

Press release

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Umicore strengthens world leadership in zinc dust through acquisition of Chinese producer

Umicore has entered into an agreement to purchase the outstanding shares of Fuhong, a Wholly Owned Foreign Enterprise (WOFE) based in Changsha in the province of Hunan, China.

Umicore started up its industrial activities in the People's Republic of China in 1995 with the creation of the Shanghai Blue Lotus Metals Co.Ltd, joint venture at Shanghai. This very successful initiative has now become China's leading producer of cobalt and zinc powders.

The present transaction marks the first 100 % acquisition of an existing Chinese corporation for Umicore.

Fuhong is the leading Chinese producer of zinc dust for anti-corrosive paints. It is recognised for compliance with western quality standards and currently sells some 10,000 tonnes of zinc dust to most of the major coating producers in China and South East Asia.

Fuhong generated sales of approximately € 13 million in 2001. It is a high quality, low cost producer with modern installations.

With this acquisition, Umicore will broaden its position as a producer of specialty zinc products and further increase the international spread of its zinc dust activities to serve a world-wide customer base, through five production sites located in Belgium, Norway, Malaysia, Australia and now China. It will also enable Umicore to reinforce its leadership position in certain market segments.

The Asian market is the fastest growing market for zinc dust. It is currently estimated at about 60,000 tonnes per year, representing nearly half of the worldwide market. China in particular is likely to account for a significant part of this growth, with various developments expected to lead to an increased consumption of zinc dust for paints: paint producers expanding to China, significant future infrastructure development, as well as the Olympic Games of 2008.

Fuhong will be integrated within Umicore Zinc Chemicals, one of the business units of Umicore. The acquisition reflects Umicore's strategy to further strengthen its position as the leading global supplier of a diversified range of specialty zinc products and recycling services.

For more information:

n.v. Umicore s.a.:

Press : Mrs. Moniek DELVOU - Tel. +32 2 227 70 63 * +32 475 26 64 95 – moniek.delvou@umicore.com

Investor Relations: Mrs. Isabelle MICHOTTE - Tel. +32 2 227 71 47 – isabelle.michotte@umicore.com

n.v. Umicore s.a.

Corporate Communication

Broekstraat 31 Rue du Marais
B-1000 Brussels, Belgium
www.umicore.com

Phone +32 2 227 70 63
Fax +32 2 227 79 03
e-mail info@umicore.com

BTW BE401 574 852

Bank 210-0053806-23 - TRB 85382

Registered Office: Broekstraat 31 Rue du Marais, B-1000 Brussels

PROFILE

Umicore is an international metals and materials group. Its activities are centred on four business areas: Advanced Materials, Copper, Precious Metals and Zinc. Each business area is divided into market-focused business units.

Umicore focuses on application areas where it knows its expertise in materials science and metallurgy can make a real difference, be it in products that are essential to everyday life or those at the cutting edge of exciting, new technological developments. Umicore's overriding goal of sustainable value creation is based on this ambition to develop, produce and recycle metals in a way that fulfils its mission: materials for a better life.

The Umicore Group has industrial operations on all continents and serves a global customer base; it generated a turnover of EUR 3.5 billion in 2001 and currently employs some 9,000 people.

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Broekstraat 31 Rue du Marais Phone +32 2 227 70 63
B-1000 Brussels, Belgium Fax +32 2 227 79 03
www.umicore.com e-mail info@umicore.com

BTW BE401 574 852
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Registered Office: Broekstraat 31 Rue du Marais, B-1000 Brussels