

Press release

20 January 2004

Umicore moves to safeguard the competitive strength of its zinc smelting operations

Umicore today announced to its workforce representatives its intention to reorganise its zinc smelting activities in Belgium and France. This programme will enable cost savings of €14 million per year by the beginning of 2006. The aim of the restructuring is to provide more flexibility in the cost structure and to achieve sustainable cost reductions. It is primarily support services that will be affected by this restructuring which envisages a reduction in the workforce of 136, of which 33 would be in France and 103 in Belgium.

These cost reductions are necessary to ensure continued competitiveness of Umicore's zinc smelting operations in the face of possibly persisting lower US dollar - Euro exchange rates. Although the majority of the revenues in the zinc smelting activities are in US dollars, the business is largely shielded from such unfavourable exchange rates in the short term through Umicore's dollar hedging programme. However, once this protection expires in 2005, Umicore's zinc smelting activities will be fully exposed to any continued weakness in the US dollar.

Umicore will limit the level of further investments at its Balen plant (Belgium), pending further clarification on the taxation on energy consumption in Flanders.

Earnings protection for 2004 through partial hedging of zinc price exposure

Umicore has hedged approximately one quarter of its zinc price exposure for 2004 by way of forward sales at levels averaging around US\$ 1,000 per tonne. Another quarter has been hedged through certain mechanisms which provide downside protection to approximately US\$ 925 per tonne whilst offering upside potential to US\$ 1,050 per tonne. The remaining zinc price exposure for 2004 and the whole of the exposure for 2005 remains unhedged. The zinc price hedging operation, in combination with Umicore's previously implemented hedging of its US dollar exposure, offers the advantage of securing earnings and cash flows for the current year and enhances earnings visibility.

For more information:

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PROFILE

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

Umicore focuses on application areas where it knows its expertise in materials science, chemistry 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 3.2 billion in 2002 and currently employs some 12,500 people.
