Umicore Capital Markets Day 2025

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Capturing attractive growth opportunities while enhancing performance

Veerle Slenders

EVP Specialty Materials

Thank you, Geert. And also from me, a warm welcome to all of you. And I have to say that I'm extremely excited to be here today and introduce you to the magical world of Specialty Materials. It's a business group that I have the pleasure of leading now since four months, so only a short period of time. But during which, I really got excited by the vast amount of incredible opportunities and exciting challenges that we have in ways of making our business.

Specialty Materials really embodies the essence of “you can't see us yet we are everywhere”. Whether in your phones, in your iPads, in the cars that you drove, in the connection that you currently enjoy by using this webcast or your connection on your phones here, we are present. So as part of that, I wanted to share with you and demonstrate to you today that we are truly a hidden gem of Umicore. By leveraging the circular business model that Umicore has and selectively choosing those applications that we play in, that we participate in, we are poised for growth and impact.

Let's dive in. In 2024, the business group delivered revenues of €536 million. And we did that across three distinct and dynamic business units. First, Electro-Optic Materials. Here, it's all about the minor metal, germanium. And this metal is used in space exploration today. ISS space station is currently powered by that. We are also active in the IR, infrared optics market space as well.

In Metal Deposition Solutions, it's all about precious metal electrolytes and metal plating solutions. And those are used where we innovate in applications such as electronic interconnects, in semiconductors as well as in optics. These two businesses both have a mandate of growth. We will be driving forward those applications and really serve the waves of the megatrends that power these. We are valorizing our leadership positions in these high growth applications and selectively investing in high quality adjacencies that use our capabilities that we have today.

Our third and biggest business unit is Cobalt & Specialty Materials. Here it's about refining, transforming and distributing nickel and cobalt-based specialty chemicals. And in this business, this is where we have some challenges that we have to address heads on. We have to improve by managing our performance throughout the entire business. At the same time, we have to select and find further attractive opportunities that we can invest in. And they are out here.

Now, let me walk you through and dive into Electro-Optic Materials. As I mentioned, this is the business unit where we deal with ultra-high purity germanium. We make high purity crystals out of it, and we cut those into different substrates. The markets that we serve here are growing at 8% per year. And just one thing before I go home, what is unique about germanium is that it's a metal that is actually a byproduct from mining activities. It's not a product that you can just go out and dig for. So through that, 65% of the sources come from China and currently

pricing of germanium is about $3,000 per kilo, which is truly a testament to the strategic importance that it has and the rarity as well that it constitutes. So, we operate in this market in two business lines.

Germanium solutions, again, this is where we make the crystals and we cut the substrates that are used to produce highly efficient solar cells that power the satellites of today, but that will also be powering those satellites for the race for space. Think about the European Union's investment program of €10 billion, where they will be launching close to 300 satellites into orbit in the years to come. Also in the field of photonics and microelectronics, our germanium products are used in the current existing LED lamps in automotive, but also in the growing application of face detection.

Our second business line is about infrared solutions. This is really about making the invisible visible through thermal imaging and detection. And here we have a very strong position and our materials, our lenses that we make and that we coat, are used in the smart cities of today as well as of tomorrow. We are using them in surveillance to make sure that we can detect intruders and protect our installations or our people.

Also, think about self-driving cars in the future. These will be coming, and ultimately they will have more and more sensors around them to, for example, protect the vulnerable road users. So this market that we are participating in is truly set for growth in the years to come.

How will we win in that market? As I mentioned, we are a market leader in germanium. We have a number one position in our germanium substrates, and we are a very strong and integrated player in infrared solutions. We are known throughout the world for our excellence in sourcing and recycling. In fact, we source 50% of our needs, as Bart has highlighted, for our own needs through recycling of material that comes back to us. Obviously, not from space, but from out of the earth, from within the earth and the applications that we have there.

Also, I wanted to highlight that two days ago, the European Union came out with their listing of strategic projects for the European Critical Raw Material Act. Well, the two Belgian projects that were selected are actually from this business unit and are a testimony to our expertise and our further progression in recycling of this critical raw material. We have strong competencies in metal, like we do everywhere in Umicore, and the technologies that we have built have enabled us to build the world's purest dislocation-free germanium. Now, why is that important? It's important because it's really used in very high end, very unique applications where that purity of the germanium is of utmost importance.

We have unique innovations and IP and an extensive knowhow of the applications that our customers are actually thriving for. We built that through market intimacy with joint developments and product co- engineering. Our longstanding customer, Axis Communications, has provided us with this statement that the lenses that we provide, the thermal lenses that we provide, are vital to their success in the market. We're proud of that. And based on this, I am confident that we will be outpacing the market and deliver revenue growth at a growth rate of 10% per year over this planning period.

As a testimony to Umicore's commitment to sustainable sourcing, I wanted to give a bit more color around the announcement that we did last year of our agreement with a company named STL based out of the Democratic Republic of Congo. As I mentioned, germanium is available through treating byproducts from mining activities and obviously in Congo, there has been a lot of historical mining. So there's big hills of tailings from that activity in Lubumbashi. And the Congo was obviously trying to in-source and create economic development and people employment locally. Rather than sending these tailings out, they wanted to do that in the country. They came to Umicore to help them built out and develop the hydro metallurgical flow sheet that enables the first step of refining of these tailings into what we call a germanium alloy, that alloy is then shipped back to us in Olen and we will then be treating that to recover the germanium from that. We received our first batch end of last year and I can say that we have successfully treated that in our Olen facility just a month ago.

So, now let's move to the other hidden gem within Specialty Materials, Metal Deposition Solutions. Here, it's about electrolyte, precious metal electrolytes and plating solutions that are used in an array of applications. And in fact, the megatrends that we talked about of the connected world, as well as the clean technologies, are really supporting our business here. I'll give you first three examples of the clean technologies.

We have anodes in our business that are used for hydrogen electrolysis. We know that this business will be growing over the future with green hydrogen economy. And this will grow for us about 6%, this market will grow about 6% per year. In our optic segment, we have developed environmentally friendly fluorine-free coatings for lenses which our consumers are actually looking for. Also, the high power laser market has in their optical systems has about €2,000 of plating solutions embedded. And these are used in EUV lithography applications for microelectronics. Again, something that in total, not only in that application but also in others. And we will see growth of about 6% in that market segment.

The electronic interconnect business that we have historically from the connectors in your smartphones, that will be in the future growing towards high power connectors. Those are connectors that are used to charge your electric vehicle and to enable the renewable power grid to be bringing this power back onshore from offshore, for example. So there also we see high growth.

The second megatrend that supports this business is the one of the connected world. And here, I want to take you on a mental tour. Think about back in the 1990s when you would go on a hike. You would be taking your flip phone, you take your big camera, you take a compass and a map, a paper map. Today, you go with your smartphone and that's it. That transformation and the way it impacts our lives on a daily basis is actually coming by the innovations that the microelectronics industry is pushing forward. And they drive this through what is known as more than more by integrating different devices into each other, into one packaging. And this is where we did an acquisition a year ago, an IP acquisition to do three-dimensional packaging of those semiconductor components into one package and create an integrated system. We

believe that that integrated packaging market will grow by more than 7% per year and we have unique IP for that.

So also here, how will we win? First of all, we start from a strong base today. We are a top five player in the market of precious metal electrolytes and metal plating solutions. We apply the same business model as Electro-Optic Materials does, and we are actually very well in the applications knowhow. And that truly sets us apart. And we create through that the needed market intimacy to develop jointly the products that will make the end product work. Without that, it would not be possible.

Simetric, we have a joint development agreement with them, and they are actually a producer and the original equipment manufacturer for the advanced packaging industry in microelectronics based out of China. And they also work with us and they gain a true competitive edge by introducing and including our specialized electrolytes into the solution and the package solution that they provide to the end users. We have qualifications that are completed and we will see that revenue come in. So based on this and our positioning in this market, I am confident that we will be generating above average GDP rate growth for the future and for the few years to come.

Now, let me switch to Cobalt & Specialty Materials. Like I said, our largest business unit. But this one is confronted with challenges of the cobalt market, and we have to attack them heads on. Now we operate in four different business lines. We have an inorganics business line. We have a distribution activity. We do tool materials as well as metal organic chemistry materials as well. So the inorganics business is actually the one that has the most impact from the volatility in the cobalt market, which is driven obviously by the imbalance or balance of supply and demand, as well as the highly competitive environment triggered by the dominance of the Chinese refiners.

So in that context, what can we do? It's about controlling the controllable. It's all about performance management. So first in our inorganics business, it's about optimizing our production costs - our production footprint and our fixed costs and reducing the overall working capital employed in this business globally. We have unique assets base out of Kokkola, Finland. It's the only and the largest refiner outside of China. We have to leverage that with our customer base. On top of that, we have also two other business lines within this business that truly create or have a potential for growth by diversifying and expanding into other geographies for our distribution business, but also by valorizing our position in high-value applications with our metal organics chemicals. One example I will give and share with you is that we produce high-quality neodymium catalysts that are used for the production of ultra-high-performance rubbers that are used on your electric vehicles, but also in high-durability circumstances such as for certain conveyor belts.

So at the end of 2028, I hope I'll be here in front of you and give you a scorecard that looks as follows. Our revenues will have grown by 4% per year to more than €600 million in 2028. Our EBITDA contribution will have grown by 8% and we will land our EBITDA margin in 2028 at above 20%. Our ROCE as a result will grow from the current 9% low-single-digit to a value-

accretive double-digit 12.5% or more. We'll do that by spending some capital, less than €200 million, but more importantly, creating or generating a free cash flow of close to €300 million.

One other insight I wanted to provide you is that between our growth-mandated businesses, EOM, Electro- Optic Materials and Metal Deposition Solutions, we will generate more growth and they constitute about 40% of our revenues and the majority of the EBITDA that we will be growing will come from those two activities. Also their cash conversion is about 70%, so from every euro of EBITDA that we make, €0.70 flows back to free cash flow. It's quite impressive.

To conclude, our key takeaways. First of all, I'm convinced I showed you that Specialty Materials is a hidden gem of Umicore. I'm proud to lead this business and I will drive our teams towards value creation in high tech niche markets by selectively investing in high quality growth opportunities and improving our performance in our Cobalt & Specialty Materials. I believe that Specialty Materials is a strong contributor to Umicore and has a strong value for the future. We are propelled forward by the megatrends of a connected world and clean technologies and our teams around the world are ready to capture that value and deliver on our promise and innovate.