

Press Release

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Net profit 2000 increases by 96%
Confidence for 2001
New growth plans

<i>(EUR million)</i>	1999	2000	Improvement
<u>Key Figures</u>			
◆ Operating profit	72.6	150.0	107%
◆ Net consolidated profit , Group Share	69.3	136.1	96%
<i>EPS (*) declared</i>	2.70	5.31	
◆ Net consolidated profit before extraordinary items, Group Share	60.2	140.0	133%
<i>EPS (*) adjusted</i>	2.35	5.47	
◆ Net financial debt	334.7	184.3	45%
◆ Proposed gross dividend per share (EUR)	1.25	1.40	12%
<i>(*) Treasury shares not deducted</i>			

Highlights 2000

- ◆ Improved results in every business group
 - Advanced Materials: EUR 13.0 million increase in operating profit
 - Copper: EUR 23.3 million increase in operating profit
 - Precious Metals: EUR 30.9 million increase in operating profit
 - Zinc: EUR 1.8 million increase in operating profit
- ◆ 5 acquisitions in zinc and advanced materials: Padaeng (Thailand), Larvik (Norway, Malaysia, Australia), Unimet (Mexico), V&S Scientific (UK) and Tayside (UK)
- ◆ New investment programmes:
 - Advanced Materials: Belgium, South-Korea, China, Canada, South Africa
 - Copper and Precious metals: Belgium, Bulgaria
 - Zinc: Belgium, France, Thailand

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

Consolidated income statement*

	1999	2000	Improvement
(amounts in million)	EUR	EUR	(Impairment)
Turnover ⁽¹⁾	3,180.2	3,834.7	21%
Operating profit	72.6	150.0	107%
Net financial charge	(19.0)	(15.2)	20%
Current profit	53.6	134.8	151%
Extraordinary profit	23.5	3.7	(84%)
Profit before taxes	77.1	138.5	65%
Income taxes	(4.9)	(10.3)	(110%)
Result from equity method companies	15.8	13.5	(15%)
Net consolidated profit	88.0	141.5	61%
Group share	69.3	136.1	96%
Minority share	18.7	5.4	n.s.
Net cash provided by operating activities (*)	173.7	271.2	56%

(*Operating cash-flow + change in working capital + impact of translation and change in scope of consolidation)

* "The statutory auditor, PricewaterhouseCoopers Reviseurs d'Entreprises SCCRL, represented by Robert Peirce and Luc Discry, have confirmed that their audit work, which is substantially complete, has not revealed any significant matters requiring adjustments to the accounting information included in the press release."

⁽¹⁾ The turnover is influenced by currency and metal values without proportional impact on margins.

Overview

2000 proved to be a milestone year for UM. The ambitious repositioning initiated in 1995 was successfully completed. 2000 was an outstanding year in terms of financial performance: UM exceeded its targets, and nearly doubled its net consolidated profit, Group share. Volume growth and increased market shares in most business areas, together with a more favourable USD/EUR exchange rate (USD/EUR 0.99 versus 1.10 in 1999) and strong PGM (platinum group metals) prices led to UM's operating profit more than doubling.

Financial income improved slightly as a result of the lower average debt level and a gain on the sale of financial assets.

The capital gains from the sale of UM's stake in Emcore (EUR 16.3 million), and the sale of 80% in Sogemin and the disposal of buildings, were offset by environmental provisions and asset write-offs. A USD 15 million provision for restructuring at Megapode also impacted the results from companies consolidated by the equity method by approximately EUR 8 million, of which UM's share is EUR 6.5 million.

UM stepped up its growth efforts in 2000. Its international presence in zinc was reinforced through 3 acquisitions. Further growth in advanced materials was also secured. A number of key investment programmes were launched.

Contributions to Operating Result ^(*)	1999	2000	Variance
<i>(amounts in million)</i>	EUR	EUR	EUR
Advanced Materials	9.2	22.8	13.6
Synthetic Diamonds	8.6	8.0	(0.6)
Copper	1.7	25.0	23.3
Precious Metals	(0.3)	30.6	30.9
Zinc	84.0	85.8	1.8
Technology & Services	2.4	10.1	7.7
Inventory write-downs	(1.1)	0.0	1.1
Corporate and Other Activities	(16.0)	(18.8)	(2.8)
Total	88.4	163.5	75.1
^(*) including profit of companies consolidated by the equity method	15.8	13.5	(2.3)

Advanced Materials

- The performance of the Advanced Materials business group improved significantly in 2000: operating profit more than doubled. The foundations have been laid for future growth both externally and organically. In line with UM's downstream, market-oriented strategy, the business group reorganised itself into seven business lines: batteries, engineered powders, ceramics/chemicals, optics, substrates, high purity chemicals and speciality materials.
- UM Cobalt & Energy Products started to reap the benefits of new product development and plant construction. Sales volumes continued to rise by more than 20%, especially in the fast growing rechargeable battery market.

In South Korea, the 1,000 tonne-per-year lithium cobaltite plant was successfully commissioned. A new cobalt oxide line is being built at Olen and production capacity of spherical nickel hydroxide is to double in Canada. A new zinc powder plant in Overpelt was commissioned in the second half of the year.

Sales of engineered powders for hard metals and diamond tools were also very strong. The biggest growth area was in sub micron cobalt powders. The year also saw continuing growth in the cobalt powders business in China, where UM is the biggest, non-integrated producer of cobalt powders. New investments are being made accordingly.

The technical challenges associated with the start up of the Nanodyne nano-structured materials plant in the USA have been overcome.

- In UM Electro-Optic Materials, sales volumes grew by 20% as a whole. Sales of germanium tetrachloride for the booming fibre optics market and sales of germanium dioxide grew by

more than 25%. Germanium substrates for solar cells also did significantly better than in 1999.

The acquisition of two UK-based finished optics businesses for EUR 8 million has paved the way for future expansion in optics, further strengthening UM's optics cluster around Phase4 (zinc selenide) and Vertex (chalcogenide glasses for low cost mass applications e.g. night vision for the automotive industry).

Demand also soared for speciality materials, especially high-purity cobalt for electronics applications and tellurium.

- Megapode had a good trading year despite pressure from cheaper, lower quality diamonds from China and South Korea. A USD 15 million provision for restructuring was booked with the aim of improving the cost structure. At the same time, Megapode will continue to focus on product development for existing and new applications.

Copper

- UM Copper registered a strong improvement of EUR 23.3 million, despite persistently poor market conditions for smelting and refining.
- Union Minière Pirdop Copper dramatically improved its operating performance, producing 165,000 tonnes of copper anodes, 74% up on 1999 following the first modernisation phase. The completion of the USD 150 million investment programme by the second quarter of 2002 will bring total smelting capacity to 210,000 tonnes.
- Cathode production at the Olen refinery increased by 11% to 312,000 tonnes. UM Copper also increased its sales of copper wire rod and shapes to 512,000 tonnes, with deliveries of billets and cakes boosted by the building and electronics industries. On the other hand, the market for copper wire rod weakened during the last quarter, especially in Italy. In line with UM's strategy to develop and market products with higher added value, UM Copper decided to increase its production capacity of oxygen-free rod from 2,500 tonnes to 15,000 tonnes per year to serve applications in the robotics and other high tech industries.

Precious Metals

- UM Precious Metals improved its operating profit by EUR 30.9 million, benefiting from efficiency gains in terms of throughput, combined with high PGM prices and the resulting increase in supply. PGM prices remain very high as supplies from Russia have declined significantly and demand has remained strong.
- A EUR 30 million investment in a new copper leaching and electrowinning unit at the Hoboken facility was decided in order to ensure further growth. This will allow the business unit to shorten the circuit and reduce the lead-time, increasing its productivity, as well as to optimise the capacity of the Olen copper refinery. Full-scale production is scheduled for the first quarter of 2003.

Zinc

- The Zinc business group continued to show a healthy operating performance, and achieved a return on capital employed of 25.7%, despite a disappointing cost performance at the Auby plant, and a 50% decrease in sulphuric acid prices. Through acquisitions, UM has now become the No. 2 zinc producer in the world; No. 1 in value added products, and No. 1 in zinc recycling.
- The business group pursued its strategy of developing higher added value products, which represented 78% of total sales in 2000. Sales of zinc speciality products showed a 19% volume increase and enjoyed higher premiums, reflecting the overall good performance of the steel galvanising and die-casting sectors, as well as a competitor's withdrawal from the market. Building products also increased their market share and sales volumes rose by 10%. A new sales office was opened in Raleigh, North Carolina to back up the intensive marketing of a new product range developed for the US market.
- On the smelting/refining side, the cost slippage at Auby is being addressed but this resulted in an accelerated maintenance programme, with a corresponding increase in costs for this year. The process is now back to specification, and significant performance improvements have already been achieved, in terms of both electricity yield and productivity.
- A 60,000 tonne capacity increase at Auby and Balen is due to come on stream during 2002, mostly from secondary materials. A sizeable proportion of this EUR 24 million expansion has already been achieved at Balen.
- UM acquired a 44.8% shareholding in Padaeng Industry in Thailand, SE Asia's sole zinc producer, representing an investment of EUR 36 million. UM Zinc has also increased its shareholding in Unimet in Mexico to 100%, a producer of zinc alloys which was set up as a joint venture in 1999.
- The acquisition of the activities of Larvik Pigment, the world's leading producer of zinc dust will bring UM Zinc Chemicals' annual production to 130,000 tonnes consolidating its position as the world's n°1 producer of zinc dust. With the addition of plants in Norway, Australia, and Malaysia, UM Zinc Chemicals will serve an even more extensive world-wide customer base.

Technology and Services

- Sogem posted very strong results due to the excellent performance of its trading activities. Norgem, a joint venture between Sogem and Norilsk of Russia, one of the most important cobalt producers world-wide was set up.
- UM also sold an 80% stake in its LME brokerage subsidiary Sogemin Metals Ltd to Natexis Banques Populaires. This move will give Sogemin the resources to develop its business and allow UM, through the partnership, to keep abreast of market developments.
- UM Engineering increased its focus on supporting UM's growth strategy.

Proposed Dividend

Given the excellent financial performance in 2000, the Board proposes to increase the dividend from EUR 1.25 to EUR 1.40 per share (+12%), subject to approval by the Annual General Meeting of Shareholders to be held on 9 May 2001.

Share Buy-back

UM actively pursued its share buy-back programme in 2000, repurchasing some 1.8 million shares during the year, bringing total shares held to 8%. UM's Board of Directors has proposed to hold an Extraordinary General Meeting of Shareholders to cancel 1,617,515 shares. This would reduce the total shares outstanding to 24,000,000.

The remaining balance of the repurchased shares will be held as treasury stock to offset the potential dilution effect of outstanding stock options.

UM's Board of Directors also proposes to ask the Extraordinary General Meeting of Shareholders to authorise a new share buy-back programme involving a maximum total of 2.4 million shares.

Net financial debt

The net financial debt decreased from EUR 334.7 million to EUR 184.3 million and is partly substituted by an accounts receivable securitization programme of about EUR 170 million.

Outlook for 2001

Notwithstanding the signs of an economic slowdown in North America, UM is looking forward to 2001 with confidence.

The Advanced Materials business group should see an increased contribution from recent investments, acquisitions and start-ups in South Korea, the US, Canada, South Africa and Belgium. Also, most business lines expect a sustained increase in demand.

For Copper, the slowdown in certain demand areas is offset by a slight improvement in market conditions for raw materials.

In Precious Metals, UM intends to further consolidate its position, building up its market share and capitalising on its unique recycling and refining technology.

In Zinc, results should be boosted by improvements in the cost base and the contribution from the acquisitions of 2000.

In all business groups, UM will benefit from the earnings stability provided by the USD hedging programme, which guarantees a minimum exchange rate of USD/EUR 0.964 for 2001.

All in all, UM expects an improved contribution to the operating profit from all business groups. The impact of this on the bottom-line will however be reduced by an increased tax charge.

At today's board meeting, Thomas Leysen, the Chief Executive Officer, announced the targets for 2001, which include a 15% increase in operating profit, a 10% increase in net consolidated profit, Group share, as well as a 15% increase in earnings per share, not taking into account any extraordinary results for 2001.

A webcast
of the analysts' meeting
can be viewed on
www.um.be
as from Friday 11 a.m. local time
provided you have broadband internet access.

The brochure "Review of Operations 2000 - Materials for a better life", providing more detailed information about the operations is available in English at the company head office. This document is also available on UM's website (www.um.be), together with financial statements and slides used for the presentation of the results to the press and analysts.

For more information, please contact

Press: Mrs Moniek DELVOU - Tel. +32 2 227 70 63 * +32 475 26 64 95 - moniek.delvou@um.be
Investor Relations: Mrs Isabelle MICHOTTE - Tel. +32 2 227 71 47 - isabelle.michotte@um.be

PROFILE

Union Minière (UM) is an international metals and materials group, which strives to obtain leadership positions in selected markets. Its activities are centred on 3 main business groups: Copper & Precious Metals, Zinc and Advanced Materials. To ensure a rapid response to market openings, each business group is divided into several business units.

The UM Group has industrial operations in Europe, North America, Asia and Africa and serves a global customer base through an international sales network with offices in more than 25 countries.

The underlying principles of UM's strategy across the various business groups are a commitment to technological innovation, operational excellence, recycling and environmental responsibility.

The Group generated a turnover of EUR 3.8 billion in 2000. UM currently employs some 7,900 people.