

Press Release

12/03/98

UM resumes dividend payment

The positive contribution of the copper operations reflects the successful start-up of the new FSD copper refinery at Olen with a capacity of 200,000 tonnes per year, which was part of the 1996 - 1998 Industrial Plan. Work on includeending the capacity to 350,000 tonnes per year is on schedule, with commissioning planned in the second quarter of 1998.

UM's stake in Union Minière Pirdop Copper (formerly MDK) was raised to 98%. Anodes produced by the Bulgarian subsidiary will substitute for the supplies from Mexicana de Cananea, in which UM sold its stake in December 1997.

Results generated by UM's zinc activities improved as a consequence of the breakthrough programmes implemented within the framework of the Industrial Plan, coupled with a stronger dollar and improved zinc price; the latter factor affected margins in the Building Products activities, but this effect was partly offset by increased volumes. All zinc production facilities operated at full capacity.

The latter factor affected margins in the Building Products activities, but this effect was partly offset by increased volumes. All zinc production facilities operated at full capacity.

With respect to the Precious Metals operations at Hoboken, the new investments, as anticipated, are not yet reflected in the results. The Isasmelt furnace was started up in the fourth quarter and reached 50 % of nominal capacity on the average.

The technical and metallurgical expectations placed in the process are confirmed. Several technological improvements will be implemented in the first quarter of 1998; they should allow reaching full capacity by the end of 1998. Variances in inventories linked with the transition from the old to the new smelting/refining scheme and the related carrying costs affected the 1997 results.

Advanced materials activities consolidated their overall contribution to company results. The Cobalt & Energy Products business unit increased its sales for battery applications further (+52%). The Electro-Optic Materials business unit focused on products with higher added value, particularly for solar cells used in satellites. Both units increased their activities in Canada, the USA and China through acquisitions and includeensions. The Sibeka diamond business increased its global contribution, especially as a result of better performances in synthetic diamonds.

As far as the includeernal factors are concerned, the average dollar exchange rate improved from BEF 31 in 1996 to BEF 35.8 in 1997. With the exception of zinc, the price of which increased on average by USD 293 per tonne, the average prices of most other metals remained below their 1996 levels.

As a result of an increased average debt, the net financial charge was BEF 414 million in 1997, as against BEF 285 million in 1996. However, average net financial debt to equity remained low at 32%.

The 1997 includeraordinary result was a profit of BEF 62 million, following a loss of BEF 924 million in 1996. The capital gain recorded on selling UM's stake in the Mexicana de Cananea copper mine more than offset the actualisation of the staff reduction plan, the restructuring charges of Diamant Boart, and provisions set up in relation with litigations.

Parent company accounts

S.A. Union Minière recorded a net profit of BEF 3,547 million in 1997, against a profit of BEF 1,157 million in 1996.

Dividend payment

For the first time since 1991, Union Minière is in a position to propose to the General Meeting of Shareholders the payment of a dividend in 1998, based on the 1997 results. A gross dividend of BEF 44 per share, which corresponds, after withholding taxes, to a net BEF 33 per ordinary share and a net BEF 37.4 per VVPR share, will be proposed. This confirms the company's confidence in the possibility of sustaining dividend payments in the future on a permanent growth basis.

Outlook for 1998

Within the framework of the Industrial Plan, 1997 was a transition year. The Plan measures will be completed in the course of 1998, with a positive impact on the results from 1999 onwards.

[Click here to see the table](#)

n.v. Union Minière s.a

Broekstraat 31 Rue du Marais • B-1000 Brussels, Belgium
Phone +32 2 227 70 63 • Fax +32 2 227 79 03 • Telex 34004 umb
VAT BE 401 574 852 • Bank 210-0053806-23 • TRB 85382
Internet www.um.be • e-mail info@um.be