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Umicore Full Year 2024 Results

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Operator: Hello, and welcome to the Umicore Full Year 2024 Results. My name is Adip, and I will be your coordinator for today's event. Please note, this call is being recorded. And for the duration of the call, your lines will be on listen-only mode. 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.

Today, we have Bart Sap, CEO, and Wannes Peferoen, CFO as your presenters. I will now hand you over to your host, Bart Sap, to begin today's conference. Thank you.

Bart Sap: Hello. Good morning, everyone, and welcome to our full year results 2024 call.

Today, we have the following agenda for you available. First of all, we're going to look at some of the key figures and full year highlights. Then I'll go in a bit more of a business review. Wannes will come back with the financial review. Then I'll return with the outlook 2025. We'll wrap it up, and then I look forward to the Q&A together with Wannes.

Let's have a look at the highlights of 2024.

Revenues for the Group came in at €3.5 billion. We had still an EBITDA of €763 million for the year. EBITDA margin 22%, stood a strong operational cash flow of €384 million. CAPEX came in at €555 million, well below the target we set of €650 million at the mid of the year. There, we said we were going to come in below that €650 million. We came in at €555 million. We have return on capital of 12.3% and a leverage ratio of 1.9 roughly.

Now if I have a first glance at our foundation businesses, and that I really, really would like to highlight that we have here a strong and robust performance of the foundation businesses.

In Catalysis, we are publishing EBITDA margins close to 26%, return on capital more than 40% despite a slower internal combustion engine market. For Recycling, return on capital close to 80%, EBITDA margins of 36%. Here, we have seen lower revenues in the Recycling segment, but I will come to that later on.

Specialty Materials. EBITDA margin came in below 20% and return on capital of 9%. This is not where we want to be, and this is mainly related to Cobalt and Specialty materials, on which I will give a bit more colour also later on.

Now if we then look at Battery Materials. This is a business on which we already exchanged quite a bit over the last quarters. This business, as you all know, is characterised by a slowdown in demand for electric vehicles. This also has a reflection on the ramp-up of our customers and the volume development at Umicore.

Now, as you all know, we have the strategic review ongoing, and we're finalising that one, and I really look forward to exchanging with you on these key messages, of course, in the upcoming Capital Markets Day end of March.

In the meanwhile, not awaiting, of course, the CMD updates, we have been targeting on our CAPEX, and these came in 25% lower year-on-year. This excludes still an equity contribution of €175 million toward a joint venture with IONWAY with specific guardrails, of course, coming with that joint venture.

Now we also announced that we're going to pause the Battery Materials plant construction in Canada. I'm also pleased to share that we were successful in integrating these customer contracts in our plants in Korea, so always in the spirit of filling capacity utilisation in line with our customer commitments.

Now we also have been realigning our operations. This reflecting the slower ramp-up of our customer. We have adjusted our volume projections, and we are focusing with our CAPEX expansions really on the existing footprint. So Nysa and Korea. That's where the CAPEX is going. Next, the standard maintenance CAPEX that we foresee for the business.

Now if you look at the 2024 adjusted EBITDA for Battery Materials, we gave you an updated guidance at the midyear, that we would come in close to breakeven per year-end, and that is also what we see for the business now at the close of the year.

I also would like to come back on the very painful €1.6 billion impairments, which we had to take in H1. We all know that this is not where we want to be, but we will continue to focus on that value recovery for this business.

Now at the Group level, we did not just focus on Battery Materials. We have been significantly stepping up our efficiency and cost-saving measures across the Group. We accelerated even more in the second half of the year, and we came in with €100 million EBITDA on efficiency and value-based initiatives that's realised in this €100 million EBITDA, well ahead of the €70 million target we had put for ourselves.

Now transiting to the dividend. We know that the environment around us at this point in time remains uncertain. We have a delayed ramp-up with our customers. And also our earnings, as a consequence, have dropped significantly for 2024. In that context, the Supervisory Board proposes a gross annual dividend of €0.50 per share, which is €0.25 on top of the earlier paid interim dividend over summer. Now this still represents a payout ratio of 47% on the current net earnings per share.

The Supervisory Board also intends to reset the annual baseline for the dividend at €0.50 per share, and that's well in line with the ongoing policy of a stable or rising dividends.

Let me now zoom in a bit more on the different business segments.

Battery Materials. We clearly have a decrease in revenues and EBITDA for Battery Materials compared to the previous years. Let me start off with the revenues. We know that we have lower CAM sales volumes. We discussed already on that before. As well, we have lower refining income, and this is mainly reflecting the slowdown in the EV sales and also the slower ramp-up of our customers and the tailing off of legacy contracts faster than we initially expected.

Also in 2023, there was a non-recurring lithium effect, which was sizable, which is affecting the year-on-year comparison.

If we look at the EBITDA, that also was a substantial non-recurring effect in 2023, which we will not have for 2024. We have been able to partially offset this drop in EBITDA with lower overheads and a positive one-off of roughly €40 million in 2024.

CAPEX came in at €307 million, well below 2023, and I repeat myself, focused on the finishing off of the plants in Europe as well as Korea to serve against our customer commitments, hence, we paused, of course, the plant in Canada.

If we now go to Catalysis. Now let us first have a look at the market for Catalysis. There we see that if we look at 2023, there was roughly 79 million ICE vehicles sold. If we then look to the year 2024, we do see a reduction of close to three million vehicles and especially in the second half of the year. We exchanged on that also during the half year, and we anticipated that in our forecast for the second half. So basically predictions came in according to what we expected at that point in time.

Now let me give some more colour on the specific submarkets. Let me start off with China. China was roughly stable in terms of ICE production. But underlying, there was a significant shift in that market, we clearly see that local OEMs, Chinese OEMs are taking more market share at the expense of Western OEMs. Classically, Umicore has grown with Western OEMs in the Chinese markets. But in the last two, three years, we also heavily focused on gaining market share with the local OEMs. We are quite successful with this. But despite that, we still lost some market share in China, but again, good progressions with the local OEMs, and we remain positive about these markets going into 2025.

On North America, a small contraction of the market. There, we lost market share mainly because of an unfavourable customer mix.

If we then go to Europe, it's the opposite. There, the market lost close to 7%, but our overall market share grew for this segment. In Japan and Korea, we performed well, but the market in general dropped by 6%. We had strong business in South America as well, where also our market position remains very strong.

If we then look at the HDD business, we do see a weaker economy being reflected in the HDD numbers, in Europe, but also in China. In China, more specifically, we also see much more CNG trucks being sold at the expense of HDD production. This is also an underlying volume effect that plays in our business for Catalysis.

Now if we now look at the number set. Let me talk first of Catalysis as a whole. In Catalysis as a whole, we also have impact of an exposure to the PGM prices. We are very clear that some of the favourable PGM price lock-in effect that we have are tailing off across this business group.

If I now zoom in a bit on the different underlying business units here as well, for Automotive Catalysts, I must say we had an outstanding performance, which is really reflecting the impact of our structural measures towards efficiency and value orientation. Also our footprint optimisation and our focus on having selective R&D and a reduced overhead spend is really paying off, but also the general culture that we have embedded in this business unit is really showing, paying off results with really impressive results, I would say.

The Fuel Cell & Stationary Catalysts, where we had basically two elements. On the one hand, the Stationary Catalyst business performed really strong while the Fuel Cell business, we saw a slower 2024, mainly related to volumes being lower in China at the back of a subsidy scheme that was not yet into effect. The construction of the fuel cell plant, so the PEM fuel cell plant in Changshu, in China is progressing well, well within budget, well within time and we would expect this to become operational in early 2026.

Precious Metals Chemistry, there the main impact on the results was basically also the reduction in that PGM price environment, but we saw a stable sales for our homogeneous catalyst business.

Now let's have a look at Recycling. For Recycling, there are two main drivers here. First of all, we have to highlight that there's an unfavourable trading context, especially for the Precious Metals Management environment, especially for rhodium and palladium. If we then look, for instance, at Precious Metals Refining, there, the main impact plays around volumes. We had the planned shutdown in the first half of the year. We had an operational smelter incident in the second half of the year, affecting the volumes. Smelter is, again well up and running and processing well.

If we look at the Jewellery and Industrial Metals business, there, I would say, revenues were stable. Overall, a good business intake, and we're happy with the performance of this business for the year.

Now let's have a look at Specialty Materials. For Specialty Materials it is the first time that we report full year results on it. Here, we see that the performance of Specialty Materials was slightly worse than last year and can mainly be attributed to the business unit Cobalt & Specialty Materials, which is the heavy weight also in that group, where we see a weak cobalt and nickel markets out there. This has led to competitive pressure.

Electro-Optic Materials, revenues were slightly higher, so we continue to grow there with good volumes for the germanium substrates and the recycling business and a good performance of the infrared applications.

Earnings slightly lower because we had some lower productivity in the infrared solutions, which are being tackled and where we're making again good progress for the year 2025.

In Metal Deposition Solutions, and all in all, stable markets, although that the underlying product mix was changing but a good performance for this business unit as well.

Wannes, let me now pass the word to you for more deep dive in the financials.

Wannes Peferoen: Thank you, Bart, and good morning to you all. As said earlier by Bart, in ’24, we faced substantial headwinds in different markets. We succeeded in implementing sizable cash saving measures to offset some of these headwinds.

When we look at the revenues, the revenues decreased with 11% year-over-year and amounted to €3.5 billion for '24. The decrease is primarily reflecting the slowdown in electrification in Battery Materials and the global decline in light-duty and heavy-duty vehicle production in Catalysis.

In Recycling, revenues were affected by the maintenance shutdown and the less favourable PGM trading environment. Revenues in Catalysis and Recycling were also impacted by the lower PGM price environment but our hedging strategy continued to create a substantial support versus spot prices, in particular for rhodium and palladium.

The adjusted EBITDA amounted to €763 million, which is €209 million below previous year. In Battery Materials, volumes weakened in the second half of the year and the year-over-year comparison was also impacted by the lower level of one-offs compared to last year.

Following the lower-than-expected growth of electric vehicles and the delayed ramp-up in Battery Materials, we immediately initiated additional measures to adjust our cost basis. This included a strict review and control of all Group-wide spending, a hiring freeze and additional rightsizing of the Group. As a result, we achieved over €100 million in efficiency gains across the Group, which is substantially higher than our initial target of €70 million for '24.

In Catalysis, quality of earnings further increased despite volumes and PGM prices. EBITDA remained roughly flat, which is another impressive performance versus last year's record results in a maturing market.

In Corporate, net operating expenses improved by almost 10%, again, reflecting the efficiency measures taken. The EBITDA margin for the Group remained strong at 22%.

Now moving to the consolidated P&L. As you can see, depreciation and amortisation decreased to a level of €285 million due to the impairment in Battery Materials. Adjusted EBIT amounted to €478 million versus €674 million last year. Adjusted net finance costs slightly decreased to €108 million. The interest income on our cash deposits went up while the cost of gross debt remained stable.

The average cost of gross debt amounted to 3.2% and is expected to remain well under control, given the long-term debt maturities and the high share of fixed rate debt. The adjusted tax charge decreased to €109 million following the lower adjusted tax book profit. Due to increased provisioning for uncertain tax positions, the adjusted effective tax rate increased to 29% versus roughly 22% last year.

The adjusted net profit Group share amounted to €255 million, which resulted in an adjusted EPS of €1.06. The net result was impacted by adjustments to EBITDA of €1.8 billion, which is mainly due to the €1.6 billion non-cash impairment and write-down in Battery Materials. As a consequence, the net result Group share amounted to minus €1.48 billion.

Now moving to the consolidated balance sheet. As you can see, property, plant and equipment inventories and equity were substantially impacted by the impairment in Battery Materials. Here, I would like to highlight the strong liquidity of the Group with a cash position of €2 billion. The average deposit rate increased to 3.6%, which is exceeding our cost of debt.

The gross financial debt increased to €3.4 billion versus €2.6 billion last year. I will come back through the debt movements later in this presentation.

The equity of the Group amounted to €1.9 billion and against the net financial debt of €1.4 billion, net gearing ratio remains balanced at 42.6%.

Now on this slide, we showed a breakdown in the evolution of the free operating cash flow. The free operating cash flow for '24 remained strong at €384 million. We managed to reduce net working capital needs with €392 million across the different businesses, thanks to a strong focus on timely collection, payment terms and inventory management.

We reduced CAPEX with €303 million or one-third versus previous year. CAPEX, including capitalised development expenses, amounted to €582 million. As Bart mentioned earlier, this is well below the guidance that we shared during the half year results.

The reduction in CAPEX is primarily driven by Battery Materials, where we paused the investment in Canada and where we also maintained the investments in Europe and Korea, in line with the long-term commercial agreements.

Now looking at the net cash flow movements. As you can see in this bridge, the free operating cash flow of €384 million did not fully cover the cash out related to taxes and financing, the equity contribution of €175 million to IONWAY and dividends. As a result, the net financial debt increased with €159 million and amounted to €1.4 billion. The leverage ratio increased to 1.87 times last 12 months adjusted EBITDA.

Now we continue to be committed to a strong balance sheet going forward. With the delayed ramp-up in Battery Materials, we accelerated various initiatives to further reduce cash out. In '24, the efficiency measures contributed over €100 million. CAPEX was reduced by 35% and working capital needs were reduced to €392 million.

For ’25, we target to generate an additional €100 million of efficiency savings, which come on top of the savings of '24. We also anticipate to reduce CAPEX with another 20% mainly in Battery Materials.

For IONWAY, both partners continue to fund the investment through equity injections until the project financing is in place. At the start of '25, Umicore injected €250 million out of a total planned contribution of €400 million for the full year. Both partners are targeting to have the non-recourse debt financing in place as of the second half of '26.

Now the combination of all these measures support the balance sheet and ensure that the leverage will remain in investment-grade territory. For '25, we expect that the leverage ratio will start to increase towards the level of 2.5 times.

Now as I mentioned earlier, the Group has a strong liquidity with €2 billion cash on balance. And on top of that, over €1 billion of committed and undrawn long-term credit facilities. In '24, we successfully raised €750 million of long-term debt with the European Investment Bank and a US private placement.

As you can see in this graph, the debt maturity profile is well spread with an average maturity of 5.6 years after repayment of the convertible bond in June '25. The debt that we need to refinance in '25 and '26 is well covered by the current cash position.

Now finally, I would like to highlight that in '24, we continued to lock-in future strategic metal exposures through forward contracts. Over the past six months, we increased forward metal hedges, in particular for platinum until '28 and but also for rhodium, palladium and silver in '28. We also initiated the first hedges for '29.

The Group also manages a portion of its energy price through forward contracts. Today, we have hedged more than 75% of the expected European electricity and natural advance consumption until '27. Thanks to this hedging approach, we protect future earnings from price volatility, but we also increased the visibility on our future cash flows.

Now before handing it back to Bart for the outlook, I would like to repeat that we have taken a wide range of measures to improve the financial performance across the Group and to increase the cash generation across the Group. This will help us to maintain robust balance sheet. Thank you.

Bart Sap: Yes. Thank you, Wannes. Let's now have a look at the outlook for 2025. In general, we should say that there's still limited visibility in the market. I mean, still a lot of elements are in flux. We will continue our focus on maintaining resilience, adaptability and of course, the efficiency and value-focused initiatives I talked about earlier.

Despite all these uncertainties, we are guiding early in the year that we anticipate to have Group adjusted EBITDA between €720 million and €780 million. But I want to be very explicit on this, and that's also why the disclaimer is there. This is not taking into account any market effects or conditions related to geopolitical tensions or tariffs which could come into effect in the current markets.

Now for Battery Materials, we anticipate that the adjusted EBITDA will be in the range of last year, yet without the one-off of 2024. For Catalysis, earnings are expected to be around the outstanding performance of the previous years. Recycling earnings are anticipated to be below 2024 as some of these favourable PGM hedges are tailing off. Specialty Materials is expected to be slightly ahead of last year's earnings.

We do anticipate that our corporate costs will be down compared to 2024. We aim to reduce our CAPEX by another 20%, and we are upping our efficiency goal from the initial goal cumulative for 2025 of €100 million. We upped that to €200 million, and this is well integrated into the guidance we give at Group level.

Now wrapping everything up. It's fair to say that 2024 was a sobering and intense year for Umicore, its shareholders, but also its employees. It was a year marked by significant headwinds, and during which we had to take difficult decisions and also have to impair a big part of our Battery Materials business.

Despite this challenging context and the slowdown of the EV growth, we had a solid performance in our foundation businesses. We have taken decisive actions in capital discipline, in efficiency and cost measures, and we are committed to keep a solid balance sheet. We are determined to lay the groundwork for the future, and I'm looking very much forward on exchanging with you on this during our markets Capital Markets Day on 27th March in London.

I continue to believe in the value creation of this great Group. There are strong societal underlying trends that strengthen our position going forward.

Once again, I'm now open to the Q&A and very much looking forward to exchange on our mid-term future during the Capital Markets upcoming end of March.

Questions and Answers

Operator: Thank you very much. Ladies and gentlemen, as a reminder, if you would like to ask a question, please press star one on your telephone keypad. We will take our first question from Ranulf Orr from Citi. Your line is open. Please go ahead.

Ranulf Orr (Citi): Hi. Thanks for taking the question. Just one on IONWAY. Can you give a bit of an update on the programme there, the time line and where you expect minimum returns to come on the equity injections? Thank you.

Wannes Peferoen: Good morning, Ranulf. Looking at IONWAY, we are well on track. Looking at the capital injection, this is where the capital injections are somewhat more front-loaded because the project financing is a process that is lengthy and demanding. So it does take time to put this into place. We have confirmation from banks that this is a very bankable project. So that gives us the confidence, and that's also where both partners are targeting to have the project financing in place as from the second half of '26.

Looking at the return targets, we cannot be explicit or share too much commercial details on this, but we continue to have trust in this overall relationship.

Bart Sap: Yeah. I would add to that, Wannes, of course, that value creation is always a guiding principle that we have here at Umicore, also for the IONWAY joint venture.

Ranulf Orr: Okay. Thank you.

Operator: Thank you. We will take our next question from Chetan Udeshi from JP Morgan. Your line is open. Please go ahead.

Chetan Udeshi (JP Morgan): I just wanted to maybe first discuss what are the implications of Umicore from any trade tariffs or import tariffs, say on metals, etc.? How might you be directly and indirectly impacted from that? The other question is - I'm sorry to be a bit blunt here -- I appreciate you are cutting CAPEX in Battery Materials, but it still implies that you are probably going to spend €200 million CAPEX in 2025 on top of €400 million that you are aiming to contribute to the IONWAY JV. I mean your EBITDA in this business is zero. I am just curious, where is all this? I mean I understand IONWAY. But where is that €200 million on Battery Materials being spent, your facilities are underutilised everywhere. I'm just curious why the CAPEX is not even down more than what you are guiding to.

Bart Sap: Yeah. Thank you for the questions, Chetan. First on, of course, trades and geopolitical. That's, of course, a very big question and not an easy one to answer. We have seen, for instance, just the movement in steel and aluminium based on certain tariff announcements.

We know that, there's also threats against Mexico and Canada. So very difficult to predict how things will move, because first of all, how will the overall competitive landscape move in such a way, how will metal flows be impacted. But here, we have to focus on our core strengths which is that we have an agile footprint from which we can supply customers.

We also have a diversified supply basis. If any countries would be maybe struck or hit with certain tariffs for PGMs, then we might have optionalities to supply from a different country. But again, putting here a number, then I would go really in the territory of pure speculation because I have no clue what the legislators have in line and what potential reactions to some decisions might be from other countries.

I'm sure you appreciate that, and that's also why we had a disclaimer on the outlook because, I mean, bets are off there, I would say.

Now if you look to the CAPEX and IONWAY. I'll tackle IONWAY first. I said that we have strong guardrails in these contracts. Value creation is what we focus on as Umicore. That's really an investment in a partnership. On the CAPEX for Battery Materials for 2025, well, first of all, let me go to Canada, in the sense that we decided not to continue with Canada to save significantly on CAPEX, because there, we would have to spend big if we would have continued with that project. The consequence, of course, is that we have to repatriate the customer contract into Korea. That's really a strong proof point, and it's really a success that we were able to do that. But in order to deliver against this future customer commitments, we do have to debottleneck the plant in Korea. That's where, of course, CAPEX is going.

Indeed, we're still having some CAPEX going into Europe to finish up the current footprint against our customer commitments. But let's say, the longer-term profile and inputs, I will be glad to discuss that also end of March at the CMD, Chetan.

Wannes Peferoen: Maybe if I can still add to the trade tariffs and potential trade terms. We have been running a programme in the company in order to map the different flows. This is also where we see having the global footprint in Catalysis can create options also to circumvent to reduce or mitigate some of the impact. Same for the precious metal flows. Also here, we have a global setup where we can source and deliver out of different regions. This can also help to mitigate potential impact if certain measures would be taken.

Bart Sap: That is right, Wannes.

Chetan Udeshi: Can I follow up on volumes that you were talking about Battery Materials? Can you discuss where are we in terms of volumes now? Because you had talked about 18-month delay. Is that delay getting longer? Because I'm just curious you are starting to debottleneck the Korean plant when, frankly, we don't even have any volumes. I'm just curious why is there a disconnect to be honest.

Bart Sap: Not any volume is probably an absolute statement actually make there, Chetan. I mean we also hinted during the midyear results that we do have capacity utilisation in Korea and then it's moving to a pretty good level in the years to come. That's what we clearly indicated.

But on the volume picture, indeed, the outlook remains mixed for the time being because EV sales remains somewhat slow at this point in time. Now at the same time, we always talked also about the strong contractual guardrails that we have. Basically, we also have the take-or-pay provisions, which will protect our EBITDA profile. That's where we stand.

Can there be a longer period than 18 months in the ramp-up? Possibly, difficult to say because the outlook remains mixed. But again, we have put these strong contracts in place for situations like this, and we will utilise these contracts.

Chetan Udeshi: Okay. Thank you.

Bart Sap: Thank you, Chetan.

Operator: Thank you. We will take our next question from Geoff Haire from UBS. Your line is open. Please go ahead.

Geoff Haire (UBS): Yeah. Good morning. I was just wondering if I could focus in on the Battery Materials business and then a question on the cash costs for the restructuring. First of all, on Battery Materials. When you were looking at all of the contracts that you have and where you wanted to place CAPEX, was it any time there ever a consideration of actually exiting some of the larger contracts that you have so that you can actually save more CAPEX?

Then secondly, with the increase in the IONWAY equity contribution, do you expect to create positive free cash flow in 2025? Then finally, could you just update us on what the cash costs are related to the additional savings that you expect to get in 2025?

Bart Sap: Okay. Let me take customer part and then Wannes take the second part. Well, Geoff, we have strong contractual contracts. We have this take or pay in there, but we also, of course, have customer commitments, and we are building against these customer commitments. I also indicated at the midyear that while we still see the progression on that volume curve for the existing customer portfolio that we have, that we continue also to look for further customer diversification. There is a continued interest in Europe also by Asian players. So I continue to believe in that differentiating asset that we have here in Europe.

Wannes, maybe you can go to the other two?

Wannes Peferoen: Yeah. Looking at the free cash flow for the Group in '25 and the different components. We have the EBITDA range or the guidance that we give between €720 million and €780 million. We have the CAPEX, where we say below €450 million. We had the equity contribution of €400 million. Free cash flow will be negative, I would say. This is also where we expect the net debt to increase and where the leverage will also increase approaching the level of 2.5%.

Now looking at the cash cost restructuring, we have included a provision for '24, which is linked to the restructuring in Catalysis, which we announced in the first half, but also linked to the rightsizing of the group, which we announced in the second half of the year. This will add then into the cash cost savings for '25, where we say that we are aiming to generate another €100 million of savings on top of the €100 million that we have generated in '24.

Bart Sap: Yes. Indeed, on this restructuring, especially also in Belgium, I think we made great progress and with a very good and constructive dialogue with our social partners. I think we have panned out the right supporting measures for our customers. Now we are actually in the implementation phase of these measures. So we should indeed see that effect in 2025.

Operator: Thank you. As a reminder, if you would like to ask a question, please signal by pressing star one on your telephone keypad. We will move to the next question from Tristan Lamotte from Deutsche Bank. Your line is open. Please go ahead.

Tristan Lamotte (Deutsche Bank): Hi. Thanks for taking my questions. I've got three. The first is what are the remaining restructuring costs on the cost programmes and how will that impact cash? The second is you talked about an impact from metal hedges rolling off in 2025. Given your hedges are up to four years, do you expect to have another impact in 2026 again?

Then third question on Battery Materials. Just wondering with the take-or-pay contracts are at the minimum, what EBITDA could you do in 2026? Thanks a lot.

Wannes Peferoen: Okay. Looking at the restructuring, just to be clear, there will be a cash out in the year of ’25.

Then looking at the metal hedges. So in '24, we had substantial support looking at metal hedges in particular, for palladium and rhodium. This is where we see a roll-off in '25 and there will be a further roll-off in '26. Then looking at the last question, take-or-pay.

Bart Sap: Yeah, I can take that, Wannes, take-or-pay. In 2025, some take-or-pay will be in effect for the year. We also intend to include this as part of our EBITDA because it's an integral part of our business and these contracts. But we're not going to guide for 2026 on this number, and we can discuss more at the CMD end of March.

Tristan Lamotte: Thanks a lot.

Bart Sap: Thank you.

Operator: Thank you. We will take our final question from Charles Bentley from Jefferies. Your line is open. Please go ahead.

Charles Bentley (Jefferies): Thanks so much for taking my question. It was just a simple one. Just on the IONWAY investment. If I remember correctly, it was €2.9 billion of total funding, of which half was meant to come from debt. Then the half from each of the partners, so €725 million total. That would suggest that by the end of this year, there's still €200 million remaining. Is that the right number? And is the kind of debt-to-equity components of the funding structure, is that unchanged, or is there any risk to that? Thank you.

Wannes Peferoen: Yeah. Both partners still target to fund at least 50% of the cash needs through debt financing. That remains. Looking at the projections on the equity contributions. This is where we are a bit more front-loaded and where for '25, we expect another €400 million versus the €250 million that year-to-date we already contributed looking at past years.

Then the outlook for '26, this is where it will depend on the timing of the effective project financing. Looking at the overall CAPEX budget, this is, of course, something that is commercially sensitive that we cannot share, but at the same time, there's also some inflation that plays a role looking at that project.

Bart Sap: Yeah. The contract was closed, in the '21 period. So indeed, we do see some inflation on this project, like many other projects within Europe. But again, let me guide that we work with committed volume waves for these projects. And of course, for these projects or this kind of setup, we do have strong guardrails. So our commitment and belief in this joint venture is completely intact, Charles.

Wannes Peferoen: Just for clarification. Looking at the equity contribution. In the year '23 and '24, we had €250 million of equity contributions. For this year, we expect to have up to €400 million of equity contribution.

Charles Bentley: Thanks very much, guys.

Bart Sap: Thank you, Charles.

Operator: That was the last questions for today. I will now hand over back to Mr. Sap for any closing remarks. Please go ahead, sir.

Bart Sap: Yes. Thank you for attending the 2024 full year results. As said before, it was a sobering and intense year, not an easy year for our shareholders, also for us at Umicore, but I really would like to move forward and engage with you on the future of this great company at the Capital Markets Day at the end of March. See you all in London and looking forward to that exchange. Have a wonderful day.

Operator: Thank you for joining today's call. You may now disconnect.

[END OF TRANSCRIPT]