Umicore Capital Markets Day 2025

March 27, 2025

Q&A pt. I

Question – Charles Bentley: Thanks very much. Thanks, Bart, for the presentation. Charlie Bentley from Jefferies. I've got a few. So, look, on the core business, €2 billion to €2.2 billion of free cash flow, €600 million outflow for battery materials, but the target is €1.0 billion to €1.2 billion is the gap. Is that Y-on-Y or is that something else?

Answer – Bart Sap: No, that's corporate basically.

Question – Charles Bentley: That's corporate. Okay. Okay. That makes sense. And then, secondly, just as you think about the kind of exit rate almost as you exit the CapEx from battery materials, you're talking to that €2 billion to €2.2 billion. That leaves you with something like €500 million a year of free cash flow generation. Is that what we should be expecting as like, I guess, a run rate post 2028? Is that kind of a good benchmark for thinking about the exit rate of kind of annual free cash flow generation of the business?

Answer – Wannes Peferoen: So you would expect for battery materials – that battery materials somewhat ramps up further going into 2029, 2030, but you could assume that's €500 million, yes.

Question – Charles Bentley: Okay, great. And then, I guess, just on that point around no more CapEx. And if you add up all your capacities, you have 115-gigawatt hours by 2028. You've got commitments for 2028 to supply 133-gigawatt hours. So you would be sure on contracts which you've agreed to promise some things, you'd be potentially out of bandwith on some contracts. So you almost need to commit to more CapEx. So how do you manage that? How are you managing that with customers? Is the take or pay 85% of that 133 gigawatts, so is about 115 million gigawatt hours.

Answer – Bart Sap: Yeah.

Question – Charles Bentley: So 115-gigawatt hours, sorry.

Answer – Wannes Peferoen: Yeah. So looking at the 133 gigawatt hours, this is where we took into account the threshold of the take-or-pay contract. So we indeed already apply that factor of 85% on average versus the overall contractual volume. At the same time, we are looking at those multiple contracts, looking at AAC, ACC and PowerCo. We also have the capacity in China, which brings that optionality, which also brings additional capacity to bridge also looking at potential upside.

Answer – Bart Sap: Yeah. And I would add to that if I can, I think the total capacity, as you pointed out, Charlie, is actually 155 gigawatts roughly in 2028 versus that commitment of 133 gigawatts at take-or-pay levels. I mean, we also know that some of our customers might have that – I mean, they have not been committing some of the assets that they would need to commit to in order to have that volume free fall, right? So there will be room for that customer diversification in there.

Question – Charles Bentley: But I guess if all those customers do hit those take-or-pay levels, you're going to have to invest more CapEx, and that's just going to...

Answer – Bart Sap: Well, I mean, what I would say – what I would say, I mean, we do also see quite some capacity out there in the world. It's not like actually it's an industry that's running at 85% capacity utilization. So let's also be clever on that. And I said, the industry is ready for consolidation and cooperation.

Question – Charles Bentley: Okay. Thanks very much.

Analyst:Mazahir Mammadli

Question – Mazahir Mammadli: Hi. Thanks for the presentation. Mazahir Mammadli from Reburn Atlantic. Just a follow-up on the evolution of take-or-pay volumes. So since we've already had delayed volumes from your customers, and that ramp-up stage, they have some flexibility in the ramp-up stage. But that's not indefinite, right? If the EV market doesn't pick up until 2030, they will still have to pay you. So how long is that wiggle room for your customers?

Answer – Bart Sap: Well, I think that's what we try to bring through the slide that we presented on that take- or-pay ramp-up, right? These are the ramp-up rates on that take-or-pay commitment that they would have to hit. So, I mean, if you saw the number for 2026, for instance, right, the combined contracts, the customers would have – if they don't take the volume, would have to deliver and pay up to that level. So that ramp-up is in there.

Question – Mazahir Mammadli: Okay, thanks. And just thinking about your CAM capacity in China. Have you had a chance to have a look where you are on the cost curve versus the rest of the competition?

Answer – Bart Sap: Yeah.

Question – Mazahir Mammadli: And are you planning to take any measures to perhaps improve your position on the cost curve?

Answer – Bart Sap: Yeah. I mean, I think it's fair to say that in China, there are some players with higher capacity out there in that specific Chinese context, right? So inherently, you could imagine that their position on the cost curve could be somewhat better. Now, we also have seen that we have done some rightsizing in November, and we have taken out also quite some staff in China. Now, our focus, as mentioned, for the Chinese plants is actually be part of that ecosystem, not necessarily to supply in China, but to develop that – use that as a technology development base and bridging capacity to Europe much more than wanting to compete in that local context.

Question – Mazahir Mammadli: Okay. And then, the last one. So your previous messaging has been that South Korea is really rather well utilized. And now, you want to use Korea to serve the AESC contract. So if there's only so much spare capacity in Korea, how are you going to serve that contract?

Answer – Bart Sap: Yeah. So, I mean, it also depends on different contract durations that you have. And I think that matches quite well with the current profile that we see. Now, of course, if these current contracts we have continue to extend, which we'd be very happy with, I mean they are not in the plan, by the way, right? We do see that there's quite some capacity out there in Korea and that industry is open for consolidation and cooperation. So there will be alternative way to get access to that.

Question – Mazahir Mammadli: Great. Thanks.

Analyst:Wim Hoste

Question – Wim Hoste: Yes. Good afternoon, Wim Hoste, KBC Securities. Also, a couple of questions from my side. Maybe first on the technology side. Your contract portfolio, is that consisting now mainly of mid- voltage? Is that already including some HLM? Can you shed a bit of light of what the contract is a few years back?

Answer – Bart Sap: Yeah, sure. So on the contract side today, what we see, and this can also evolve over time. So because we're not stubborn, let's say, that's the type of project you have to take if it makes more sense for the customer to have a different product and it comes at the right price and return point, why would I block it, right? But now, it's mainly high nickel, but we see that increased interest in customers to qualify that mid-nickel, high voltage to be better on that cost performance element that they also need for their batteries.

On HLM, the picture, I would say, is balanced in a certain way. Some customers slow down a bit. Otherwise, still – others still really would like to accelerate that HLM. But in the customer contracts which are currently portrayed under take-or-pay, there's no HLM in it. Now, our assets are perfectly suited to produce that HLM as well. So again, depending on how customer preferences would evolve, we would be able to cater for that.

Question – Wim Hoste: Okay. And then, another question would be on the anode ambitions. It's technology projects for quite a while, is it coming closer to maturity or not yet?

Answer – Bart Sap: Well, can I maybe ask you, Wim, to reserve that question when Geert's on stage, but we'll – please, Caroline, I'm looking where you are.

Answer – Caroline Kerremans: Here.

Answer – Bart Sap: Okay, yeah. You're very bright, but the light was even brighter. So can you note out that question so that we don't forget to answer, Wim.

Question – Wim Hoste: Okay. Thank you.

Analyst:Matthew Yates

Question – Matthew Yates: Thanks so much. It's Matthew Yates at Bank of America. Can I just clarify something you said? Are we changing the reporting scope of the division? We've added some businesses. And if so, can you sort of pro forma what the results in 2024 would have been and how that would impact the 2025 guide. I'm not sure if we're injecting profits or losses from that scope change.

Answer – Wannes Peferoen: So you're right. Looking at Battery Material Solutions, this will be a new scope, including the Battery Cathode Materials, but also Battery Recycling and Battery Anode Materials. Looking at battery – and we will restate looking at the 2025 figures where we also give the comparables for 2024. So looking at Battery Solutions, looking at the cash-out, this has been around €40 million, I would say, looking at 2024 in Battery Recycling Solutions for the full year. Battery Anode, I would say this is a small double-digit EBITDA cash flow equivalent.

Question – Matthew Yates: Thank you. The second question I had was around pCAM.

Answer – Wannes Peferoen: Yes.

Question – Matthew Yates: And I'm, frankly, quite confused by the message here. My understanding was that Umicore felt pCAM was an area where it was very strong, very differentiated. And now, you're sort of saying that you've got this upstream make or buy flexibility. Can you reconcile that for me and why you would want to outsource something that you've previously claimed you're very, very strong and differentiated in?

Answer – Wannes Peferoen: Yeah. And I think you're right. I mean, we have differentiating technology. I think we have also IP around these elements. And of course, in our contracts, nothing prevents us to inject basically those technologies also with our customers. But of course, it comes very stringent and then it would have a specific scope for ourselves. So, I mean, it's not that in this business while technology is important that you cannot have a safe and good licensing setup also for that. And that's how we're also approaching this. So how can we do this more capital light in a certain way.

Analyst:Sebastian Bray

Question – Sebastian Bray: Hello. Sebastian Bray of Berenberg Bank. Thank you for taking my questions. I've got two, please. The first is on accounting treatment of the IONWAY JV. And the second is on tariffs.

On the accounting treatment of the IONWAY JV, is everything in the slides being treated as if it's pro-rata consolidated. So imagine we are sitting in the year 2028. When Umicore comes to report the results of the JV, is it actually going to report an EBIT and EBITDA like that, or is there going to be some kind of associate line that has a pro rata net income consolidation?

Answer – Wannes Peferoen: Yeah. So I think also as we have clarified earlier, we understand that it will be a need at a certain point in time to give that look-through, and that's something that we also will work on. So today, indeed, looking at the accounting treatment, it's consolidated as an equity under the equity method. So looking at adjusted EBITDA, this is where you have the share in the net result that we included also in this adjusted EBITDA target. So it's the share in net result into IONWAY. Looking at the revenues, indeed, you do not see the full look-through looking at the revenues of IONWAY. So that's not in there.

Answer – Bart Sap: And building on that, it's only, let's say, for that capacity gigawatt hour slide, right? There, we have that 100% IONWAY. And because we wanted to give you that volume outlook within the financials, it's really that pro rata equity method approach in all metrics.

Question – Sebastian Bray: That's helpful. So I suppose this is laboring a point because it doesn't make a difference from an economic perspective. But the sales you show are not consolidated; i.e. IONWAY is not in them, but the net income contribution is included within the EBITDA. Is that right?

Answer – Wannes Peferoen: Well, in the revenues, you have the – well, there's also other revenue streams looking at IONWAY, which are in there, thinking about IP, for instance, so that's also a part of it.

Question – Sebastian Bray: I see. But most of what you receive for producing it is not shown as a sale within the...

Answer – Wannes Peferoen: Yeah. That's correct. So I think that's very correct.

Question – Sebastian Bray: The second one is on tariffs. Could you give an idea of where the starting point is for Umicore because it does supply some other markets from South Korea already, and I assume this is subject to most (01:16:43) somewhere between 5% and 10% on the shipment. Can you give an idea of what the mean tariff pay typically on exports of cathode material is at the moment?

And if these were to increase, so let's take the example of servicing the AESC contract out of South Korea. I imagine some of those volumes might go the way of the states, probably not that much of them. But is there an automatic pass-through? Or is this one of these things where everybody sits around the table and says, okay, I pay this, you pay that and the customer pays something else?

Answer – Bart Sap: Yeah. So I think that would be a pass-through. I mean, the contractual setup is such that we deliver against that and the duty is not on our side.

Question – Sebastian Bray: Thank you.

Analyst:Geoff Haire

Question – Geoff Haire: Hi. Geoff Haire from UBS. Just two questions. One, first on battery materials. You talk about the take-or-pay contracts. Clearly, you've had take-or-pay contracts in Europe previously in 2019, I think they were announced with the Korean producers, which at least optically from what we saw didn't apply from what we saw. And just wondering how you believe you'll be able to test whether or not the take-or-pay contracts are going to work this time, particularly when you think that you have some very large customers, not just in battery materials, but for the group as a whole. And also, can you give some idea of are the take- or-pay limits set on an annual basis or a six-month basis, or how does that work?

And then, the second more broad question, I think, Bart, you said at the very start that circularity was key to the growth of Umicore. I think it's fair to say that we've heard that previously from the last two CEOs. What's different this time?

Answer – Bart Sap: Yeah. So maybe I'll start with the second one. I think what I said today is not that circularity is a key part to the growth of Umicore. It's an integral part to the business model that we apply. Now, next to that, and Geert will explain that more in the recycling section afterwards, Geoff, is that we are investing roughly. And again, we still have to do the detailed design. So this is the rough estimate at this point in time. So don't hold me against it because these guidelines can be higher or lower, let's see. €400 million in opening the flow sheet in Hoboken Antwerp for that precious metals recycling that would allow us faster throughputs in the plant, that would allow cater for better yields on some of the metals, and actually allow to treat an additional metal. But I will not spoil everything for Geert. But that's would indeed be a level of growth, Geoff, and that would also result in extra EBITDA in 2030. So that's one.

I think your first question was on the take-or-pay and the potential how to enforce it and how we have performed in the past. At least when I have the internal look, right, we did enforce and capture, I would even say, the large majority of that take-or-pay even with the Asian customers. We did do that.

And to the question that I have large customers out there, I will enforce those take-or-pays. I mean, have you seen how much we invested in this plant? I mean, it's just too important not to go after these take-or-pays.

That is clear. Secondly, on that timeframe, it depends on contract to contract. But I would say roughly rounding it up through the year is probably a better indicator than a semester approach.

Did that answer your question? Okay, thank you.

Analyst:Chetan Udeshi

Question – Chetan Udeshi: Chetan from JPMorgan. Again, just going back to the take-or-pay contract slide, and thanks for giving that phasing. I'm seeing there's a number of 32-gigawatt hours in 2025. And I'm just curious, is that something you are getting paid for this year? Is that already in your bank? Or have you – I mean, is there any – like, how can we get comfort that this number is actually coming through in terms of actual payment?

Answer – Bart Sap: Let me say two things on this, Chetan. We will give transparency in our EBITDA going forward, how much of that take-or-pay assumption that we have taken in that EBITDA and when that cash flow would come in, I think we will share that with you. Secondly, a big part of that number actually is on the contract that we're supplying and the contract is running pretty well. So we don't need – fortunately, we don't need to invoice all those take-or-pays this year.

Question – Chetan Udeshi: Okay. And the second question I had was just going back to the point of exploring partnership. Is that journey something that you are only going to start now? Or as a part of the strategic review, have you already started doing that? And can you maybe share some light in terms of what are the possible scenarios we could have? Is it going to be more like consolidation between Umicore and one of the other players? Is this going to be more like PowerCo like JV where PowerCo possibly just becomes a bigger partner? Because I remember in the past, there used to be this concern that every company in cathode have their own process for manufacturing that sort of limits the amount of cooperation or consolidation? Isn't that an issue still in place?

Answer – Bart Sap: Okay. Thank you. Actually, it took quite a while to get that question. So thank you because now I can speak to it. So the mandate is value recovery. So that means I keep all options on the table, and we actively explore all potential options out there. And we're not just starting. We're doing that. And you're going to ask me where are you? I will not reply on that because you know I cannot reply on that. So let's not entertain that kind of game here right now. But all options are there, if it fits in speeding up that value recovery.

To your question on cooperation in the industry, I think I have a more optimistic view on that, that even if you would think in a horizontal constellation, that capacities can be used with some product tuning, et cetera, in a sensible way. And then, of course, you would look at synergies and R&D process management. I mean, yes, that would, of course, then be part of such a consideration.

Question – Chetan Udeshi: Is this more likely going to be an industry consolidation type deal rather than vertical integration with your customer...

Answer – Bart Sap: I'll come to you at the right point saying what we're going to do. But I can only say I'm not excluding any option. And I mean it's not just to evade the question. We see that the industry is active, right? We see these discussions and we're part of these discussions. So it would be for me too premature to speak to that because my goal is value recovery, and I'm going to act in the benefit of the shareholders.

Question – Chetan Udeshi: Cool. Thank you.

Unidentified speaker

Question – Unidentified speaker: One of the things we haven't heard too much about is the technology piece. And I guess we heard a lot about that at the previous CMD. You obviously mentioned about the need to reduce cost in terms of dollar per kilowatt hour. Is that something that is about boosting EBITDA? So your price sold to customer remains the same, but you produce at a lower cost and, therefore, you guys can generate more value? Or is there a need to also reduce that cost as a way of – you mentioned kind of diversifying the customer base. Maybe you could just talk a little bit about from the strategic review, you obviously touched on it a little bit at the beginning in terms of why Umicore was sort of right to win in this market. I'm assuming given you haven't really mentioned technology, the technology, you're happy with that platform. Generally, you view it to be cost competitive, albeit there are levers that you need to pull to make it more cost competitive.

Answer – Bart Sap: Let me speak to that. So in general, we're happy with the product performance. I mean, we get good feedback from the customers if you really would do a poll in the industry from the pure quality, and the quality is important because stability in that production is key, we really come forward as one of the leaders in that field. So we can also have that point of pride. At the same time, while I was stressing this product and process integration, I think we have to do better there. And is it now to attract a customer or not because, I mean, in the end, it's a term and then a margin that you make, right? But I think we have to be better.

And in the industry overall, when we compare to others, it's not that we are behind, but I think we have the potential to do better, and that's where we have to seek it. I think that's as we were organized, I'm not happy with the way we were organized in the past. The product development happened a bit too much stand-alone and that connection to that process. In the last two, three years, we lost that. It was really there in the past and that integration got a bit lost. I want that to be back. And that's why I talk about this end-to-end.

Will that change overnight? No. Because, first, you have to develop that right product again with that process throughput and then you have to acquire that business. But we have to start today to have a benefit tomorrow. I might have wanted to start that two years ago, but I cannot change the past. The only thing is I can learn from the past, act responsibly and improve.

Analyst:Ranulf Orr

Question – Ranulf Orr: Ranulf Orr of Citi. Just two please. Firstly, would you mind just expanding a little bit on the product and platform diversification, why that wasn't a focus before? Maybe assure us that's not just lowering your prices to compete with the mass market.

And secondly, just in relation to your comments around cost per kilowatt hour being the main driver, HLM, or high manganese is meant to be a bit of sort of the panacea, the kind of the middle ground between NMC and LFP. So why is that not seeing adoption at the rate that you kind of thought it would?

Answer – Bart Sap: Yeah. The first question, can you repeat?

Question – Ranulf Orr: Yeah. Products and platform diversification?

Answer – Bart Sap: Yeah. Yes, yes. Well, I mean, when I make the analysis and of course, I cannot speak in detail for my predecessor what was in his hat, right. But I mean what I make the analysis we really were going for that local for local setup. We made already big CapEx investments and we wanted to de-risk that business to the maximum extent. So that's why we went with a certain set of customers providing some of that security.

But I mean, we also clearly from the market, you cannot just keep on investing, right? I mean, get your stuff right and then do it. So as you're working and building these plants and working with these specific customers, automatically, you start excluding some of that potential in a certain way because you're focusing. Now, we see today that we have capacity. We see that there's a slowdown in that market and that some of our customers might have that delay on that trajectory. So we have now the space to do it. And I think we need it because I want to have a broader customer portfolio to also more further Asian incumbent battery makers, that's clear. So I think that explains.

So if you allow me, I'm mainly forward-looking because I mean making the assessment of the past on the weeks and the strength, we can definitely discuss. But is difficult for me also of course to talk about predecessor. That's not typically my style, to – in that way.

So your second question was on HLM, right? So that actually, we see it a bit going up and down. I mean, HLM was out there and then we had a real slowdown. And I think I mentioned that in one of the calls as well. We had to slow down in the overall battery space and capacity utilization and pressure on R&D budgets, even for some of those big battery makers, were a bit more challenged. And they really started moving more to that nickel high voltage. So we saw that shifting again, and now lately we see it going back to that HLM element.

So that's why it's important that we have this suite of technologies. We have to continue to work on that HLM on that met nickel high voltage on that high nickel because also even in an existing contract, as I mentioned to Wim as well, we might have to see product changes because car OEMs will want to adopt their drive range or capabilities of their car and function of what the customer needs, right? And we want to be flexible there.

So we have to be in these technologies. But right now, I confirm that today, there's no HLM in the market. if there's any at all and not with Umicore material insights in all transparency.

Question – Ranulf Orr: Okay. Thanks. And so, just to clarify on the first question, the product and platform. I mean, so the change in strategy, you're saying is – it's just we're reaching out to more people rather than we're lowering our price points to enter a different part of the market?

Answer – Bart Sap: Well, I think the change in the strategy is we go from a growth model to a value recovery model. And capacity utilization is a key element to recover value. We see that the markets can have ups and downs. We see that there's potential overflow capacity in the market. So I feel – I think it's more comfortable to have more customers and platforms in the mix, so that you're more robust against some of these fluctuations in the market. We see some traction out there with customers. If I would have a qualification or several qualifications, you can imagine I would have come to you, but that's where the focus is. And let's see when these materialize.

Question – Ranulf Orr: Thank you.

Analyst:Robin Fiedler

Question – Robin Fiedler: Thank you. It's Robin Fiedler from Covalis Capital. Just going back to the take-or- pay, Bart, I thought I heard you say that the number you guys provided is associated with battery plants from your customers that haven't fully been built or potentially haven't even FID-ed. So just when I think about the number that you guys provided by 2028, is that what is set in stone today? Or is that the plan that if your customers maintain their previous plans, if they were to follow through with those, this is what the take-or- pay structure would look like?

Answer – Bart Sap: So what – we end up €275 million to €325 million EBITDA range. I think that's the range what you're referring to, right? We work very closely with our customers and exchange almost on a weekly basis, right, where we're heading to try also to see that market. These are the latest volume uptake forecast that we have and how such a shortfall then would trigger certain compensations per different customer. And if you look at all these, some variations around that, we end up at that €275 million to €325 million. So it's the current and not anticipated for new uptake. If I understood that was your question, right?

Question – Robin Fiedler: Essentially, if they decide not to FID with their previous plans they would still be committed to paying this amount?

Answer – Bart Sap: Yes. They would have to pay that, yes. That's clear. At the same time, I also would like to stress again, I mean, when there is €275 million, €325 million range, but we did not include any customer diversification in that number. And we have capacity available. That's what we see. So if that would come, this is another element that comes into play at that moment of time.

Question – Robin Fiedler: Thank you.

Unidentified speaker

Question – Unidentified speaker: Maybe just to clarify that point. So would it be fair to assume that the €275 million is almost a, let's say, those customers sort of would have stopped things today in terms of building anticipated plants or whatever it would be out to 2028. The volumes plus any contractual take-or- pay, those variations would sort of get you to the bottom end of that range.

Answer – Bart Sap: Exactly. And based on the customer ramp-up and demand schedules that we have at hand today, yes.

Analyst:Charles Bentley

Question – Charles Bentley: Again, you can appreciate the skepticism. I mean, like I think consensus numbers on battery materials are €100 million for 2028, right? So you can appreciate the skepticism on that point. You said something like €100 million in cost savings, €95 million of cost savings. So it's the EBITDA stay zero or maybe slightly negative, excluding – about breakeven this year?

Answer – Wannes Peferoen: You mean for this year?

Question – Charles Bentley: This year. Plus €95 million of cost savings. And then, we're saying basically we have €180 million of earnings, which is guaranteed by take-or-pay. So just very clearly, if the volumes were the same as they are today, as they are in 2028, the earnings should be – and you deliver the cost savings, the earnings should be €275 million, is that what you're saying? Again, I know you're saying customer ramp plans and so on and so forth. If they killed all of those ramp plans today, would it be €275 million or would it be like...

Answer – Bart Sap: Maybe one clarification, and then I can give it to you, Wannes. So I also said on that cost saving and it's also cleared on the slide. And of course, the part comes with that ramp-up, right? Because, I mean, we're investing in this with that volume effect. So if there is no volume, a part of that effect would not be there, Charlie. But if you can then maybe...

Answer – Wannes Peferoen: Yeah. But indeed, looking at that cost saving that's cumulative, and it's also looking at the basis of 2024, if you look at where we are in 2024, do we protect ourselves on the back of those programs in order to improve cost. And then, again, looking at the €275 million to €325 million, this is where we use different scenarios where we see, okay, what if volumes truly fall short versus what has been anticipated, and what is then the take-or-pay that offsets it. So we are using a range of scenarios, let's say, looking at those shortfalls.

Question – Charles Bentley: Okay, great. And then, just a follow-up on Mark's (01:35:35) question around the pCAM. I mean, is that like – are you targeting different regions, you're targeting different applications, like is the idea that this is a cheaper cost to you than your internal production. It's maybe a bit more commodity grade?

Answer – Bart Sap: I think a make-or-buy has different elements that play into it. I mean, of course, there's a trade of internal cost versus external. And maybe if you can go externally, you have to give up a part of that margin. Same time, you don't have to do the CapEx. But I also wanted to have that footprint flexibility because now I'm working from four different locations in a certain way. I have Finland, Morocco; we have Korea and China. And the world around myself is moving. So now, I have potential flexibility to play and depending on what happens. That's one. And I don't have to bring the CapEx to the table. So that also played in that equation.

Answer – Bart Sap: Thank you. So I'm just checking for time. Are we on schedule?

Answer – Caroline Kerremans: We still have time.

Answer – Bart Sap: Good.

Unidentified speaker

Question – Unidentified speaker: Hi. Thanks. Just a follow-up on the EBITDA target range. So it's only €50 million, so €275 million to €325 million, which is quite narrow given that it's sort of three years in the future. How come it's so narrow, and what scenario does €325 million imply?

Answer – Bart Sap: Probably the scenario would be difficult to comment on, but the narrowness, you definitely can explain.

Answer – Wannes Peferoen: No, indeed. And again, it shows, I mean, the effectiveness of the take-or-pay, looking at the size of the take-or-pay that we have contractually agreed against any volume shortfall. And then, again, looking at the scenario, so yes, we take a scenario that obviously between the 0% and 100% where we took a bit above 100% and also somewhat below that 100%, above the 0% and below that 100%.

Question – Unidentified speaker: Thanks. And you're returning to the CapEx cuts.

Answer – Wannes Peferoen: Yeah.

Question – Unidentified speaker: So you said – I'm slightly confused there. So €1.4 billion in total and €800 million in battery materials... That means €600 million in the rest of the business, right?

Answer – Wannes Peferoen: That is correct.

Question – Unidentified speaker: And what businesses are those CapEx cuts in and...

Answer – Wannes Peferoen: Yeah. So looking versus the previous plan that we announced, this is a cut of €600 million. €500 million is related to Battery Recycling, so this is where we have cut the CapEx from the plan. When I'm looking at the foundation businesses, this is where we also applied a further scrutiny and we were able to reduce that roughly 10%, so another €100 million that we removed out of the foundation businesses.

Answer – Bart Sap: Yeah. And on those details, financials will be with the financial segment in the end. And you have a clear graph on it I believe, right?

Answer – Wannes Peferoen: Yes, yes. We'll go through it there.

Unidentified speaker

Answer – Caroline Kerremans: Okay. So maybe we can take some questions from the webcast as well.

Answer – Bart Sap: Yes.

Answer – Caroline Kerremans: So we have a question about solid-state. American and Chinese companies in the solid-state market will have commercial products in 2027? What's Umicore position on this, and would you increase CapEx for this?

Answer – Bart Sap: Well, I mean, on the first part, additional CapEx. No, I think, typically, that works on the same lines as NMC. That's not really – and I'm speaking under the approval of the CTO here. Now, on the specific plans of solid-state, I mean, we have good tractions with customers. But there's no, let's say, immediate mass production that we see for ourselves coming to the market within this midterm plan. Of course, things can change, and we worked on that, but that's the assumption in the plan. Correct, Geert?

Answer – Geert Olbrechts: It's indeed correct. I think we are in that solid-state battery active as well, and we use similar cathode active materials as we have in the current platforms of NMC. So we are in sampling to a lot of customers, so we're active. What we see happening on the market is that indeed, first, demonstration cars are coming on the market, but the real full launch to a broad launch of solid-states, that's still a bit out.

But we are really active in that field, and we can deliver our CAM materials from the lines we have today.

Answer – Bart Sap: Yeah. We have the Catalysis, right?

Answer – Geert Olbrechts: Yes. That's a specific development where we really try to differentiate our position, where we try to integrate – because one of – what is the challenge of solid-state is the contact of your cathode material if you're a solid electrolyte. If that contact is not perfect, you lose your capability and conductivity. So what we do is we integrate in a project that (01:40:21) electrolyte with our cathode active material. And we sell that as a product so that the compatibility of that what we call catalyte with the solid electrolyte is much better, and that improves the connectivity and improves the performance on that of such a solid-state. I mean that's an additional development on top of the normal CAM materials which we can supply and are supplying today in this market already.

Answer – Caroline Kerremans: Thank you. And then, we can maybe take a final question from the webcast. Please elaborate on what your revised plans mean for your investments in the Canadian battery materials markets?

Answer – Bart Sap: Well, I mean, it's clear. I mean, at this point in time, we are not investing there. I mean, I said no investments beyond the plants. And next to that, we're exploring actively partnership options. So de facto any investments, but I don't see any additional investments would again be complete new and decision trajectory, both at a management level, but also at the board level. But that's not included in this midterm plan, and there's no intention with the current market that we see to go there immediately.