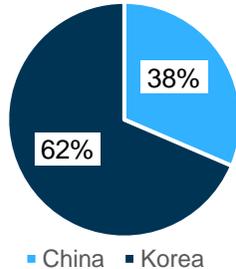




# Global cathode materials capacity

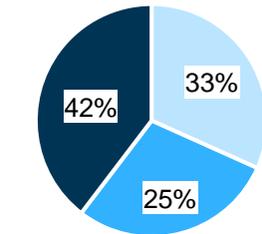
*Targeting to almost double capacity towards 2024*

**2021**  
**65 GWh**



■ China ■ Korea

**2024**  
**120 GWh**



■ Europe ■ China ■ Korea

## Growing portion of high nickel sales volumes

- Well-advanced qualifications for high nickel platforms with European and Asian cell and car OEMs
- First sizeable portion of **high nickel cathode materials** in second half of 2023 and growing to **75%** of anticipated sales volumes in **2024**

## Flexible production capacity across NMC grades

- Adjustment of existing production lines for high nickel applications in line with expected high nickel sales volumes
- EU volumes** (Nysa) to start immediately with high nickel production lines **mid-2022**

## Umicore production target capacity of 120 GWh in 2024.

- This **excludes** the capacity investments in scope of intended **JV** with **Volkswagen AG**
- North America** capacity expansion under review, **not included** in 2024 target





# European CAM Gigafactory Nysa

*Production start in Q2/2022*



- **First** industrial scale **cathode materials** production plant in **Europe**
- Commissioned end of H1 2021 with initial commercial production volumes **mid-2022 starting** with Samsung SDI
- **Capacity** to reach **40 GWh in 2024** with potential to increase to more than **200 GWh**

**Carbon neutral** as of start of production with 100% green power supply; long-term PPA for the supply of renewable electricity to Nysa

Proprietary, state-of-the-art process with **industry leading purity-, consistency- and quality-levels**

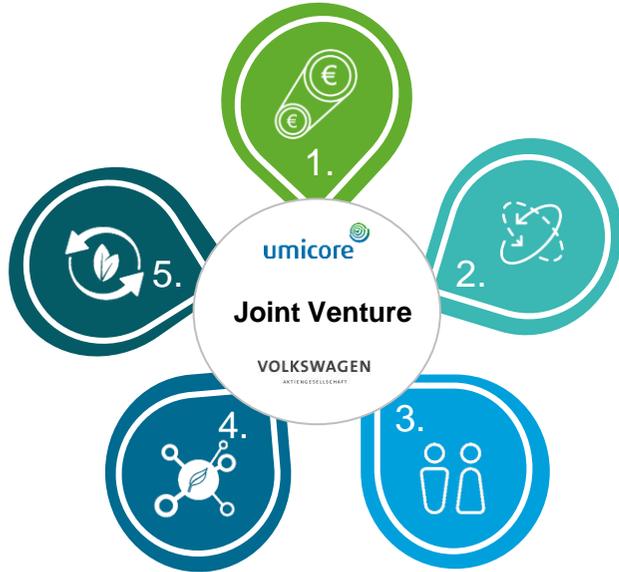


Umicore PUBLIC document



# Battery Materials JV with Volkswagen AG

## Securing significant cathode materials volumes in Europe



### JV Principles

1. **JV** providing secured access to significant part of the European EV market resulting in **substantial economies of scale for Umicore**
2. **Valorizing** Umicore's long-standing **technological innovation** and industrial know-how **while protecting critical IP and know-how**
3. **Umicore's** upstream know-how in combination with both partners' sourcing needs will create **significant opportunities on raw material supply**
4. **Investment** needs are **shared** between both partners and are agreed to be **value creative** for both JV partners
5. **Partnership** investigating closed loop **Battery Recycling** as next step

### JV Dimensions

Annual production of **20 GWh** from **2025** with target to increase to **160 GWh** by **2030**



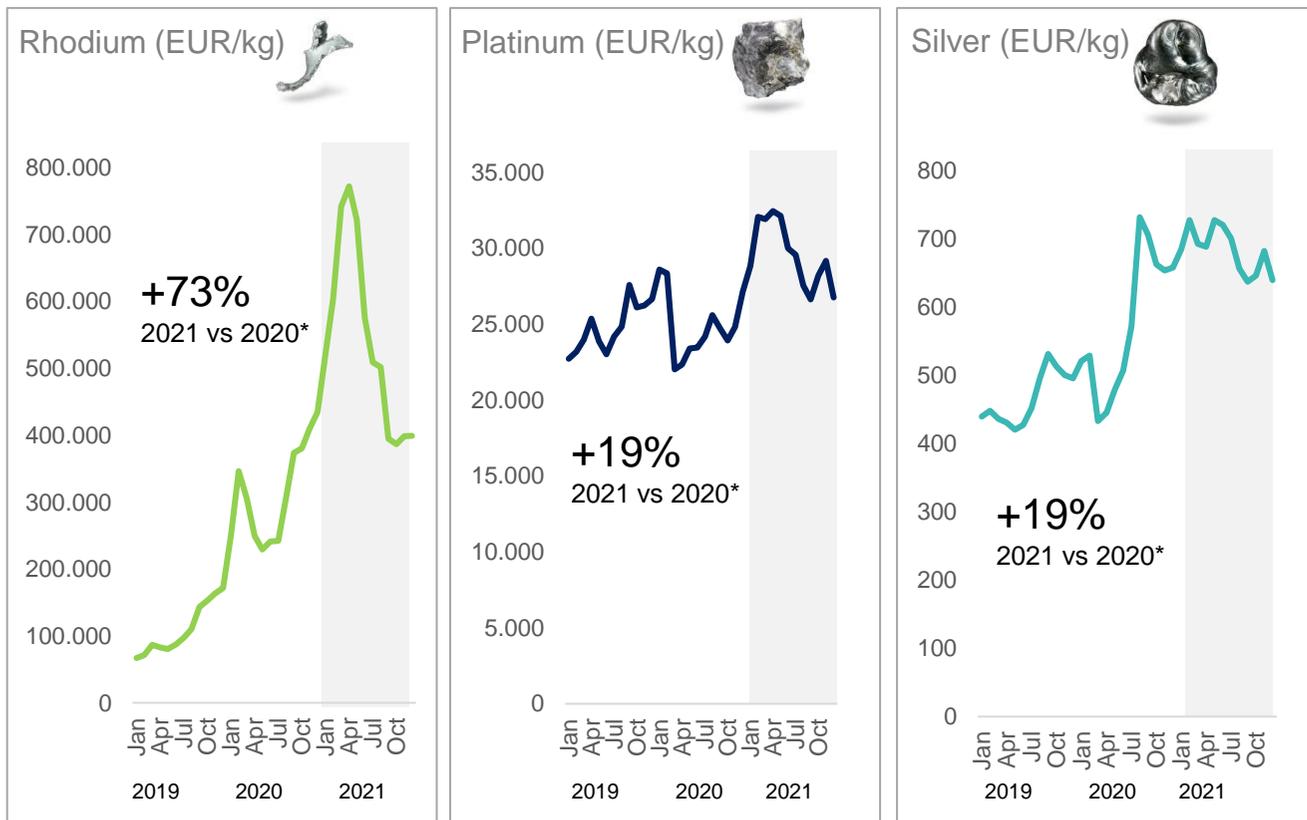
Umicore PUBLIC document

Robust operational performance, strong contribution from trading and exceptional precious metals price environment in Recycling



# Precious Metal Market 2021

*Exceptionally high and volatile precious metals prices*



- **Historically high** precious and PGM price levels, in particular for rhodium.
- **Rhodium** price peaked in 1H 21 in a context of **tight supply and high demand** from the automotive industry, followed by a sharp correction in 2H.
- Despite volatility, average received prices for most precious and **PGM** metals were **well above** the average prices in 2020.

Source: Umicore

\*Comparison of average metal price 2020 vs 2021



# Recycling FY 2021 performance

Revenues +33% and adj. EBIT +58%



## Precious Metals Refining

**Extraordinary metal price** environment, with average price levels of most precious metals well above previous year

**Robust operational performance:** volumes in line with high levels of 2020 and leveraging unique recycling technology to maximize input of complex precious metals containing feed

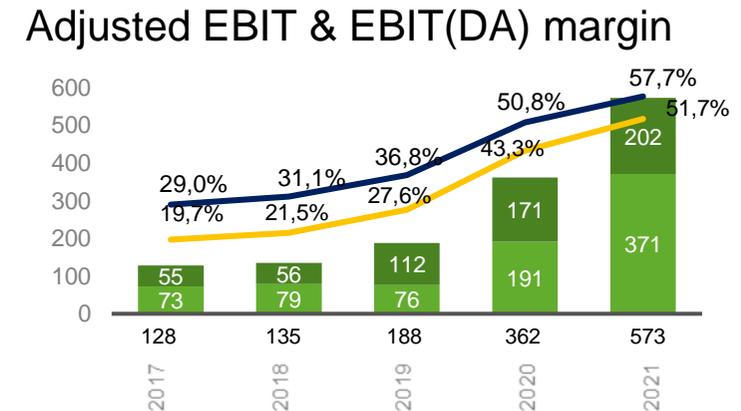
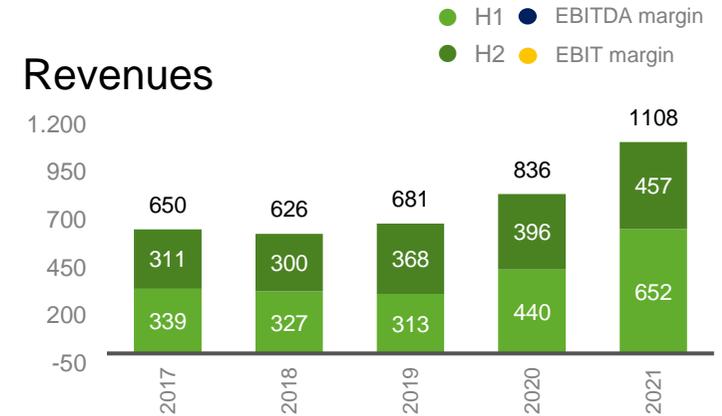
**Excellent supply** conditions

## Jewelry & Industrial Metals

High order levels for investment products and **strong recovery in demand** for jewelry products and platinum engineered materials

## Precious Metals Management

**Strong earnings** contribution, in line with previous year, due to favorable trading conditions



Umicore PUBLIC document



# 2021 financial review



Umicore PUBLIC document

# Record performance

## Key figures

### REVENUES

**€ 4.0 bn**

+22% YoY

### Adjusted EBIT

**€ 971 m**

+81% YoY

### Free Operating Cash Flow

**€ 989 m**

Net debt down to **€ 960 m**

Net debt / LTM Adj. EBITDA 0.77x

### Adjusted NET PROFIT

(Group share) more than  
doubled to **€ 667 m**

Adjusted EPS € 2.77

Annual dividend of € 0.80 per share

### Adjusted EBITDA

**€ 1.25 Bn**

+56% YoY

### CAPEX

**€ 389 m**

### ROCE

**22.2%**



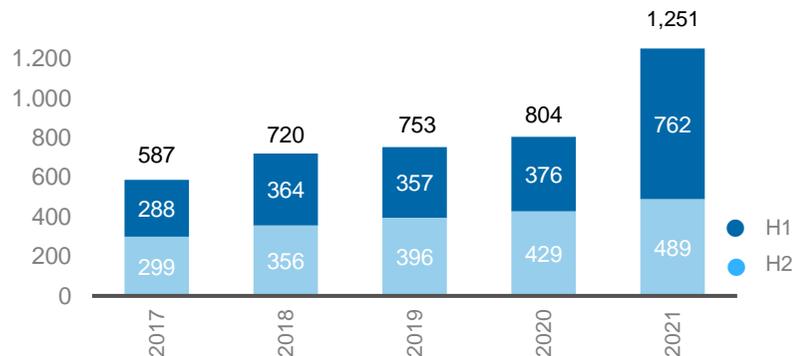
Umicore PUBLIC document

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

# Outstanding Adj. EBIT(DA) and margins

## Driven by demand recovery and exceptional metal price environment

### Adj. EBITDA



### Adj. EBITDA margin : Group



### Record operating earnings

Increase in adj. EBIT(DA) across all business groups

Driven mostly by outstanding 1H performance :

- Sharp demand recovery in combination with strong operational performance (optimized productivity & cost containment)
- Peak historic precious metal prices

Very strong 2H earnings despite marked decline in car production and correction in PGM prices

### Outstanding 1H margins, but strong underlying margin trends

1H peak margins from high operating leverage and metal prices

Increasing underlying margin trend in Catalysis & Recycling

Resilient margin in E&ST despite RBM's expansion costs

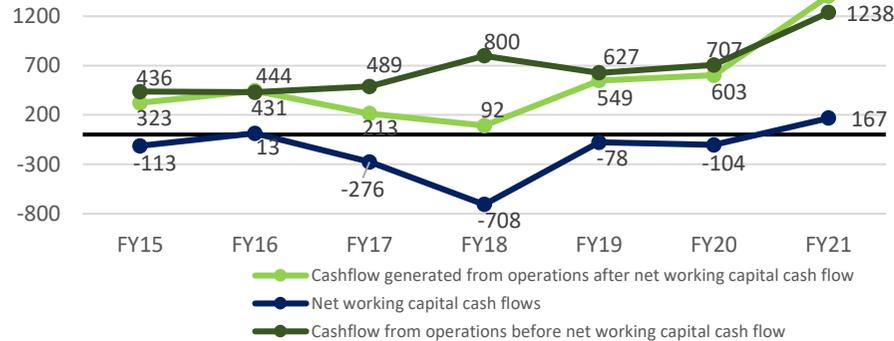


# Free operating cash flow at record level

## High cash conversion, lower working capital and stable capex



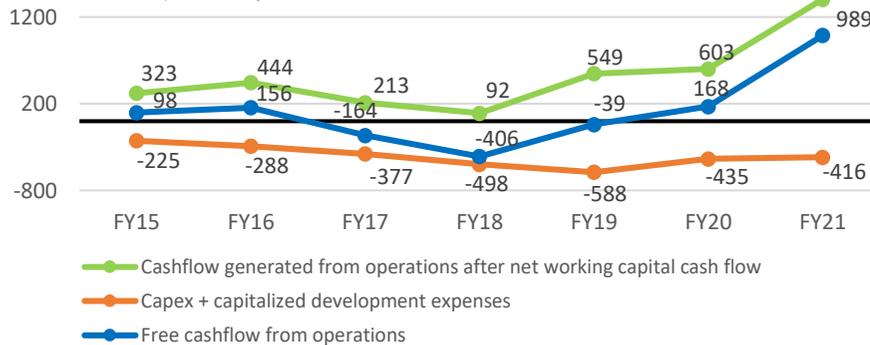
million €, continued operations only



**Cash flow from operations after changes in working capital more than doubled to a record € 1,405 million**

Driven by a € 447 million increase in adj. EBITDA and a decrease in cash working capital of € 167 million, mostly in Catalysis (and to a lesser extent in other business groups)

million €, continued operations only



**Close to € 1 billion free cash flow from operations**

Stable capex y-o-y with expected carry-over effect into 2022 in E&ST

E&ST accounting for some 60 % of Group capex driven by RBM

Focus on capex efficiency optimization across businesses

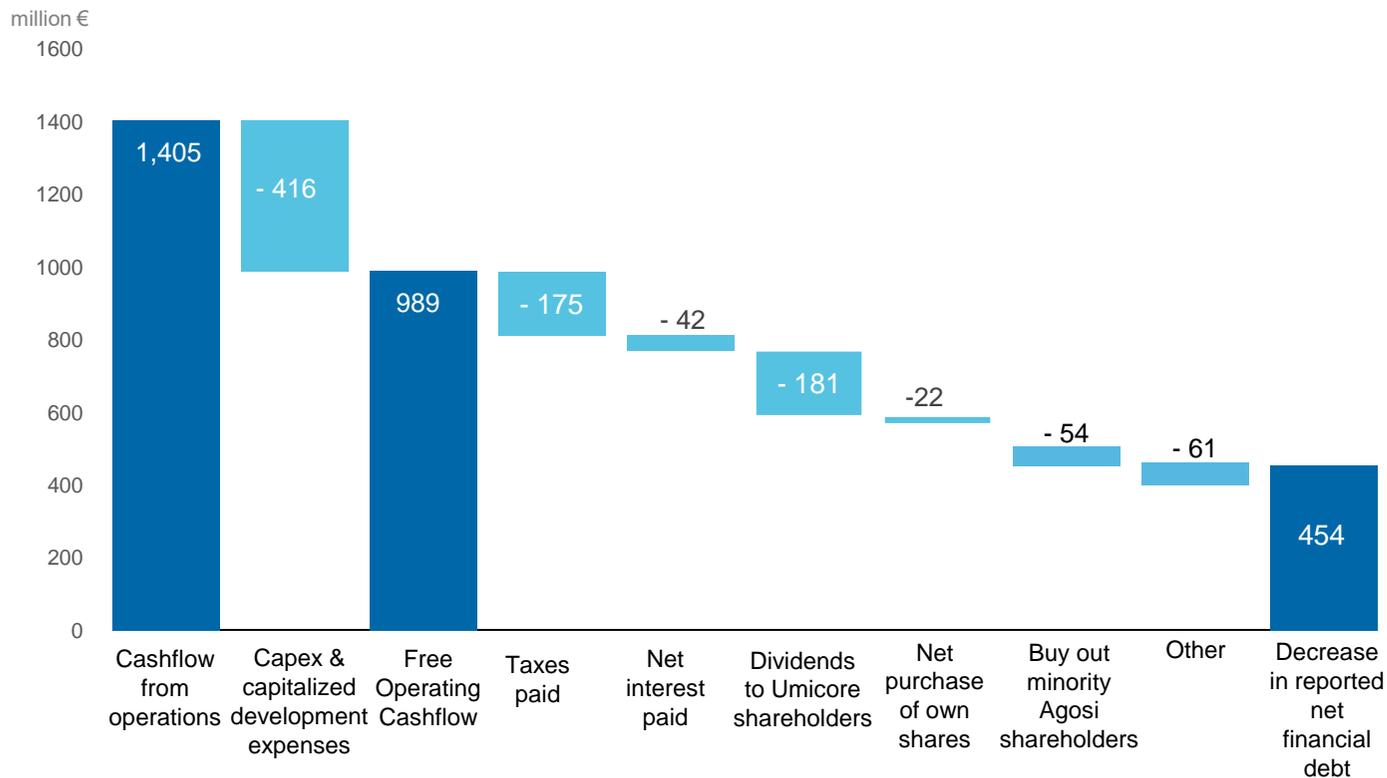


Umicore PUBLIC document

\*Free cashflow from operations = cashflow generated from operations – capex & capitalized development expenses

# Net cash flow bridge

## Reduction of net financial debt by € 0.5 billion year-on-year



Free operating cashflow of close to € 1 billion, including € 167 million working capital reduction and € 416 million investments.

Combined cash out of € 398 million related to net interest charges, taxes and dividends.

Cash out related to Agosi minority squeeze out process of € 54 million.

Reduction of net financial debt by € 0.5bn to € 960 million, (0.77x LTM adj. EBITDA). Signed inaugural sustainability-linked loan.



Umicore PUBLIC document

# Full P&L

## Doubling of net earnings

| Million €                              | FY 2020     | FY 2021     |
|--|-------------|-------------|
| Adjusted EBIT                          | 536         | 971         |
| - Adjusted net financial charges       | (104)       | (100)       |
| - Adjusted Tax                         | (103)       | (196)       |
| Adjusted net result                    | 329         | 675         |
| - Minorities                           | (7)         | (8)         |
| <b>Adjusted net result Group share</b> | <b>322</b>  | <b>667</b>  |
| <i>Adjusted EPS</i>                    | <i>1.34</i> | <i>2.77</i> |
| Adjustments to EBIT                    | (237)       | (75)        |
| Adjustments to net result Group share  | (192)       | (49)        |
| <b>Net result Group share</b>          | <b>131</b>  | <b>619</b>  |

Doubling of adjusted net earnings and adjusted EPS on the back of operating results.

Stable adj net financial charges.

Adj tax charges increased in line with adj pre-tax result (slightly lower y-o-y effective adj tax rate to 23.1 %).

Adjustments to EBIT of - € 75m :

- of which - € 39m in 1H
- Including € 58m environmental provisions (mostly linked to Hoboken green zone)
- including € 34m restructuring charges (mostly in Catalysis)



# Update on Let's Go for Zero

# Implementing our ESG strategy



## Net Zero GHG

Clear inroads made on tackling **scope 2 emissions with several green PPAs** in place

New on-site renewables installations completed

**Scope 3** emissions target to be announced by **mid-2022**



Committed in 2021

## Zero inequality & Zero harm

New diversity, inclusion, wellbeing and safety **training programs** rolled out

**Water use** reduction target to be announced by **mid-2022**

Additional measures taken to further **reduce emissions** of the **Hoboken** plant; preparing for the creation of the green zone



## Best-in-class Governance

Strengthened **ESG Governance**

Proposal for **ESG-linked executive remuneration** policy to be submitted for the April 2022 AGM

**Increased disclosure** beginning in the 2021 Annual Report, available 25 March 2022

Inaugural **€ 500 million Sustainability Linked Loan** linked to Umicore's decarbonization and diversity targets, refinancing an existing € 300 million syndicated credit facility



Net Zero GHG. Zero regrets.  
**Endless possibilities.**



Umicore PUBLIC document



# 2022 outlook

# Guidance for full year 2022

Umicore expects again a strong underlying performance in 2022 across all of its business groups, despite the cost inflation and provided that geopolitical developments, the pandemic or supply-chain constraints will not result in additional material disruptions to the economy or Umicore's operations. Assuming current metal prices prevail for the remainder of the year, earnings (including the effect of strategic hedging) would still include a significant precious metal price uplift versus 2020, albeit below the € 270 million uplift of 2021..



# Guidance for full year 2022



## CATALYSIS

Catalysis is expected to continue to benefit from its strong market position in gasoline catalyst applications in Europe and China as well as from the further ramp-up of its fuel cell activity, despite the limited visibility on automotive demand due to the ongoing semiconductor shortage. Adjusted EBIT is expected to be somewhat below the record levels of 2021 through the absence of tailwinds that benefited the business in the first half of last year, such as the China V effect and peak PGM prices.



## ENERGY & SURFACE TECHNOLOGIES

In Energy & Surface Technologies, Umicore expects to grow sales and earnings in Rechargeable Battery Materials versus 2021. Assuming that the business units Cobalt & Specialty Materials and Metals Deposition Solutions will not repeat the extraordinary performance of 2021, adjusted EBIT of Energy & Surface Technologies is expected to show a slight uplift in 2022 versus 2021.



## RECYCLING

The Recycling business group is expected to continue to benefit from a supportive supply mix as well as robust volumes in Precious Metals Refining. Current precious metal prices are situated well below the peak levels of 2021. However, assuming current precious metal prices were to prevail throughout the year, it is expected that the business group will deliver another strong performance in 2022, albeit not at the record level achieved in 2021.



# Capital Markets Day 2022



Umicore is setting out its strategic roadmap to further build on its leadership positions in clean mobility materials and recycling and its unique approach to sustainability

*“We are looking forward to sharing our strategic roadmap at our Capital Markets Day.”*

Save the date: **Umicore CMD on June 22, 2022**





# Wrap-up

# Wrap up

Outstanding **operational performance** across business groups leading to record results

Full year **2022 guidance** for another strong underlying performance

Significant progress in preparing **Umicore** for the **next chapter of growth**

**Long-term strategy** to be presented at **Capital Markets Day** on **22 June 2022**

**“Let’s go for zero”** underpinning our way forward

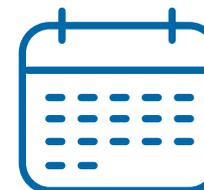




# Q&A

# Financial calendar

|               |  |
|---------------|--|
| 25 March 2022 | <b>Publication of the annual report 2021</b> |
| 28 April 2022 | <b>Annual General Meeting</b>                |
| 2 May 2022    | <b>Ex-dividend trading date</b>              |
| 3 May 2022    | <b>Record date for the dividend</b>          |
| 4 May 2022    | <b>Payment date for the dividend</b>         |
| 22 June 2022  | <b>Capital Markets Day</b>                   |



# 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.



umicore<sup>®</sup>

materials for a better life