

01 August 2025

Umicore Half Year 2025 Results

Earnings Call Transcript

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Bart Sap: Hello, very good morning, everyone, and welcome to the HY 2025 results for Umicore. I do realise that for many of you it's a very busy season and very busy week, so I highly appreciate for you being here in the call. As usual, we have an interesting agenda for you. On the first point, I want to take us back to the CORE strategy in the first snapshot, so small reminder of our CMD. Then we'll have a look at our key figures and highlights. I'll cover the business review, Wannes Peferoen (CFO) will then go to the financial review. I'll be back with the Outlook 2025. We'll wrap it up and then we'll open the floor for Q&A.

CORE strategy

So let's have a look at our CORE strategy, which we launched in March 2025. Now, as you might remember, we are building on our CORE, which is our business model, and our business model is more relevant than ever. We are building on our business model with four key pillars, key focus domains. With the first one being Capital, then we have Performance, People and Culture, and Partnerships.

So on the Capital, it's all about a more midterm balanced capital allocation. So what does that mean? We continue to invest in battery materials but at a slower pace, but we also allocate a significant portion of our future CapEx to our Recycling business in Hoboken to further unlock the flow sheet. It means for the midterm plan that we have been reducing our CapEx with €1.4 billion over that 2025 to 2028 period and this versus the previous plan.

On performance, as you can also see in our numbers, we really focus on increasing our operational efficiency and our overall performance and value extraction across all our activities. The goal for this year is €100 million EBITDA and we are well on track in H1 to already be halfway with €50 million in the pocket.

Now if we look at People and Culture, that it's all about installing this performance and value-oriented culture and building on the successful cultural shift we have in Automotive Catalysts. This we now want to bring to the entire group to further unlock that potential that we have with this beautiful company.

Partnerships, we continue to actively explore partnerships, especially in the field of our Battery Materials Solutions activities, while at the same time, we continue to focus also on our solid midterm plan for our Battery Cathode Materials business. Now, I also would like to highlight, and it's important also for the analyst community out there and anybody who is following Umicore closely. We did update our reporting structure with our new strategy. It means that we have expanded the Battery Cathode Material business group with the Battery Recycling business that we have put in there.

So we now have the business group Battery Materials Solutions and this actually encompasses all battery related activities, but it means that also from a reporting point of view, we are now restating our numbers for 2024 and we are actually reporting in H1 2025 for the first time in this new reporting structure. So it means that the recycling activities, battery recycling activities, which used to be reported under the Recycling business group, has now been moved to the Battery Materials Solutions business group. So it's important to shift those numbers in order to have a good comparison.

Key figures and highlights

Now let me now have a look on the key figures and highlights. Now I would say that we really had an encouraging performance in H1 2025. We have seen a sustained demand and also very good operational efficiency, so we're happy with this set of numbers. Now if we look at our revenues, we came out at €1.8 billion. Our EBITDA for H1, €433 million, well up versus last year. A return on capital of 16.4%. Our leverage remains below 2.5 and at the level of 2.3 and a very solid EBITDA margin of 24.3% and we are slightly free cashflow negative for the first half.

If I look at some of the business group out there, you will see that consistently throughout the business groups, we have good returns on capital. Catalysis, 43.7%, Recycling 154%, and also in Specialty Materials on the back of a stronger cobalt momentum, we now have return on capital at 12.5%, which is in line with our 2028 target.

Now we also recently upgraded our guidance for 2025 and we have updates in that €790 to €840 million range. We did that at the start of July. Now if I look at the highlights of H1, and I would like to highlight two pillars here, basically is capital deployment and capital rigorous. Now our capital expenditures have come in in H1 2025 at €109 million, which is well below the level of H1 2024, and now we foresee for 2025 CapEx projections to be reduced to €350 million. I remind you last year, we were at €550 million, we were aiming roughly to be 20% lower. So still here we take another step down in the expected CapEx reflecting our strict approach in capital allocation, but also in timing or CapEx at the right moment.

Now if you look at performance, we did more than €50 million in the first half in efficiency savings, which is a great objective and as mentioned before, we're aiming for at least €100 million for the year.

Business review

Now if I now go to the business review, let me start off with Battery Materials Solutions. Battery Materials Solutions for the first half of the year, we see that revenues are somewhat lower. We have an adjusted EBITDA roughly in line with H1 2024. Now for Battery Cathode

Materials, which is the first leg within that Battery Materials Solutions business group, we have revenues of about €208 million, which is below H1 2024. We have slightly lower refining volumes and also slightly lower CAM volumes as we anticipated.

So our legacy contracts are fading out and new contracts are ramping up. Now the main customers for the ramp up in 2025 are SK On, ACC, and IONWAY. Now SK On, it's quite relevant in 2025 from a volume point of view. So this is also an interesting customer that we have showing the diversification of our customer portfolio and our technology position.

Now, if I look at the adjusted EBITDA for the first half of 2025, it stands at minus €15 million while for the full year in the outlook, and I'm mentioning here the outlook for Battery Cathode Materials specifically, we are still confident in being around break-even for the full year. So that would mean that the run rates and the second half of the year would be €15 million positive. So on an annualised basis, €13 million positive EBITDA run rates for the business.

For Battery Recycling Solutions, we see lower spending in H1 2024 and the majority of our spending is really on further optimising and preparing ourselves on that flow sheet and technical capabilities of this really unique pyrometallurgical process that we have. So on the technology front, we also have a small yet significant update for you. That is that now you have seen that BMW and Solid Power have brought an all solid state battery vehicle to the market and we can share with you that actually this is Umicore cathode material inside.

So it means, and that reconfirms and that's also what we see across the board that our solid state battery cathode material technology is really well received. So we are very proud, but also, we now have this real test car on the road together with BMW and Solid Power.

Let me now transit to Catalysis. Now if you look to the overall ICE passenger car production for the year, we see a slight decline of H1 2024 versus H1 2025. So we go down from € 38.3 million to € 37.5 million. This means a contraction of the market of 1.7%. It's a different picture throughout the world like China slight growth, North America minus 6%, Europe minus 9%, but South America + 8.7%, while we had a slow underperformance in the Chinese markets, so a marginal underperformance there.

We did strongly outperform the market in North America, in Europe and especially South America. And in South America, it has to do with the introduction of PLA where we acquired a broader customer base. There's a step up and legislation, so it's an additional brick and also actually a higher PGM loading, so we're pretty happy with that. In the HDD, we see that the market was a bit softer in Europe while in China the markets recovered.

So then looking at the underlying numbers, so once more a strong performance with good volume and also a really great quality of earnings. Now if you look at Automotive Catalysts revenues in line with H1 2024 and earnings as well. So that means we continue to offset, let's

say and improve our quality of earnings and we continue to offset the historical PGM price decline we have seen.

So if I would take you back to 2021 at the bottom right of the slides, we would have an H1 performance of €240 million at much higher PGM prices versus today where we are now posting a €232 million EBITDA at significantly lower PGM prices. So it's clear that our quality of earnings is improving and also average EBITDA margin has been trending up over the last years.

Now if we look at Precious Metals Chemistry, there, we have higher revenues in our inorganic chemicals and this more than offsets a somewhat weaker volume development in our homogeneous catalyst business. Fuel Cells and Stationary Catalysts also quite interesting evolutions both in fuel cells and stationary catalyst our volumes and revenues are up in the stationary catalyst business. Interesting evolution, as you know, is on these backup generators for data centres. There we also have a very interesting business and we see quite some volume growth in that segment.

If we then look at the construction of our fuel cell catalyst plant in China, well on track really also from a capital point well managed and still to be expected commissioning in early 2026 as communicated earlier.

So let's have a look at Recycling. So Recycling, of course, when we talk about Recycling, we have to talk about metal prices and we have seen that rhodium, gold, platinum, silver, the price levels that we have seen in euros - because the dollar significantly depreciated versus the euro lately - but in euro, we see stronger prices than before.

A reminder is that we are well hedged for our PGM exposure as in H1, but also in H2 and that we were complimented by a supportive minor and specialty metal price environment to which exposure is not hedged and Wannes will come back to you later on this PGM hedge evolution.

Now let's go to the second slide for this section. So a deep dive more in the numbers. Also here, I dare to say that it's a really solid performance with a strong adjusted EBITDA in line with H1 2024. In the Precious Metals Refining activities, our revenues were close to H1 2024. We have seen higher volumes yet slightly less favourable supply conditions. What do I mean by this? We see the stock market still moving more in the same range as we have seen it before. The spent industrial catalysts, there's a weaker chemical segment out there, so there's some softness there and also with the floodings in South Africa, some complex refinery feed did not - well, was lower than before as anticipated, but we see that recovering better in the second half of the year.

Now as the earnings are somewhat lower than H1 2024 for Precious Metals Refining, this is really reflecting the decreasing average hedge price level, and as well of course, we have had some inflation which is always there. Yet we were able to partially offset this inflation increase

by operational efficiencies in the Jewelry & Industrial Metals. We have higher revenues against H1 2024. We see good volumes, strong contribution from the refining and recycling activities, but also really a strong product demand for our products for the luxury end markets.

Precious Metals Management, we have seen PGM volatility and precious metals volatility in general, and of course, volatility means a beneficial and favourable trading environment. And then also, the momentum was strong. Here again, EBITDA margin still well above 41%. So also, here pretty happy with our performance.

Now of course, as you know for Umicore, we do add a lot of value to sustainability, meaning that we continue to invest in sustainability improvements of our facilities and the surroundings.

What does this mean? It means that we were able to continue the building of that perimeter and the green zone. It's almost finalised now and yet on top we continue to invest an annual €25 million to further improve our environmental performance because we continue to raise the bar and are committed to remaining the world's most efficient and environmentally friendly refined. For us business and the statements go hand in hand and that protects the long-term potential of this activity.

Let me now transit to Specialty Materials. So Specialty Materials, we had a strong H1 for this business. EBITDA up 35%. Higher margins in the cobalt product segments. Yet also here again, operational efficiency improvements and you see operational efficiency focusing on that value in capital discipline. It runs throughout the organisation and that's why we almost have to come back to it because you really see that reflection in our numbers. Now in Cobalt & Specialty Materials, revenues were somewhat lower, at the same time, higher margins for the cobalt products as mentioned. But also here again those efficiency measures.

In Metal Deposition Solutions, it was all about a solid demand for a decorative application, a solid demand and semiconductor somewhat offsetting lower revenues in the electronics segments. In the Electro-Optic Materials business units we had good demands for our high purity germanium crystals and we continue to see a strong demand for our germanium refining and recycling services. So we know that also there the geopolitics play and having that in-house recycling capability is also really a differentiator for this business. So EBITDA margin now again above the 20%, so we have 21% close to 22%. So also, here a good step up in performance.

Now we have seen how the world around us is evolving. We see that metals or resources are often used to play out the political game or actually used to actually put some tension between different blocks in the world and it means that also for Umicore, the fact that we are active in so many metals and so many of these core or critical metals is really a differentiator. Especially as we also have a footprint not only in China but especially also in Europe.

And this, you clearly see here on this slide. At Umicore, we are active in 17 out of the 34 critical raw materials. So this on the refining side. At the same time, also for some of these products on the material sides. So you can understand as that more critical raw material independence or more balanced dependency becomes more important. You can see that this is a very interesting future undercurrent for our organisation. Now with that, Wannes, maybe you can have a look at the financial a bit from a close supply.

Financial review

Wannes Peferoen: Yes, thank you, Bart. And good morning, everyone. So as Bart mentioned, over the past six months, we continued our disciplined approach to cost and capital allocation. Our results were boosted by group wide operational efficiencies together with solid activity levels in Catalysis, Recycling and Specialty Materials. The group EBITDA margin increased from 22% to 24%. Adjusted EBITDA was up 10%, or €40 million, and amounted to €433 million for the first half of the year.

The efficiency measures supported the earnings with more than €50 million from initiatives across the foundation businesses, Battery Materials Solutions, as well as the Corporate segment. And I'll come back with insights on the key drivers later in this presentation. The increased activity levels, as Bart mentioned, in Catalysis, in Recycling and in Specialty Materials resulted in an EBITDA uplift of almost €40 million. These uplifts allow to compensate for the €53 million headwind from inflation and foreign exchange with the forex impact being largely linked to the translational effect for non-Euro subsidiaries.

In the first half, the reduction of favourable price levels for precious metal hedges was almost fully compensated by improved prices for non-hedged precious, minor and specialty metals. So let me provide you with more insight into our efficiency program. Savings are well on track with a year-to-date contribution of €55 million versus a full year target of €100 million.

Now looking at the breakdown of the savings, 25% of the uplift in EBITDA came from top line growth, 15% from reduced cost of goods sold, 40% from SG&A and around 20% from savings in R&D. The restructuring of group corporate functions as well as the streamlining of corporate R&D, which we announced end of last year, was implemented ahead of plan this year. In Catalysis, the R&D footprint was further optimised with the consolidation of the research centre for heavy duty diesel in Germany and in battery materials, SG&A was structurally reduced.

Now turning to the consolidated P&L, the net results group share was €137 million. The depreciations and amortisations decreased to €131 million following the impairment in Battery Materials in June last year. Adjusted EBIT was €302 million, up €61 million. Adjusted net finance costs increased to €102 million due to a higher average net debt, lower interest

income on cash deposits as the interest rates came down together with a negative impact from forex.

The average cost of gross debt amount to 3.2% and was stable versus previous year thanks to long maturities and over 80% of debt being fixed weight. The adjusted tax charge amounted to €64 million, stable versus last year. The pretax income was up, but the adjusted effective tax rate decreased from 36 to 32% this year. And this resulted in an adjusted net profit group share of €135 million. The adjusted earnings per share were up 16% to €0.56.

Moving to the consolidated balance sheet, the liquidity of the group remains strong for the cash position of €1.1 billion. Gross financial debt decreased from € 3.4 billion to €2.9 billion after the repayment of the € 500 million convertible bonds in June. And the equity for the group amount to € 2.02 billion. Net financial debt was € 1.9 billion and the net gearing ratio landed at 47.6%.

Now let me provide more insights on our net financial debt position based on the net cashflow bridge. Cashflow from operations amounted to € 260 million. Networking capital increased with € 197 million reflecting the higher activity levels in Catalysis, Recycling and Specialty Materials. CapEx including capitalised development expenses decreased to € 117 million. We apply a maximum control on the phasing of CapEx and spending will be more weighted in the second half of the year.

So CapEx excluding capitalised development expenses for 2025 is now anticipated to be around € 350 million versus the initially foreseen € 440 million. This results in a free cashflow from operations of minus € 54 million, taking into account a contribution of € 250 million of equity into IONWAY in January and cash out related to taxes, financing dividends, and other items of € 99 million. This resulted in a net financial debt increase of € 404 million and a net debt of € 1.8 billion for the group. This is in line with what we anticipated for and as a result the leverage ratio increased to 2.28 times last 12 months adjusted EBITDA.

And here, I want to repeat that, as mentioned during our Capital Markets Day, leverage will peak during 2025 and 2026. We anticipate leverage to turn below two times from 2027 onwards following the strong cashflow generation in the group and with the finalisation of the investments in Battery Cathode Materials. Now moving to the next slide, I would like to remind you that for 2025 to 2028, a substantial portion of the future strategic metal exposure has been locked in through forward contracts. And with this strategic hedging policy, we aim to protect future earnings from price volatility while ensuring we also do not over hedge our anticipated exposure.

Over the past six months, our hedge position remained largely stable. We have increased forward metal hedges for silver in 2029 and we are in the midst of executing additional mandates for 2029 for rhodium. So as a conclusion, we are putting a strong focus on those things that we can control. Cost, cash and capital. EBITDA improved and is up € 40 million

driven by a solid underlying performance and supported by over € 50 million in efficiency measures. Capital expenditures were reduced to € 109 million and we expect full year CapEx to be around € 350 million. And we continue to keep tight control over net debt and leverage and we expect to keep the leverage below the 2.5 times adjusted EBITDA. And here, I would like to hand it back to Bart for the outlook.

Outlook 2025

Bart Sap: Yes, thank you, Wannes, very clear. Now let's have a look at the outlook. And it anticipated that we indeed will be in that € 790 to € 840 million EBITDA range, so there's no change there today versus what we announced earlier. So just wrapping it up before we go to Q&A. Yes, so I really dare to say that H1 was we really had encouraging results and a solid performance.

So it was driven by a sustained demand and also really strong operational efficiencies and there was also somewhat a supportive metal price environment. So it's three elements, operational efficiency, sustained amount, and a supportive metal price environment. Now if you look at H1, there was a strong performance in our foundation business while we start to see indeed that gradual ramp up in our Battery Cathode Materials contracts. So with that, I think once more an encouraging H1, a good guidance for the second half of the year or at least a full year. And with this, I would like to open the floor for Q&A.

Questions and Answers

Ranulf Orr (Citi): Hi all. Thanks for taking the question. Just one from me please. I think you mentioned that the metal price impact including hedges at the group level was just minus €1 million, but I was wondering could you please break this down or give some more colour by division just to help us better understand the underlying earnings developments? That'd be great, thank you.

Wannes Peferoen: Yep, good morning, Ranulf. So looking at the metal price effect, you're right, I mean, year over year the uplift is minimal. As you know and as we also highlighted, we have the precious metal hedges and those are favourable versus today's rates. At the same time, the contribution is rolling off this year and will continue to roll off, also go into next year.

If look at the first half, this is where the roll off resulted in a year over year lower contribution and I would say low double digit type of a contribution from those favourable hedges year over year. And that has been offset by a more favourable environment looking at the precious metals, gold thinking of business like jewellery and industrial metals, but also looking at minor and special metals. And again, this is where it lands in the recycling segment. So primarily in the recycling segments is where we see those movements.

Ranulf Orr (Citi): So there's no metal price impact coming through in specialty materials in the cobalt specialty part of the business?

Wannes Peferoen:

So looking at the specialty materials business, indeed, here we see a solid price level for cobalt. We also have seen a hiccup in the price and this has resulted in somewhat stronger margins I would say in those segments. That's correct.

Ranulf Orr (Citi): Okay, great. Thank you.

Operator: We will take our next question from Thea Badaro BNP Paribas. Your line is open, please go ahead.

Thea Badaro (BNP Paribas): Hi, good morning. Two questions from me if I may. The first one is on the catalyst division. I'm conscious you've had a pretty strong first H1 with record profitability reached, but I was wondering if this is all underlying or if there was a specific one-off somewhere maybe a new contract that has clicked in. And maybe as a follow up, how should we think about profitability levels going into H2 and beyond? My second question would then be on the efficiency measures. Can you maybe give us more colour on the short-term levers you're taking actions on? Thank you.

Bart Sap: Yeah, so maybe let me take the first question first and maybe Wannes will start with the second one and I might chip in if I would like to add some more colour. So on the

first one, indeed, we had a very strong H1, and I would also like to remind all of you that we took a bit more a cautious approach in H1 versus the overall market forecast initially. Yes, demand remained solid, so that was also good news for us. And if you talk about customer wins, I would mainly refer to South America where PROCONVE L8, if we really focus on that light duty segment, has kicked in.

So there, we see volume growth with indeed a better customer positioning and additional brick and higher PGMs. So I would say that if you look the market in South Africa grow roughly 9%, our growth was well north of 30% in that segment. So yes, there was some elements, but it was mainly across the board the strong underlying performance of the market from the demands point of view. If you look at H2, there we see the classical seasonality and there we also have taken again a realistic approach what demand could be for that second half and we see that, for the time being, trending in line with our expectations. So, Wannes, if you could comment on the efficiencies.

Wannes Peferoen: Yeah, so looking at the levers for efficiencies, I mean, the one that we pulled was in the first half basically were those linked to the restructuring and to the consolidation of footprint. So looking at SG&A and R&D, so those have been implemented. The levers that we continue to pull is looking at the top line, looking at pricing, but also again, operational efficiencies. So looking at the plants, looking at the operations, improving yields, reducing waste, basically, improving quality. And those are elements that we continue to drive. So if you look at the full year, normally, you will see that the proportion of contribution from top line and cost of goods sold will increase versus the overheads I would say.

Bart Sap: Yeah, and maybe adding another additional metric just to give some flavour and some substance is that, as you know, we announced say restructuring in November last year. Where we had indeed, let's say 200 plus people directly impacted. Now that was of course a very painful situation. Now at the same time, we are still very diligent in our workforce development and year over year, I think we're now 6% down. And on top, we had a significant reduction in contingent workforce, which also I would say estimating here a bit between 1% and 2% of a workforce equivalent. So yes, we have been very disciplined and we will continue to do so. Of course, with the ramp up of battery materials, as volumes start to grow, you will see of course more hands coming in to deliver those volumes.

Thea Badaro (BNP Paribas): Great, thank you both.

Operator: Thank you. We'll take our next question from Chetan Udeshi, JP Morgan. Your line is open, please go ahead.

Chetan Udeshi (JP Morgan): Yeah, hi, thanks. Morning all. First question I had, I was just looking at the presentation slide on catalyst business, and I mean, you are saying revenue and earnings in catalyst, Automotive Catalyst, is flat. It seems all of the growth is coming from the other two smaller divisions and especially Precious Metals Chemistry. Can you remind

us what's going on in that business and how much sticky that growth in precious metals chemistry business might be?

The second question was just looking at the guidance, you are talking about moderation in recycling earnings, if I understood that correctly in H2 versus H1, and is that based on an assumed price decline for some of the on hedge metals from current levels or is this assuming that you have another leg down from hedging activity, reducing your effective prices for the metals that you hedge?

And the last question is, you talked about the strategic importance of Umicore's recycling business in the context of geopolitics. I'm just curious, you do use rare earths in your automotive catalysts. I think they're part of the washcoats. Do you have any trouble sourcing some of these materials now in the context of geopolitical environment or you are well diversified from that point of view? Thank you.

Bart Sap: Yeah, so Wannes will take one and two and I'll take three on the rare earth question.

Wannes Peferoen: Yep, sure. Good morning, Chetan. So looking at Catalysis, your conclusion is right, I mean, looking at the automotive catalysts, this is where the underlying market has been shrinking year over year where we have been able to keep our revenues and volumes flat, slight increase to flat. So the growth is indeed coming from fuel cells, stationary catalyst and PMC. If you look at fuel cells, this is where the sales, and particularly in Korea for fuel cells has picked up in the first half. If you look at stationary catalyst, this is, as Bart mentioned, catalysts that are used in also power solutions, power grid solutions, and that also resulted in an increase. And then PMC also there in some of those end markets, we had a solid activity, we had increase in volumes. Now looking at recycling and the profile of recycling, so looking at H2, this is where we will have a continued role of those favourable hedges and that also comes into play as we can call it a type of a seasonality. If you look at the profile of H2.

Bart Sap: Yeah, absolutely. So indeed, that's right, Chetan. Indeed, there's rare earth in our washcoat solution, more rare earth oxide solutions that we of course introduced there. And indeed, China has put up some restrictions on export on some of these elements. At the same time, I would like to highlight that the catalytic applications are not under that ban.

Now this being said, we have seen of course that the queues and customs have been longer. Now we are not only sourcing from China, we have a diverse supply chain and so far we have not had any issue, let's say in getting material through our active management on stocks and or diversified supply chain on top if customers would desire, we even have solutions not including some of these from China. So far, things look to be okay.

Chetan Udeshi (JP Morgan): But you don't source the rare earth yourself, right? You are buying the oxides from Solvay or some of the other suppliers. So I guess you are less directly involved from that point of view, I suppose.

Bart Sap: We do source indeed rare earth oxides. That's right.

Chetan Udeshi (JP Morgan): Okay, got you. Thank you.

Operator: We'll take our next question from Sebastian Bray, Berenberg. Your line is open, please go ahead.

Sebastian Bray (Berenberg): Good morning, and thank you for taking my first two questions. The first is on the balance of price downs or pricing changes in hedges for recycling and current metal spot prices. If I were to take the Umicore book for 2026, which is largely hedged, and current metal spot prices, would the group wide impact on either neutral or negative if things continue as they are?

My second question is on the ACC contract with Stellantis, there was some chatter last year about Stellantis stepping away from NMC as a technology and increasing the role of LFP in its portfolio. Do you have any indications if the customer is going to drop to the minimum end of volumes under these contracts? Thank you.

Wannes Peferoen: Yes. So good morning, Sebastian. So looking at the evolution of the prices for the hedged metal going into 2026, this is basically where indeed that supportive or that support rolls off and where we would say that the effect versus today's net prices is more neutral.

Bart Sap: Yeah, and on the ACC Stellantis question, indeed, I think Stellantis made some statements on LFP. Initially, ACC was going to build three plants. Ultimately, so far, they only built two blocks of capacity in France. So these installations are actually progressing well according to the customer. I mean that's happening. These are pure NMC blocks, but it's true that let's say the NMC potential of ACC as a whole for the time being is somewhat lower.

Now, as you well know, we have the take-or-pay provisions in these contracts. At the same time, we continue also to work on customer diversification as per mentioning in our Capital Markets Day in March. So I would say the situation has not changed versus the latest comments we had in March. Therefore, there's no reason for us to change our outlook into 2028 as presented.

Sebastian Bray (Berenberg): Well, thank you for clarifying the first question. The neutral metals pricing effect is current spot prices plus hedges or it's just no changes in hedging prices from 2026 compared to 2025?

Wannes Peferoen: Yeah, so if you look at 2026, I mean, a significant portion of the exposure is hedged. If you look at those prices on average, I would say versus today's metal prices,

there is a neutral effect. So on the one hand, there's some prices that are elevated versus today's prices. On the other hand, there's elements, metals where the prices are below today's prices. If you think about silver and gold, this is where prices have come up substantially, and this is where the hedge rates are somewhat lower. On the other hand, we have PGMs where the hedge rates are still higher than today's rates. So overall, this is where we see a more neutral effect versus the average price levels, I would say in 2026.

Sebastian Bray (Berenberg): That's helpful. Thank you for taking my questions.

Operator: We'll take our next question from Georgina Fraser, Goldman Sachs. Your line is open. Please go ahead.

Georgina Fraser (Goldman Sachs): Hi, good morning. Thanks Bart, and thanks, Wannes. I've got two questions. The first one is just on your guidance, given that you now have these hedging policies in place and precious metals as well as take or pay contracts, can you talk about how much visibility that you have on your earnings trajectory in the second half and where you're currently tracking versus the full year guidance you've given?

And the second one is on geopolitical risks, and there's so many changes all the time from the US administration that I might have misunderstood something, but I was thinking about the case of aluminium at the moment where there are tariffs on the base metal but not on aluminium scrap, meaning that there's an incentive for scrap to go to the US to be smelted and use that. How does Umicore think about those types of risks? Are you seeing anything in the metals that are important to you? And can you remind us what the competitive landscape looks like? Does the US have capabilities to recycle metals the same way that Umicore does? Thank you.

Wannes Peferoen: Yep. So good morning, Georgina. Maybe I can take the first question. So we are operating in a volatile environment, at the same time, having some of those substantial portion of the exposure locked in, having those stake of pay mechanisms, that gives us also solid confidence looking at the range that we have that we have put out as a guidance.

Bart Sap: Now, well, it's fair to say, Georgina, indeed, it's quite a rollercoaster of announcements these days in the markets. And let me also remind that the direct impact of tariffs for Umicore as we see today is really not material. It could always be an indirect impact in the overall economy evolution of course, but that's more difficult to estimate.

Now to your specific question and the impact on PMR, I would like to say that first of all, the US is not a big market for us to where we source for materials and also not a market to actually see a big inflow of some of the materials that we refine in Europe. So as we see the situation today, we don't expect a major competitive change in landscape by the measures

taken by the US. What China is doing at this moment in time is more relevant, especially for the specialty metals that have this more positive undercurrent, I would say.

Georgina Fraser (Goldman Sachs): Okay, thank you very much.

Bart Sap: Thank you.

Operator: We'll take our next question from Geoff Haire, UBS. Your line is open. Please go ahead.

Geoff Haire (UBS): Yeah, hello. I was wondering, I could ask some questions around metal pricing. First of all, in terms of the outlook that you've got the second half, are you assuming that the benefit that higher metal prices was in the trading business within Recycling will continue into the second half? And then secondly, I was wondering on the metalhead split of minus €1 million, which Ranulf asked about, could you actually split out what the benefit was from hedges versus movements and spot prices? I think that would be really helpful just to understand that movement.

And I may completely misunderstand what hedging is about, but given platinum prices have moved up significantly in the last couple of months, when will you start to see that benefit of that spot price come through into your P&L through the hedging? By the looks of things, looking at the charts that you've provided, it could be another two years before you see that price coming into your business. Is that right or am I completely wrong?

Wannes Peferoen: Okay, good morning, Geoff. Just thinking of the different questions and where to start. So looking at the outlook, looking at the outlook, this is where indeed we expect some volatility in the market and hence also in metal trading. This is also what we anticipate in the guidance that we give. If you look at the year over year comparison where we want to highlight what are now the key drivers of the uplift in EBITDA, this is where we illustrate that the metal price environment by itself has not necessarily resulted in an uplift year over year.

But if you decompose it and you look at, on the one hand, we have exposure that has been hedged in part where the metal price levels had been fixed, this is very new over year, the average level of metal price on that exposure comes down. So there's less support on those hedges from price level. On the other hand, we have exposure that has not been hedged, which we call open exposure. And this is where you benefit from the spot price movements and this offsets basically what we lose because of those average hedge price levels being lower year over year.

So this is where we see that offsetting effect. And on top of that, also looking at some of the special and minor metals also here we see a price uplift in the overall environment and also here we benefit. So that's an element that offsets that roll off of those favourable hedges.

Now coming back to your question where you say PGM prices are again getting an uplift, when will we see that effect?

That effect is, as I explained earlier already today, to the open exposure and where we sell that exposure at spot prices. But also to an extent, if we continue to hedge forward the future strategic exposure, that's where we can also start benefiting. But again, between 2025 and 2028, we already decently hedged, so we're not necessarily increasing much, but for 2029 for instance, this is where we see opportunities to lock in that exposure at today's price levels. I hope that is helpful, Geoff.

Geoff Haire (UBS): Thank you.

Operator: We will take our next question from Tristan Lamotte, Deutsche Bank. Your line is open. Please go ahead.

Tristan Lamotte (Deutsche Bank): Hi, thanks for taking my questions. The first is maybe coming back to pre-metals. There's a good bridge you provided in the slides which shows that your EBITDA is up versus the prior year, and you're saying metal prices are neutral, efficiency savings are offset by inflation. So I'm just wondering if you could maybe talk through what has changed to drive that large increase year on year and in particular in recycling. So maybe you can outline how much of that is PMM or what else has changed to lead to that significant increase? I'll stop there and then continue with the other questions. Yeah, I guess the key question is cost efficiencies are offset by inflation and the metal price is neutral, but you have an increase year on year, so what's the underlying driver?

Wannes Peferoen: So basically, recycling what we have is last year in the precious metals refining activity, this is where we had maintenance shutdown, which we don't have in 2025. That is driving up the volumes that we processed in precious metals refining. At the same time as bar explained, there was somewhat less favourable mix, and that is not offsetting that volume increase.

At the same time, the recycling, what is also positive is a strong support, is looking at Jewelry & Industrial Metals where we have the current high gold prices and that is driving that recycling and refining business. So the over-the-counter type of scrap that comes in and that's driving that volume and the margin that we generate. And next to that we have the metals management, the trading business where the volatility on the PMMs and the PGMs also contribute strongly.

Tristan Lamotte (Deutsche Bank): Got it. Thanks, that's helpful. And then maybe second, I'm just wondering about your FX exposure, some of your peers, a sensitivity to changes to 1 cent in the USD Euro rate. So could you maybe give us some kind of indication there on how that works for you and how hedging impacts there as well? Thanks.

Wannes Peferoen: Yeah, so looking at the magnitude of the forex impact, I mean, we highlighted there is a headwind of more than € 50 million over half. Majority of that comes from inflation, but there's an element related to forex now very concrete for 2025. This is where we had hedged quite a bit of the exposure against the dollar, but also other currencies. So we are less impacted by the volatility by the fluctuations in forex. At the same time we have subsidiaries that are recorded in different currencies at Euro and where the results get translated into a result upon consolidation. And this is primarily the impact that we are seeing in the forex effect.

Tristan Lamotte (Deutsche Bank): Great. Thanks very much.

Wannes Peferoen: Welcome.

Operator: We will take our final question from Stijn Demeester, ING. Your line is open, please go ahead.

Stijn Demeester (ING): Yes, yes, good morning. Thanks, and thanks for taking my questions. First, can you comment on the size, duration and the nature of the newly disclosed contracted SK On? It seems to be a driver for sequentially higher cathode volumes in the second half, yet it doesn't alter the guidance. Does this suggest that the ramp up of your take or pay contracts is slower than previously assumed?

Secondly, maybe related, in a recent press article, Volkswagen brand CEO, Thomas Schafer, suggested to lean more on LFP for its entire lineup, starting with the ID.2 up until the ID.7 in a bit to lower cost. How should we interpret this announcement? Does it some way alter your roadmap with IONWAY?

Bart Sap: So first of all, on the SK contract, you should not see it on top of the trajectory that we have given in the CMD. And the CMD really focused, let's say on that 2028 roadmap, but it was included in those numbers. This being said, in 2025 see that ramp up of IONWAY as well as ACC and on numbers as well. Volumes are still more modest, but that's what the ramp up also significantly means.

Now there's a good probability that the SK On contract will also flow over in 2026. And to your question on Volkswagen in general, as you might remember, we have included two waves out of the 164-gigawatt or 70-gigawatt equivalent in our midterm plan. These waves are still confirmed and are underpinned by solid contracts. So that's not changing anything to the equation versus what we communicated in March.

Stijn Demeester (ING): Understood. Is it the sizeable contract with SK On?

Bart Sap: Well, I mean, it's one of the drivers of the 2025 volumes and if you look at the volumes that we have, indeed with the current volumes that we have, it's a significant contract. Yes.

Stijn Demeester (ING): Okay. Thank you.

Bart Sap: Thank you. So as this was the last question, yeah, maybe a small wrap up. So everybody, once more, thank you for being there. I know it's a busy season. Some of you we will see back, I believe, next week on Monday and the days after. So we're looking forward to our exchange. And in the meantime, wishing you all a wonderful rest of the day and weekend. Talk to you soon.

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