

## TRADING UPDATE Q1 2011

### Highlights

Umicore's revenues in the first quarter of 2011 increased by 13 % compared to the same period in 2010, with strong performance noted in all business groups.

- Catalysis revenues were up by 13 %;
- Energy Materials revenues were up by 12 %;
- Performance Materials revenues were up by 10 %;
- Recycling revenues were up by 16 %.

Operational cashflows were strong throughout the period, resulting in a decrease of the net financial debt to below € 300 million at the end of March.

### Outlook

Based on the first quarter performance and assuming current market conditions continue to prevail, Umicore expects full year recurring EBIT to be in the range of € 400 million to € 425 million.

This reflects the year-on-year growth observed in Catalysis and the buoyant supply conditions in Recycling, while maintaining a stable performance in Energy Materials and Performance Materials.

Note: All comparisons are made with the first quarter of 2010, unless mentioned otherwise.

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## CATALYSIS

### Overview

Overall revenues for the Catalysis segment were up by 13 %, largely driven by increased demand in Automotive Catalysts.

### Automotive Catalysts

Global light duty vehicle production rose by some 5 % year on year. Umicore's catalyst sales volumes and revenues outperformed the car market.

In Europe, light duty vehicle production increased by some 8 % in the first quarter of 2011, which means that the market is nearing pre-downturn levels. The share of diesel engines increased somewhat versus the first quarter of 2010 and is back at close to 50 % of the market. Umicore's sales volumes and revenues in the region were in line with the market development and reflected significant growth in diesel particulate filters.

The North American market continued to recover strongly from the downturn. Overall light duty vehicle production was up 16 % year on year. Umicore's volumes and revenues increased significantly above that level due to its specific customer platform

positioning and the successful commercial introduction of new technology. Similarly Umicore's revenues grew faster than the market in South America, where vehicle production was up by 8 %.

Overall Asian vehicle production volumes were level with the first quarter of 2010. The Japanese market was well down with some 32 %, mainly as a result of the impact of the March 11 earthquake. Even though the Chinese production growth rate was lower than in previous years, it remained slightly above the global average at some 9 %. In Korea, production grew well above the global market with some 14 %. Despite the impact of the Japanese production cuts on the region, Umicore's volumes and revenues grew, albeit at a different pace in the different countries.

### Precious Metals Chemistry

The business unit experienced a positive start to the year and revenues were significantly higher year-on-year. Demand for automotive precursors was high, driven by higher car catalyst production, while significantly higher revenues could be achieved for catalysts to the bulk chemical and silicone industries.

## ENERGY MATERIALS

### Overview

Revenues in the segment were up by 12% compared to the first quarter of 2010. Revenues were up in all business units, especially in Thin Film Products and Cobalt & Specialty Materials.

### Cobalt & Specialty Materials

The business unit revenues increased significantly year on year, nearing pre-downturn levels. In the supporting recycling and refining activity, the higher levels of industrial activity led to further increases in the availability of recyclable and refining material.

Sales volumes improved in the **Rechargeable Battery Materials** business line, although the overall rechargeable battery market growth was tempered by decreased activity in Japan. These improved sales volumes in combination with the increasing portion of the higher value adding NMC materials in the mix led to higher revenues. The portable electronics market remained highly competitive resulting in lower premiums, however. The previously announced capacity expansion for NMC materials, used a.o. in (H)EVs, is well on track as the construction of the greenfield facility in Japan is complete and the testing phase will start soon. The Korean expansion is making good progress.

Revenues in the **Ceramics & Chemicals** business line were up as well, compared to the already strong performance in 2010. Sales of cobalt compounds improved particularly in catalyst applications, while demand for (metallic) organics benefited from new customers and new applications. Higher sales volumes of nickel sulphates offset decreased volumes for other nickel compounds which had been particularly strong in 2010.

Despite overall increased activity in the construction sector, order levels for cobalt powders in the **Tool Materials** business, were at the same level year on year, as the higher tungsten price led some hard metal tool manufacturers to adjust their inventories.

### Electro-Optic Materials

Revenues for the business unit were up slightly in both business lines.

Sales volumes of germanium **Substrates** reached record levels. Demand from the space market remained at a high level driven by the replacement of a number of telecom satellite constellations, while terrestrial concentrator photovoltaics gained further momentum. Sales volumes to the LED lighting industry increased versus the first quarter of 2010, but are down on the 2010 averages following overproduction in the sector.

In **Optics**, demand for germanium blanks remained subdued, primarily as a result of delays and cuts in government sponsored programs. The smaller finished optics activities recorded higher sales volumes for commercial, mainly non-automotive, infrared systems. Sales volumes of germanium tetrachloride were also up, mainly fuelled by optical network projects in China.

### Thin Film Products

Revenues for the business unit were well up year on year. Sales for **Optics & Electronics** applications benefited from a continuing upward trend in the semiconductor market. In the **Large Area Coatings** activity, revenues are significantly higher than in the first quarter of 2010. The penetration of rotary target technology is continuing with commercial volumes delivered for mainstream display applications.

## PERFORMANCE MATERIALS

### Overview

Business group revenues were up by 10 %, driven by improvements in Building Products, Technical Materials and Zinc Chemicals.

### Zinc Chemicals

Sales volumes and revenues were up year-on-year in line with the business group. In the zinc recycling activity, increased competition for recyclable materials was mitigated by existing longer term contracts, ensuring stable revenues.

The Chinese market for **Fine Zinc Powders** used in coatings recovered further, in contrast to the European and North American markets. Sales for chemical applications continued to improve, particularly in North America.

Deliveries of **Zinc Oxide** products were up year on year. While demand for chemical and tyre applications was strong, the construction-related applications, such as ceramics and wood-protection paints, improved only slightly.

Sales volumes in **Zinc Battery Materials** were somewhat down on the historically high levels of 2010. Further growth in Asia was offset by a weaker market in North America and Europe.

### Building Products

Revenues were well up compared to the first quarter of 2010, a period that was characterised by extremely harsh weather conditions in Europe. The demand from the European construction sector has improved, especially in France. The recovery was mainly visible in the residential segment. The project order book indicates potential for further recovery through the year. The appetite for zinc building materials continues to grow in the rest of the world, where this material has traditionally less been used. The weight of higher value added products also continues to increase in the portfolio.

### Platinum Engineered Materials

Business unit revenues were lower year on year, despite increased activity in the end market.

The market for high-purity **Glass Applications** continued to grow at a fast pace driven increasingly by newer applications such as touch panels. Revenues in the first quarter did however not yet reflect the underlying market growth due to the project nature of the business.

Similarly revenues in **Performance Catalysts** were lower, although the uplift in the fertilizer industry, the business line's main end market, continued.

### Technical Materials

Revenues were well up for all business activities.

Sales of **Contact & Power Materials** grew in line with increased activity in the automotive and electricity distribution sectors. Overall sales volumes were well up in all regions compared to the first quarter of 2010. The business line successfully introduced new products for the medium voltage equipment sector in North America. Umicore continued to grow in the niche application of energy saving lamps, a segment which is growing particularly well in China.

The overall recovery of industrial activities was also further translated into revenue growth for the **BrazeTec** business line, although to a lesser extent. This was noticed in all product lines going from automotive and tooling applications to HVACR and electrical equipment.

### Electroplating

Revenues were level with those of the first quarter of 2010, a period which was favourably impacted by customer restocking. Sales of plating solutions for technical applications benefited from the activity levels in the printed circuit board and semiconductor packaging markets, as well as other electronic applications. Demand for decorative uses grew as well, with strong sales of rhodium and ruthenium electroplating solutions.

## Element Six Abrasives

Element Six Abrasives' revenues were up compared to the first quarter of 2010.

In the **Advanced Materials** business revenues were at a high level. Higher activity levels in the automotive and machining industry led to increased demand for products used in metal cutting tools. Sales of

materials for precision grinding and drilling applications also grew.

In **Hard Materials** revenues also increased driven mainly by sales to the mining equipment sector.

Demand from the **Oil & Gas** drilling market grew as well, although at a slower pace, due to destocking at certain customers.

# RECYCLING

## Overview

Recycling revenues were up by 16 %, reflecting further supply mix improvements in Precious Metals Refining and a strong performance in Jewellery & Industrial Metals.

### Precious Metals Refining

Revenues were well up year on year as a result of improved supply mix, higher received metal prices and increased volumes.

Supply of residues from the non-ferrous refining and mining industry was strong throughout the quarter and above the level of 2010, especially for residues coming from the lead, copper and zinc industry. This allowed the unit to further optimise the input mix for these materials. Volumes of treated electronic scrap increased considerably, while arrivals of automotive and industrial catalysts were somewhat lower in the quarter.

A higher received metal price for both precious and specialty metals also contributed to the strong performance.

Treated volumes were also higher as a result of continued structural improvements to the operations and an optimised input mix.

The market for sulphuric acid, a by-product of the operations, had already recovered fully towards the end of 2010. Revenues generated from this stream were higher than in the first quarter of 2010.

### Precious Metals Management

The precious metals market was characterised by higher volatility in the first quarter, which benefited

the business unit. Investor demand in Germany, the unit's main market for gold bars, increased as a result of inflation fears. Industrial trading activity was higher as a result of increased levels of economic activity.

### Battery Recycling

The construction of the new battery recycling plant in Hoboken is reaching completion and the plant is expected to commence the testing phase in May. Pre-start-up stocks of spent rechargeable batteries from portable electronics continued to increase. The collaboration with automotive players active in (H)EV development or production intensified further.

### Jewellery & Industrial Metals

Revenues of the business unit were up significantly compared to the first quarter of 2010. The recycling activity benefited both from higher metal prices and improved supply availability, especially for silver.

Demand for materials used by global brands in the luxury part of the **Jewellery** and lifestyle goods business remained strong, with a particularly positive impact on sales of platinum-based products. Sales of products for the fashion jewellery market, however, remained subdued as the higher metal prices had a negative effect on consumer buying.

The market for silver-based **Industrial Metals** continued to increase for all industrial applications in line with general economic demand. The increase in the silver price did lead to some delays in new and replacement orders for coin blanks by the governmental mint industry. Demand from other players increased, however, for the same reason.

## Forward looking statements

This document 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.

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## Financial calendar

26 April 2011	AGM and 2011 first quarter trading update
29 April 2011	Share traded ex dividend
4 May 2011	Payment of dividend
4 August 2011	2011 half year results publication
20 October 2011	2011 third quarter trading update
9 February 2012	2011 full year results publication
24 April 2012	AGM and 2012 first quarter trading update

## Umicore profile

Umicore is a global materials technology group. It focuses on application areas where its expertise in materials science, chemistry and metallurgy makes a real difference. Its activities are centred on four business areas: Catalysis, Energy Materials, Performance Materials and Recycling. Each business area is divided into market-focused business units offering materials and solutions that are at the cutting edge of new technological developments and essential to everyday life.

Umicore generates the majority of its revenues and dedicates most of its R&D efforts to clean technologies, such as emission control catalysts, materials for rechargeable batteries and photovoltaics, fuel cells, and recycling. Umicore's overriding goal of sustainable value creation is based on an ambition to develop, produce and recycle materials in a way that fulfils its mission: materials for a better life.

The Umicore Group has industrial operations on all continents and serves a global customer base; it generated a turnover of € 9.7 billion (€ 2.0 billion excluding metal) in 2010 and currently employs some 14,400 people.

A conference call and audio webcast will take place today at 14:00 CET in Brussels.  
Please visit: <http://www.umicore.com/investorrelations/en/financialCalendar/confCall20110426.htm>