

PRESS RELEASE

16 February 2006

RESULTS 2005

HIGHLIGHTS

In 2005 Umicore moved ahead decisively in its reshaping as a materials technology group. The highly successful spin-off of Cumerio, the restructuring of the Zinc Specialties business and the sale of the Traxys stake were key elements in this evolution. During this period, Umicore has again produced strong results, although the lower received currency rates and zinc price compared to 2004 affect year-on-year comparability. The seeds for future growth were sown during 2005 through increased R&D spending, a number of new product introductions and the re-activation of the company's acquisition programme.

2005 Financials

- Revenues (excluding metals) of €1.73 billion post Cumerio spin-off (€1.69 bn in 2004)
- Recurring EBIT of €232.9 million (€280.3m)
- Net recurring profit (Group share) of €151.5 million (€174.3m)
- ROCE 13.6% (13.1%)
- Dividend proposal of €1.85 per share (€1.65)

Second half business performance

- *Advanced Materials*: stronger second half
- *Precious Metals Products & Catalysts*: good growth maintained
- *Precious Metals Services*: excellent performance maintained
- *Zinc Specialties*: second half impacted by transition to lower production rhythm

Other

- R&D expenditures reached € 112 million, up by 25%
- Sale of Traxys stake completed
- Study to carve out zinc smelting and alloying activities into wholly owned subsidiary
- Restructuring of Sibeka / De Beers partnership

n.v. Umicore s.a.

Corporate Communication

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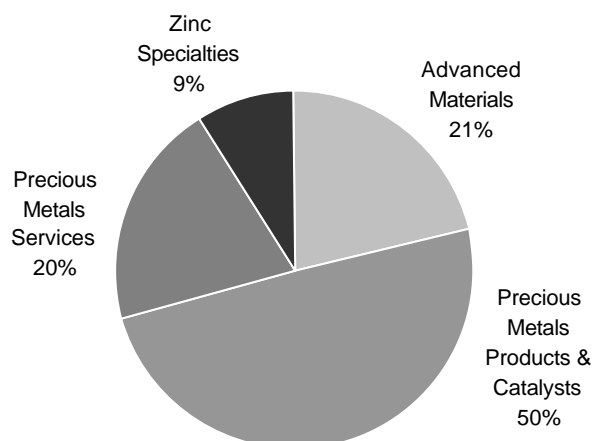
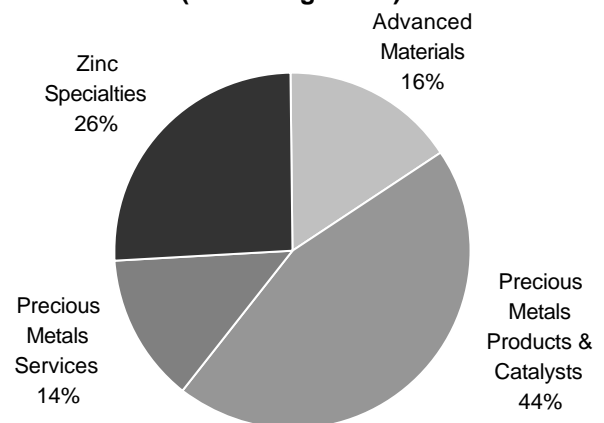
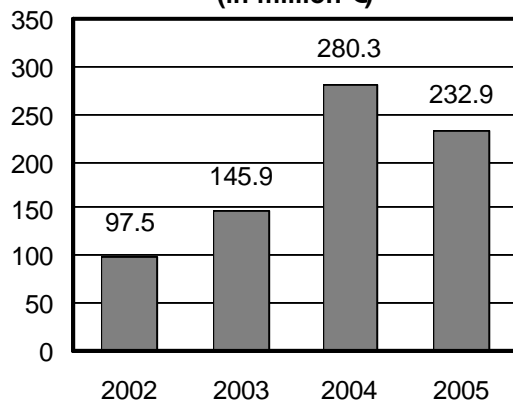
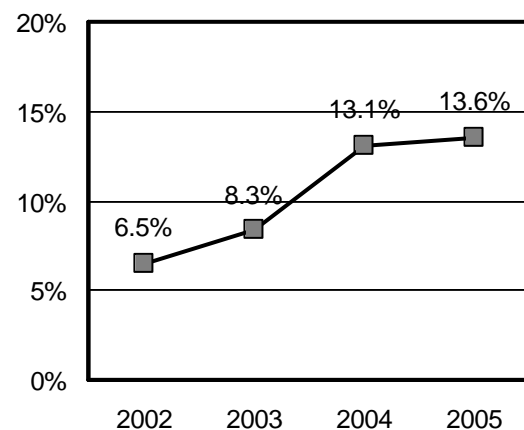
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Key figures (in million €)	H2 2004	H2 2005	2004	2005
Turnover	2,651.7	3,303.0	5,685.0	6,566.5
Revenues (excluding metal)	810.0	863.9	1,692.9	1,725.0
Recurring EBIT	125.5	111.6	280.3	232.9
of which associates	15.1	17.6	31.1	34.0
Non-recurring EBIT	(14.8)	(0.5)	(10.8)	(40.3)
IAS 39 effect	0.0	(9.1)	0.0	(9.1)
Total EBIT	110.7	102.0	269.5	183.5
Recurring EBIT margin	13.6%	10.9%	14.7%	11.5%
Result from discontinued operations	12.7	4.2	21.3	20.8
Net consolidated profit - Group share - without discontinued operations	59.2	71.8	156.6	121.4
Net consolidated profit - Group share - before non-recurring items - without discontinued operations	70.5	74.3	174.3	151.5
Net consolidated profit - Group share - with discontinued operations	71.9	75.9	177.9	142.2
EBITDA	199.4	186.6	441.4	389.9
Capital Expenditure	91.7	91.7	142.8	145.4
Cash Flow before financing	179.5	(59.5)	118.7	133.1
Consolidated net financial debt	584.4	514.9	584.4	514.9
Net debt / (net debt+equity) end of period	31.3%	33.0%	31.3%	33.0%
Capital employed - end of period	1,769.1	1,788.4	1,769.1	1,788.4
Capital employed - average	1,836.8	1,718.4	1,836.1	1,712.6
Return on Capital Employed (ROCE)	11.6%	12.9%	13.1%	13.6%
Total shares outstanding - end of period	25,454,875	25,811,050	25,454,875	25,811,050
Average number of shares - basic EPS	24,692,420	25,093,327	24,692,420	25,035,626
Average number of shares - fully diluted EPS	25,082,142	25,593,634	25,082,142	25,535,932
EPS excluding discontinued operations (€/ share)				
EPS declared - basic	2.40	2.86	6.34	4.85
EPS declared - diluted	2.36	2.80	6.24	4.76
EPS adjusted - basic	2.86	2.96	7.06	6.05
EPS adjusted - diluted	2.81	2.90	6.95	5.93
EPS including discontinued operations (€/ share)				
EPS declared - basic	2.91	3.03	7.21	5.68
EPS declared - diluted	2.87	2.97	7.09	5.57
Workforce - end of period	14,026	14,142	14,026	14,142
of which associates	4,131	4,314	4,131	4,314

Contribution to recurring EBIT (in million €)	H2 2004	H2 2005	2004	2005
Advanced Materials	34.3	31.7	85.4	59.4
Precious Metals Products & Catalysts	54.2	64.6	122.8	136.1
Precious Metals Services	18.3	27.8	34.0	56.8
Zinc Specialties	36.6	7.8	79.9	24.7
Corporate & Investments	(17.9)	(20.2)	(41.8)	(44.1)
Total	125.5	111.6	280.3	232.9
including Group share in net profit from associates	15.1	17.6	31.1	34.0

Contribution to recurring EBIT

**Contribution to revenues
(excluding metal)**

**Recurring EBIT
(in million €)**

Recurring ROCE


OVERVIEW BY DIVISION

ADVANCED MATERIALS

Key figures (in million €)	H2 2004	H2 2005	2004	2005
Turnover	261.3	210.5	552.5	456.4
Revenues (excluding metal)	140.5	136.5	308.6	275.1
Recurring EBIT	34.3	31.7	85.4	59.4
of which associates	9.0	11.4	18.6	18.4
Recurring EBIT margin	18.0%	14.9%	21.7%	14.9%
EBITDA	41.4	46.1	106.3	83.6
Capital Expenditure	15.6	9.7	24.9	22.2
Capital employed - average	418.4	374.2	408.5	387.0
Return on Capital Employed (ROCE)	16.2%	16.8%	20.8%	15.2%
Workforce - end of period	4,075	4,330	4,075	4,330
of which associates	2,574	2,935	2,574	2,935

Performance improved compared with the first half, although revenues were slightly lower. Annual revenues were down by 11% compared with 2004 while recurring earnings fell by 30%. A significant factor in this development was the lower received dollar exchange rate across all businesses as a result of reduced protection from the Group's strategic dollar hedging.

Specialty Oxides & Chemicals

The market backdrop for **Rechargeable Batteries** remained buoyant with world demand for portable electronic equipment continuing to grow significantly in 2005. Sales volumes of lithium cobaltite strengthened further in the second half. The overall performance comparison with 2004 was heavily influenced, however, by the reduction in sales of precursor materials to competing lithium cobaltite manufacturers. This trend is not expected to reverse and the production of precursors now mainly feed Umicore's growing production of lithium cobaltite. Sales volumes of nickel hydroxide at Umicore's Chinese joint venture JCU continued to grow in 2005 and demand for nickel metal hydride (NiMH) battery materials remains robust.

Revenues in **Ceramics and Chemicals** increased in 2005. The market for cobalt oxides as a pigment in ceramic applications was characterised by lower demand and increasing competition from Chinese imports into Europe. Umicore was able to defend its market position but premiums were lower year-on-year. Sales of precursor materials for catalytic and plating applications grew well through the year. The new recycling service set up in Arab, Alabama (US) received a very positive customer response. The acquisition of a 40% stake in Todini (Italy) in June opened up opportunities to access new market segments and in January 2006 Umicore established a cobalt catalyst production capability in Brazil which will further improve the wide geographic reach of the business.

Cobalt Refining revenues were impacted by the lower cobalt price which on average was more than 30% lower in 2005 than 2004. Higher throughput figures resulting from the capacity increase

at Yi Hao, were not sufficient to compensate for this effect. Refining activities at Roodepoort, South Africa, were discontinued in the second quarter.

Engineered Metal Powders

In **Tool Materials** sales volumes of materials for the cemented carbide sector were at similar levels to 2004. The high levels of activity in the oil drilling sector and sustained growth in China continued to support demand. Deliveries fell somewhat in the second half due, in part, to lower production levels of steel for the construction industry. The very high tungsten price also led to destocking by hard metal tool producers. Sales of materials for diamond tools were slightly lower than in 2004 but remained steady throughout the year. Volumes and premiums for products used in higher-end applications held up well.

In **Primary Batteries** competition remained intense. Sales volumes were slightly down year-on-year. The manufacturing presence in Shanghai enabled further gains to be made in the Chinese market and this was further reinforced by the development of new alloyed powders with lower indium content.

In **Electronic Powders** a new range of spherical nickel and copper powders was developed for more sophisticated next-generation applications.

Electro-Optic Materials

In **Substrates** sales volumes continued through the year at the higher levels reported towards the end of the first half. The diversification of the application portfolio outside the space solar cell market continued; deliveries of wafers for LEDs doubled compared with 2004 and research continued with partners in the micro-electronics sector into exploring the long-term potential for germanium in this sector. Germanium-based solar cells, used in conjunction with concentrators, might become a viable alternative technology for terrestrial power generation; this is a development which Umicore is following closely.

In **Optics**, sales volumes for germanium blanks were flat year-on-year but recovered in the second half from a slow first six months. Premiums in the blanks business were lower due to competitive pressure in this area. Sales of finished optics products in general improved. The introduction of the automotive night-vision systems in the end-user market continues. Umicore is also pursuing non-automotive applications for the GASIR[®] lenses. The small Umicore Laser Optics facility in Stevenage (UK), which was active in non-germanium optics for laser applications, was divested in January 2006.

Sales volumes of germanium tetrachloride for optical fibre applications in the **High Purity Chemicals** business line remained level with 2004.

Synthetic Diamonds

The performance of Element 6 Abrasives was strong throughout 2005. Sales volumes of polycrystalline products and abrasive grits increased 40% and 10% respectively year-on-year. Overall demand in end user sectors such as tooling for oil and gas drilling remained very robust throughout the year. Price erosion persisted in the market for lower-end grits and the business moved to focus more on products for higher-end applications. The relative importance of the polycrystalline business in the Element 6 Abrasives portfolio grew significantly in 2005. Element 6 Abrasives increased its research and development efforts to 8% of sales, increasing its R&D expenditure by some €5 million year-on-year.

Umicore and De Beers have agreed to simplify the structure of the holding in Element 6 Abrasives. In 2006 Umicore's 40% stake will be held directly. This compares with the previous arrangement whereby the stake was held as a 50% holding by Umicore's Sibeka subsidiary (in which De Beers had a 20% stake). This change will not affect the level of contribution of Element 6 Abrasives to Umicore's net results.

The scope of the activities within Element 6 Abrasives has also been extended to include increased marketing and research capabilities, previously fully owned by De Beers. This will better equip Element 6 Abrasives for its future growth initiatives.

PRECIOUS METALS PRODUCTS & CATALYSTS

Key figures (in million €)	H2 2004	H2 2005	2004	2005
Turnover	824.3	959.8	1,678.7	1,860.6
Revenues (excluding metal)	338.4	390.8	698.0	766.2
Recurring EBIT	54.2	64.6	122.8	136.1
of which associates	4.7	3.3	9.0	8.4
Recurring EBIT margin	14.6%	15.7%	16.3%	16.7%
EBITDA	81.1	86.4	166.6	177.7
Capital Expenditure	31.9	29.4	49.2	43.6
Capital employed - average	594.2	628.0	581.9	610.1
Return on Capital Employed (ROCE)	18.2%	20.6%	21.1%	22.3%
Workforce - end of period	3,273	3,420	3,273	3,420
of which associates	178	220	178	220

The performance of the second period almost matched that of the first half. Overall revenues and recurring earnings increased by 10% and 11% year-on-year respectively. The continued growth was driven by strong contributions across the portfolio.

Automotive Catalysts

Production levels and sales of light-duty vehicles in the US stagnated year-on-year. Asian producers were able to further increase their market share in the US at the expense of US and (to a lesser extent) European car manufacturers. Sales continued to be supported by extensive and aggressive incentive programmes offered mainly by US producers. Despite these programmes, there was a drop in comparable fourth quarter sales. Production levels remained stable, however, with the result being an increase in inventory levels that might lead to a degree of destocking in the course of 2006. The impact of the chapter 11 filing of one of the supply chain partners in North America was symptomatic of the difficult market environment; the impact of this development on Umicore's receivables was accounted for at the end of 2005.

European sales in the second half recovered somewhat from a lacklustre first six months. New vehicle registrations were at the same levels as 2004. Diesel powered vehicles further expanded their market share and now account for some 50% of all light duty vehicle sales. The market for diesel particulate filters (DPFs) benefited from an easing in the availability of substrate materials. Umicore is technologically well positioned in this segment which is expected to grow steadily, supported by new EU legislation.

The situation in the emerging Asian and South American markets such as China, South Korea and Brazil continued to improve through a combination of increased car production and more stringent legislation. New car sales in China were 15% up year-on-year. Umicore's new plant in Suzhou, China, began deliveries to customers during the second half of the year.

Umicore's palladium technology for light duty diesel applications continued to attract interest from automobile manufacturers. The product was incorporated in new vehicle platforms in 2005 and further market penetration will occur in 2006. The business unit further intensified its research and

development activities in the field of heavy-duty diesel (HDD) applications. The award of the first commercial contracts confirmed the strength of Umicore's technologies in this area.

Technical Materials

In **Platinum Engineered Materials** the momentum of sales to the LCD glass sector was tempered by some customer expansion projects in this sector being postponed to early 2006. Umicore's technology, which uses less platinum and guarantees improved product life, continued to prove a key selling point with the key producers of LCD glass. Sales of catalyst gauzes increased, driven by the ability of Umicore to provide tailor-made systems for its customers.

Revenues in **Contact Materials** showed a slight improvement year-on-year. This was mainly through improved sales of specialty, customer-tailored products, primarily in Europe. The acquisition of Suzhou Alloys in China at the end of 2005 marked a new step in the development of this business in Asia.

BrazeTec's sales volumes improved in the second half and overall were at the record levels of 2004 with European demand remaining strong. The new paste business continued to grow, particularly as a result of demand from the automotive and HVAC sector. BrazeTec is expanding into the Chinese market through the acquisition of Global Stars in January 2006.

After a record year in 2004, revenues in **Electronic Packaging Materials** decreased as a result of lower demand from the electronics sector. Umicore successfully defended its market position in die-attach materials for electronic applications.

Jewellery & Electroplating

The **Electroplating** business recorded continued revenue growth, particularly in the second half. The business benefited from the trend for 'white' jewellery which increased demand particularly for rhodium-based chemicals and electrolytes. A breakthrough was achieved in sales of electrolytes for the electronics sector (mainly printed circuit boards). The improved position of this business in the flourishing Asian market proved highly beneficial in 2005.

In **Jewellery & Industrial Metals** second half revenues remained at the levels of the first period but on an annual basis were slightly lower than the very strong levels reported in 2004. The performance in Jewellery, where Umicore mainly supplies the top branded producers in Europe, improved as a result of the growth in demand for white gold and modified platinum alloys. This was in contrast to the decline in the decorative silver market which was only partially offset by the exceptional production of silver commemorative medals for the 2006 soccer World Cup. In Thailand, the business set up a pre-processing and recycling operation for jewellery industry residues. The one-stop-shop service, which offers customized products, refining services and metals management for customers, was also a key success factor for the business line in 2005.

Precious Metal Chemistry

The growth pattern continued into the second half of the year and the overall performance was well ahead of 2004. Sales of **Inorganic Compounds** and **Organometallic Chemicals** grew in 2005, despite a somewhat slow start to the year. The growth prospects of this business are encouraging and are driven by the increasing demand for catalysts in a range of industrial and pharmaceutical applications. The technological and commercial collaboration with Reaxa was strengthened in the second half of the year.

Thin Film Products

Annual revenues improved compared to 2004. In Electronics, sales of targets to the micro-electronics sectors showed an improvement over the high levels of 2004. In Displays, sales volumes and premiums were in line with the previous year. The business was successful in the development of larger indium tin oxide (ITO) tiles which have further improved the prospects of market penetration in the Asian TFT market. In Optics and Optical Data Storage, sales volumes and premiums were under pressure throughout the year. The Wear and Decorative Coatings business recorded a significant improvement in performance compared with 2004.

PRECIOUS METALS SERVICES

Key figures (in million €)	H2 2004	H2 2005	2004	2005
Turnover	939.6	1,587.5	2,282.9	3,133.0
Revenues (excluding metal)	96.1	117.0	204.9	234.5
Recurring EBIT	18.3	27.8	34.0	56.8
of which associates	0.0	0.0	0.0	0.0
Recurring EBIT margin	19.0%	23.8%	16.6%	24.2%
EBITDA	32.2	45.5	59.0	97.7
Capital Expenditure	13.8	18.7	20.9	23.5
Capital employed - average	270.9	264.4	289.9	254.7
Return on Capital Employed (ROCE)	13.5%	21.1%	11.7%	22.3%
Workforce - end of period	1,289	1,297	1,289	1,297
of which associates	0	0	0	0

The second half revenues were comparable to the first half, and EBIT grew further. Compared with 2004, revenues were up 14% and recurring EBIT by 67%. The improvements were driven primarily by better supply conditions and also the strong metals prices which benefited both the refining and metals management operations.

Precious Metals Refining

Supplies of industrial by-products to the Precious Metals Refining operation in Hoboken were well up on 2004. The higher levels of activity in the world copper, lead and zinc industries induced a significant increase in the availability of by-products. The restructuring of Umicore's zinc smelting operations results in a reduced throughput of silver-bearing leach residues but the unit was successful in sourcing replacement materials for 2006.

Supplies of electronic scrap increased and the marketing efforts to further expand the presence in this area were stepped up. Umicore has now established a leadership position in this market. This was of particular importance in the European market where the availability of electronic scrap is set to rise further as a result of legislative developments enforcing the recycling of electronic and electrical waste. The steady growth in supplies of spent automotive catalysts stemmed mainly from growth in the European market. Arrivals of spent petro-chemical catalysts increased as a result of a broader customer base and the increased activity in this sector.

The average prices of platinum and gold were respectively 6% and 9% higher than in 2004, while the price of rhodium more than doubled during the year. The surge in the price of specialty metals such as selenium, tellurium and indium also proved to be beneficial for the refining operations. Umicore Precious Metals Refining, with its ability to recover 17 different metals in its flow sheet, was able to attract more customers seeking to valorise residues and materials containing these specialty metals.

The €9 million investment in a capacity increase at the sulphuric acid plant at Hoboken was commissioned in November 2005. This investment will enable the treatment of a wider range of

residues and further reduce the level of sulphur dioxide emissions from the facility. Also, Umicore has taken steps to significantly increase indium output as from 2007.

Precious Metals Management

In Precious Metals Management the performance remained stable at the good levels of 2004. The commercial and trading activities were supported by strong demand for and market interest in precious metals, notably rhodium. In November 2005 at a metals fair in Munich the business presented new Umicore-branded precious metal ingots. These were made available for sale in Germany in January and replace the previous Degussa branded ingots.

ZINC SPECIALTIES

Key figures (in million €)	H2 2004	H2 2005	2004	2005
Turnover	489.7	462.7	933.8	940.8
Revenues (excluding metal)	234.9	219.3	481.4	448.4
Recurring EBIT	36.6	7.8	79.9	24.7
of which associates	1.3	2.9	3.4	7.2
Recurring EBIT margin	15.0%	2.2%	15.9%	3.9%
EBITDA	58.8	27.8	134.0	65.1
Capital Expenditure	27.3	29.1	41.5	47.2
Capital employed - average	368.7	383.4	360.5	383.5
Return on Capital Employed (ROCE)	19.4%	3.8%	21.7%	6.1%
Workforce - end of period	4,048	3,977	4,048	3,977
of which associates	1,173	1,159	1,173	1,159

Overall revenues and earnings were down compared with 2004 due to the lower received zinc price in Euro compared with the previous year. This was caused by the disappearance of the favourable strategic dollar hedges. Furthermore, the second half was impacted by the transition costs of moving to a lower production rhythm at the Auby zinc smelter and by the inability to immediately pass on the zinc price volatility to customers in the Building Products business.

Zinc Alloys

The **Galvanizing** business line underwent a year of transition. The reduction in sales volumes was due to the decision to stop supplying continuous galvanizing alloys to the steel industry. Average premiums went up primarily due to the higher market zinc price and with the majority of the improvement occurring in the fourth quarter.

Die-Casting sales volumes of Zamak in Europe were flat with customers continuing to run down inventories in the face of an increasing zinc price. Premiums on the European market recovered towards the end of the year but the effects of this will only be felt in 2006. Deliveries of Zamak in Asia were also at similar levels to 2004 despite growth in the die-casting sector, particularly in China. The acquisition of Umicore Yunnan Zinc Alloys in January 2006 will improve Umicore's ability to benefit from this growth in future years.

The restructuring of the unit's **Zinc Smelting** capacity was finalized by mid-November both from a technical and social point of view. Zinc output was 431,000 tonnes, compared to 517,000 in 2004. Umicore already has approximately 80% of its concentrate volume requirements secured for 2006, although overall treatment charges will be lower than in 2005.

Umicore has hedged 80% of its zinc price exposure for 2006 through forward contracts at an average price of €1,125 per tonne and slightly more than 60% of its 2007 exposure at an average price of €1,450 per tonne.

In order to enhance its strategic flexibility, Umicore has decided to study the possibility of carving out its zinc smelting and alloying activities into a wholly owned subsidiary.

Zinc Chemicals

Overall sales volumes of **Fine Zinc Powders** were at the same level as 2004. Sales of zinc metal pigments for paint applications increased as a result of strengthening demand, particularly in Asia as a result of the boom in shipbuilding and the production of maritime containers. Sales of chemical grade products were down due to customer consolidation. Premiums were slightly lower in Europe and China and remained stable in the rest of Asia.

In **Zinc Oxides** there was reduced demand for ceramic applications in the second half. This followed a first half of lower demand in other sectors, such as tyre production, where zinc oxide is also used as a process additive. However, the business benefited from the higher zinc price which increased its recycling margins and more than compensated for the lower sales volumes. An investment was made in a pilot plant for the new Zano[®] nano-materials product line, which is being developed as a transparent UV protection in sunscreens and clear coatings.

Building Products

Overall sales volumes increased but premiums were impacted very negatively by a constantly rising zinc price. After a slow start to the year, sales volumes recovered to much better levels in the second half. The French and Benelux markets remained strong. The situation in the German construction sector stabilized but there were no signs of any improvement in demand. Sales in the newer markets for zinc materials, such as the US, continued to grow. In line with the business's differentiation strategy, the improvement in volumes in 2005 was entirely attributable to added-value products such as pre-weathered sheets and accessories. Significant investments were made to increase the product offering and production capacity in these materials.

Padaeng

The contribution of Padaeng to Umicore's earnings more than doubled in 2005. Sales volumes were down year-on-year, due to lower levels of activity in the domestic Thai market, especially in the third quarter. The reduction of Thai tariffs on imported zinc placed pressure on domestic market premiums. The proportion of added value products in Padaeng's portfolio grew during 2005 while the volumes of alloys exported to other Asian markets decreased. In terms of supply, Padaeng was able to protect itself to a large extent from the backdrop of weakening market treatment charges by increasing the proportion of silicate feed from its own mine. Despite these challenging conditions the overall performance of Padaeng improved as a result of a higher received zinc price and slightly higher premiums for the added value products.

GROUP ITEMS

Research, Development & Innovation

Research, Development and Innovation spending at Group level in 2005 increased by 25% to €112 million. This was primarily due to increased efforts in heavy duty diesel technology (Automotive Catalysts) and an increased spend at the level of the Group's central R&D efforts, as well as the inclusion of the Element 6 Abrasives research effort.

Investment in the development of **Fuel Cells** technology remained at the same levels as 2004. The main focus areas continue to be Direct Methanol Fuel Cell (DMFC) applications and new catalyst materials (mainly for automotive applications). Good progress was made on both fronts in collaboration with leading players in this field

Discontinued operations

In November Umicore sold 80% of its stake in the marketing and trading venture **Traxys**. The transaction was completed in January 2006. Earlier in the year Umicore demerged its copper activities as a separate listed company called Cumerio. The net contribution of these two entities amounted to €20.8 million.

FINANCIAL HIGHLIGHTS

Dividend:

Umicore's Board of Directors will propose to shareholders a gross dividend of €1.85 per share at the Ordinary General Meeting to be held in Brussels on 26 April 2006.

Non-recurring items:

Umicore booked non-recurring operating charges of €40.3 million or €23.8 million after tax. The majority of this amount relates to the restructuring programme at the Zinc Specialties operations. The other key charge related to the closure of Umicore's cobalt refining operations in South Africa. A write-down which was previously recorded in Precious Metals Services on the value of palladium inventories was written back.

Financial results & taxation:

Financial charges totalled €34 million, of which net interest charges totalled €21.8 million. Other charges were mainly related to the discounting rate applied to provisions at the end of the period (€10.7 million) and which is of a non-cash nature.

The tax charge for the period amounted to €15.9 million. This includes a non-recurring tax income of €16.6 million and a positive deferred tax effect of €2.8 million related to the effect of IAS 39. The recurring tax charge for the period was €35.3 million, corresponding to an overall effective tax rate of 21% on recurring pre-tax consolidated income.

Cash flows and debt:

Operating cash flow after tax was €165 million in 2005, a reduction of €80 million on 2004. The operating cash flow was affected by the reduced USD exchange rate protection offered by the company's cash flow hedges. Working capital requirements increased in the second half as a result of surging metals prices and also customers, notably in the automotive sector, stretching payments past the cut-off date of 31 December. As a result, working capital requirements increased by €77 million.

Capital expenditures reached €145.4 million – a 2% increase on the levels of 2004. Key non-maintenance items included technology and infrastructure developments in Automotive Catalysts (notably new testing facilities and the plant in Suzhou), the new GASIR production facility in the US, the expansion of the sulphuric acid treatment facility in Precious Metals Refining and new downstream investments in Zinc Specialties.

At 31 December Umicore's net financial debt stood at €515 million. This represented a gearing ratio (debt / debt+equity) of 33%.

Sensitivities and Hedging:

Umicore's received zinc price in 2005 was €974 per tonne. During 2005 and early 2006 Umicore extended its zinc price hedging for 2006 and 2007. 80% of Umicore's zinc price exposure for 2006 is currently hedged at an average forward price of €1,125 per tonne. Slightly more than 60% of Umicore's zinc price exposure for 2007 is now hedged at an average forward price of €1,450 per tonne.

Umicore's received USD / EUR exchange rate for its Advanced Materials and Precious Metals Services businesses was approximately USD 1.16 per EUR (50% of the dollar exposure of these businesses having previously been hedged at an average exchange rate of USD 1.08 per EUR). No dollar hedging is in place for these businesses in 2006.

Shares

During 2005, 356,175 new shares were created related to the exercise of stock options with linked subscription rights. During the year Umicore bought back 186,500 of its own shares and used 287,090 of its treasury shares in the context of the exercise of stock options. On 31 December 2005 Umicore owned 631,097 of its own shares.

Outlook

Umicore expects the overall business environment in the first half of 2006 to be comparable to the one prevailing in the second half of 2005.

The Advanced Materials business is expected to continue to perform in line with the trends seen in the second half of 2005. In Precious Metals Products and Catalysts the outlook for the automotive sector is somewhat uncertain; other segments are expected to grow. In Precious Metals Services the supply and general market situation is set to remain strong in the first half. In Zinc Specialties the benefits of a better received zinc price are expected to outweigh the negative effect in treatment charge terms.

Forward looking statements

This document contains forward-looking information that involves risks and uncertainties, including statements about Umicore's plans, objectives, expectations and intentions. Readers are cautioned that forward-looking statements include known and unknown risks and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Umicore. Should one or more of these risks, uncertainties or contingencies materialize, or should any underlying assumptions prove incorrect, actual results could vary materially from those anticipated, expected, estimated or projected. As a result, neither Umicore nor any other person assumes any responsibility for the accuracy of these forward-looking statements.

An audio webcast and presentation of the analysts' meeting can be viewed live on www.investorrelations.umicore.com as of 11:00 CET on 16 February 2006. Audio streaming will be available separately in case of technical access restriction

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The condensed consolidated financial information in this press release has been prepared based upon valuation rules in accordance with International Financial Reporting Standards as adopted by the EU. Full consolidated financial information will be published at the end of March 2006 for submission to the Ordinary General Meeting of Shareholders on 26 April 2006.

"The statutory auditor, PricewaterhouseCoopers Reviseurs d'Entreprises SCCRL, represented by Raf Vander Stichele, has confirmed that its audit work, which is substantially complete, has not revealed any significant matters requiring adjustments to the 2005 condensed consolidated income statement, balance sheet, cash flow statement or statement of changes in Group Shareholders' equity included in this press release."

Consolidated income statement (in million €)	2004	2005
Turnover	5,685.0	6,566.5
Other operating income	70.9	68.0
Operating income	5,755.8	6,634.5
Raw materials and consumables used	4,469.0	5,410.9
Payroll and related benefits	559.0	579.0
Depreciation and impairment result	153.5	145.4
Other operating expenses	328.1	346.4
Operating expenses	5,509.6	6,481.6
Result from operating activities	246.2	153.0
Finance Cost - Net	(41.9)	(34.0)
Income from other financial investments	(10.6)	0.2
Share in result of companies accounted for using the equity method	23.3	30.5
Profit (loss) before income tax	217.0	149.7
Income Taxes	(45.9)	(15.9)
Profit (loss) from continuing operations	171.1	133.9
Profit (loss) from discontinued operations	21.3	20.8
Profit (loss) of the period	192.5	154.6
of which Group share	177.9	142.2
of which minority share	14.5	12.4
Dividend per share proposed (€/ share)	1.65	1.85

Consolidated balance sheet (in million €)	31/12/2004	31/12/2005
Non current assets	1,109.4	1,188.4
Intangible assets	119.1	116.4
Property, plant and equipment	704.3	712.8
Investments accounted for using the equity method	167.2	180.0
Financial assets available for sale	16.2	31.0
Loans granted	4.9	5.3
Trade and other receivables	17.9	3.6
Deferred tax assets	79.8	139.3
Current assets	1,724.2	1,748.5
Current loans granted	113.9	0.0
Inventories	797.6	914.7
Trade and other receivables	661.5	717.7
Income tax receivables	9.3	9.6
Treasury shares	27.9	-
Financial assets available for sale	0.5	0.4
Cash and cash equivalents	113.4	106.1
Assets of discontinued operations	699.8	-
Total assets	3,533.3	2,936.9
Equity of the Group	1,282.7	1,015.4
Group shareholders' equity	935.0	971.1
Share capital	381.9	389.4
Share premiums	65.9	67.6
Retained earnings	597.6	678.8
Currency translation and other reserves	(110.5)	(136.1)
Treasury shares	-	(28.6)
Minority interest	53.6	44.3
Equity of discontinued operations	294.2	-
Non current liabilities	808.2	653.5
Provisions for employee benefits	197.8	217.9
Financial debt	407.5	250.4
Trade and other payables	2.0	1.8
Deferred tax liabilities	43.9	40.9
Provisions	157.0	142.5
Current liabilities	1,059.0	1,268.0
Financial debt	290.8	371.0
Trade and other payables	716.2	842.6
Income tax payable	25.9	17.4
Provisions	26.1	37.1
Liabilities from discontinued operations	383.4	-
Total equity & liabilities	3,533.3	2,936.9

Condensed consolidated cash flow statement (in million €)	2004	2005
Cash flow generated from operations before tax	362.9	288.6
Tax paid	(45.4)	(46.5)
Change in working capital requirements	(73.0)	(77.0)
Net cash flow generated by (used in) operating activities	244.5	165.0
Capital expenditure	(145.6)	(144.6)
Acquisitions	16.1	(9.1)
Disposals	13.1	7.6
Loans	(9.5)	114.1
Net cash flow generated by (used in) investing activities	(125.8)	(31.9)
Capital increase / subsidies	1.2	12.8
Treasury shares	(4.6)	(3.1)
Interest received (paid)	(14.7)	(25.0)
Change in debt	(76.1)	(90.1)
Dividends	(59.5)	(47.4)
Net cash flow generated by (used in) financing activities	(153.8)	(152.8)
Effect of exchange rate fluctuations on cash held	(0.6)	7.3
Net cash flow from continuing operations	(35.7)	(12.3)
Net cash flow from discontinued operations	54.8	(9.9)
Total net cash flow of the period	19.1	(22.2)
Net cash & cash equivalents at the beginning of the period	124.3	104.4
Cash to discontinued operations	(38.9)	9.9
Net cash and cash equivalents at the end of the period	104.4	92.1
Condensed changes in Group shareholder's equity (in million €)	2004	2005
Balance at the beginning of the period	1,177.4	1,281.6
Result of the period	192.5	154.6
Net income (expense) recognized directly in equity	(28.0)	(49.0)
Capital increase	1.2	12.8
Dividends	(59.9)	(47.8)
Changes in treasury shares	-	(0.6)
Changes in scope	(0.4)	(20.7)
Impact of Cumerio demerger	-	(315.5)
Balance at the end of the period	1,282.7	1,015.4

Group shareholders' equity at the beginning of each period has been restated to take into consideration new / revised accounting standards.

The detailed analysis of the impact of the Cumerio demerger was published in Umicore's half year consolidated financial statements 2005.

Segment information (in million €)	Period	Total segment turnover	of which external	of which inter- segment	Operating result	of which recurring	of which non- recurring	of which IAS 39	Result from equity method
Advanced Materials	2004 *	552.5	552.5	0.0	65.9	66.9	(1.0)	0.0	10.7
	2005	456.4	456.4	0.0	39.3	41.0	(2.7)	0.9	18.4
Precious Metals Products & Catalysts	2004 *	1,702.0	1,678.7	23.2	113.4	113.8	(0.4)	0.0	9.0
	2005	1,876.5	1,860.6	16.0	126.9	127.7	0.4	(1.2)	8.4
Precious Metals Services	2004 *	2,649.4	2,282.9	366.5	31.7	34.0	(2.3)	0.0	0.0
	2005	3,585.6	3,133.0	452.6	56.6	56.8	2.4	(2.6)	0.0
Zinc Specialties	2004 *	968.2	933.8	34.4	78.9	76.5	2.4	0.0	3.4
	2005	966.3	940.8	25.5	(29.1)	17.5	(37.0)	(9.6)	3.7
Corporate & Investments	2004 *	237.1	237.1	0.0	(43.7)	(41.9)	(1.8)	0.0	0.1
	2005	175.9	175.9	0.0	(40.7)	(44.1)	0.0	3.4	0.0
Not allocated	2004 *	(424.1)	0.0	(424.1)	0.0	0.0	0.0	0.0	0.0
	2005	(494.1)	0.0	(494.1)	0.0	0.0	0.0	0.0	0.0
Umicore	2004 *	5,685.0	5,685.0	0.0	246.2	249.2	(3.0)	0.0	23.3
	2005	6,566.5	6,566.5	0.0	153.0	198.9	(36.8)	(9.1)	30.5

* Segment information 2004 has been restated in function of the demerger of Cumerio and the sale of Traxys.

GLOSSARY – FINANCIAL DEFINITIONS

EBIT	Operating profit (loss) of fully consolidated companies + Group share in net profit (loss) of companies accounted for under equity method.
Non recurring EBIT	Includes non recurring items related to restructuring measures, impairment of assets, and other income or expenses arising from events or transactions that are clearly distinct from the ordinary activities of the company. Metal inventory write-downs are part of the non-recurring EBIT of the business groups.
Recurring EBIT	EBIT – non-recurring EBIT – IAS 39 effect
Recurring EBIT margin	Recurring EBIT of fully consolidated companies / revenues excluding metals
IAS 39 effect	Non-cash timing differences in revenue recognition due to non-application of hedge accounting to transactional hedges, which implies that hedged items can no-longer be measured at fair value
EBITDA	EBIT + (depreciation & amortization + non-cash expenses other than depreciation (i.e.increase and reversal of provisions, changes in inventory valuation, IAS 39 effect) + impairment result) of fully consolidated companies
Revenues (excluding metal)	All revenue elements - value of purchased metals.
Return on Capital Employed (ROCE)	Recurring EBIT / average capital employed where EBIT is adjusted for certain financial items such as securitization costs.
Capital employed	Total equity less fair value reserves + net financial debt + provisions for employee benefits.
Capital expenditure	Investments in tangible and intangible assets.
Cash-Flow before financing	Net cash generated by (used in) operating activities + net cash generated by (used in) investing activities.
Net financial debt	Non-current financial debt + current financial debt – cash and cash equivalents.
EPS	Earnings per share
EPS declared - basic	Net earnings, Group share / average number of outstanding shares – treasury shares.
EPS declared - diluted	Net earnings, Group share / (average number of outstanding shares – treasury shares + (number of potential new shares to be issued under the existing stock option plans x dilution impact of the stock option plans)).
EPS adjusted - basic	Net recurring earnings, Group share / total number of outstanding shares – treasury shares.
EPS adjusted - diluted	Net recurring earnings, Group share / (average number of outstanding shares – treasury shares + (number of potential new shares to be issued under the existing stock option plans x dilution impact of the stock option plans)).

* The above definitions relate to non-IFRS performance indicators except for EPS declared - basic and EPS declared - diluted.

For more information

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Umicore profile

Umicore is a specialty materials group. Its activities are centered on four business areas: Advanced Materials, Precious Metals Products and Catalysts, Precious Metals Services and Zinc Specialties. 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 new technological developments. Umicore's overriding goal of sustainable value creation is based on this ambition to develop, produce and recycle materials 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 6.6 billion in 2005 and currently employs some 14,000 people.