Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

Thousands of Euros	NOTES	2016	2017
Turnover	F9	10,443,541	11,947,264
Other operating income	F9	59,813	71,965
Operating income		**10,503,354**	**12,019,229**
Raw materials and consumables	F9	(9,040,437)	(10,324,428)
Payroll and related benefits	F10	(636,071)	(700,706)
Depreciation and impairments	F9	(192,278)	(203,703)
Other operating expenses	F9	(379,664)	(470,015)
Operating expenses		**(10,248,451)**	**(11,698,853)**
Income (loss) from other financial assets	F12	(5,937)	(8,286)
RESULT FROM OPERATING ACTIVITIES		**248,966**	**312,090**
Financial income	F11	4,829	4,354
Financial expenses	F11	(19,962)	(34,813)
Foreign exchange gains and losses	F11	(2,535)	(6,864)
Share in result of companies accounted for using the equity method	F17	16,786	29,555
Profit (loss) before income tax		**248,084**	**304,322**
Income taxes	F13	(56,420)	(75,178)
Profit (loss) from continuing operations		191,663	229,143
Profit (loss) from discontinued operations (*)	F42	(50,303)	(2,893)
PROFIT (LOSS) OF THE PERIOD		**141,360**	**226,251**
of which minority share		10,636	14,308
of which Group share		130,724	211,943
Euro			
Basic earnings per share from continuing operations	F39	0.83	0.98
Total basic earnings per share	F39	0.60	0.97
Diluted earnings per share from continuing operations	F39	0.83	0.97
Total diluted earnings per share	F39	0.60	0.96
Dividend per share		0.65	0.70

(*) Attributable to equity holders of these companies.

The notes on pages 97 to 170 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Thousands of Euros	NOTES	2016	2017
Profit (loss) of the period from continuing operations		**191,663**	**229,143**
Items in other comprehensive income that will not be reclassified to P&L			
Changes due to remeasurements of post employment benefit obligations		(27,638)	6,464
Changes in deferred taxes directly recognised in other comprehensive income		6,018	(4,167)
Items in other comprehensive income that may be subsequently reclassified to P&L			
Changes in available-for-sale financial assets reserves		111	3,738
Changes in cash flow hedge reserves		35,991	15,278
Changes in deferred taxes directly recognised in other comprehensive income		(10,483)	(2,286)
Changes in currency translation differences		30,226	(83,661)
Other comprehensive income from continuing operations	F23	**34,225**	**(64,635)**
Total comprehensive income from discontinued operations		(55,378)	(3,421)
Total comprehensive income for the period		**170,510**	**161,087**
of which Group share		158,249	148,903
of which minority share		12,261	12,184

The deferred tax impact on the consolidated statement of comprehensive income is due to the cash flow hedge reserves for € (2.3) million and to employee benefit reserves for € (4.2) million.
The notes on pages 97 to 170 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

Thousands of Euros	NOTES	31/12/2016	31/12/2017
Non-current assets		**1,727,409**	**1,945,675**
Intangible assets	F14, F15	305,340	328,808
Property, plant and equipment	F16	1,070,403	1,301,411
Investments accounted for using the equity method	F17	195,332	153,008
Available-for-sale financial assets	F18	26,414	22,331
Loans granted	F18	1,201	11,285
Trade and other receivables	F20	11,114	14,146
Deferred tax assets	F21	117,605	114,686
Current assets		**2,164,857**	**3,169,985**
Loans granted	F18	14,787	1,750
Inventories	F19	1,188,822	1,628,423
Trade and other receivables	F20	844,271	1,335,661
Income tax receivables		32,517	36,036
Cash and cash equivalents	F22	84,460	168,115
Assets of discontinued operations	F42	**253,484**	**-**
TOTAL ASSETS		**4,145,751**	**5,115,661**
Equity of the Group		**1,848,045**	**1,862,637**
Group shareholders' equity		**1,829,014**	**1,803,034**
Share capital and premiums		502,862	502,862
Retained earnings		1,559,969	1,584,442
Currency translation differences and other reserves	F23	(144,200)	(202,517)
Treasury shares		(89,616)	(81,754)
Minority interest		**58,446**	**59,603**
Elements of comprehensive income of discontinued operations		**(39,417)**	**-**
Non-current liabilities		**491,290**	**1,168,752**
Provisions for employee benefits	F27	337,907	342,813
Financial debt	F24	24,394	694,104
Trade and other payables	F25	41,656	40,442
Deferred tax liabilities	F21	6,924	3,540
Provisions	F29, F30	80,409	87,853
Current liabilities		**1,661,512**	**2,084,272**
Financial debt	F24	400,786	313,868
Trade and other payables	F25	1,161,371	1,639,817
Income tax payable		57,666	62,830
Provisions	F29, F30	41,690	67,759
Liabilities of discontinued operations	F42	**144,908**	**-**
TOTAL EQUITY & LIABILITIES		**4,145,751**	**5,115,661**

The notes on pages 97 to 170 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Thousands of Euros	SHARE CAPITAL & PREMIUMS	RESERVES	CURRENCY TRANSLATION & OTHER RESERVES	TREASURY SHARES	MINORITY INTEREST	TOTAL FOR CONTINUING OPERATIONS	ELEMENTS OF COMPREHENSIVE INCOME OF DISCONTINUED OPERATIONS	TOTAL EQUITY
Balance at the beginning of 2016	**502,862**	**1,501,290**	**(175,518)**	**(129,913)**	**52,577**	**1,751,299**	**33,671**	**1,784,970**
Result of the period	–	181,203	–	–	10,460	191,663	(50,303)	141,360
Other comprehensive income for the period	–	–	32,513	–	1,712	34,225	(5,075)	29,150
Total comprehensive income for the period	**–**	**181,203**	**32,513**	**–**	**12,172**	**225,888**	**(55,378)**	**170,510**
Changes in share-based payment reserves	–	–	3,820	–	–	3,820	–	3,820
Dividends	–	(141,769)	–	–	(4,747)	(146,515)	–	(146,515)
Transfers	–	6,839	(9,094)	2,255	–	–	–	–
Changes in treasury shares	–	–	–	38,041	–	38,041	–	38,041
Changes in scope	–	12,405	4,079	–	(1,557)	14,927	(17,708)	(2,781)
Balance at the end of 2016	**502,862**	**1,559,969**	**(144,200)**	**(89,616)**	**58,446**	**1,887,460**	**(39,416)**	**1,848,045**
Result of the period	–	214,836	–	–	14,308	229,144	(2,893)	226,251
Other comprehensive income for the period	–	–	(62,511)	–	(2,124)	(64,635)	(528)	(65,163)
Total comprehensive income for the period	**–**	**214,836**	**(62,511)**	**–**	**12,184**	**164,509**	**(3,421)**	**161,088**
Changes in share-based payment reserves	–	–	6,418	–	–	6,418	–	6,418
Dividends	–	(147,796)	–	–	(5,640)	(153,436)	–	(153,436)
Transfers	–	4,512	(6,402)	1,890	–	–	–	–
Changes in treasury shares	–	–	–	5,972	–	5,972	–	5,972
Changes in scope	–	(47,079)	4,178	–	(5,386)	(48,287)	42,837	(5,450)
Balance at the end of 2017	**502,862**	**1,584,442**	**(202,517)**	**(81,754)**	**59,603**	**1,862,637**	**–**	**1,862,637**

The legal reserve of € 50.0 million which is included in the retained earnings is not available for distribution.

On 16 October 2017, each Umicore share was split into two new shares. Therefore, the share capital of the Group as at 31 December 2017 was composed of 224,000,000 shares with no par value.

The notes on pages 97 to 170 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

Thousands of Euros	NOTES	2016	2017
Profit (loss) from continuing operations		191,664	229,144
Adjustments for profit of equity companies		(16,786)	(29,554)
Adjustment for non-cash transactions	F34	188,912	190,714
Adjustments for items to disclose separately or under investing and financing cash flows	F34	66,731	98,274
Change in working capital requirement	F34	13,253	(275,509)
Cash flow generated from operations		**443,778**	**213,070**
Dividend received		8,517	15,333
Tax paid during the period		(65,301)	(74,449)
Government grants received		(2,270)	(642)
NET OPERATING CASH FLOW	F34	**384,723**	**153,313**
Acquisition of property, plant and equipment	F16	(207,017)	(351,056)
Acquisition of intangible assets	F14	(80,764)	(25,621)
Acquisition of new subsidiaries, net of cash acquired	F8	–	(211,508)
Acquisition of financial assets	F18	(8,554)	(119)
New loans extended	F18	(13,000)	(9,889)
Sub-total acquisitions		**(309,336)**	**(598,194)**
Disposal of property, plant and equipment		4,337	5,414
Disposal of intangible assets		778	1,438
Disposal of subsidiaries and associates, net of cash disposed		138,604	74,189
Disposal of financial fixed assets		5,491	443
Repayment of loans	F18	750	20,033
Internal transfers	F34	(49,261)	–
Sub-total disposals		**100,698**	**101,516**
NET CASH FLOW GENERATED BY (USED IN) INVESTING ACTIVITIES	F34	**(208,638)**	**(496,678)**
Capital increase (decrease) minority		–	416
Own shares		38,041	5,972
Interest received		3,258	4,027
Interest paid		(9,667)	(18,398)
New loans and repayments		6,490	562,072
Dividends paid to Umicore shareholders		(138,266)	(150,682)
Dividends paid to minority shareholders		(4,747)	(5,640)
NET CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES	F34	**(104,891)**	**397,768**
Effect of exchange rate fluctuations		1,401	13,997
TOTAL NET CASH FLOW OF THE PERIOD		**72,596**	**68,400**
Net cash and cash equivalents at the beginning of the period for continuing operations	F22	**66,167**	**71,275**
Impact of final financing carved out entities		**(67,488)**	**16,223**
Net cash and cash equivalents at the end of the period for continuing operations	F22	**71,275**	**155,898**
Cash for discontinued operations		**45,325**	**–**
of which cash and cash equivalents		129,785	168,115
of which bank overdrafts		(13,185)	(12,217)

The notes on pages 97 to 170 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

The company's consolidated financial statements and the management report prepared in accordance with article 119 of the Belgian Companies Code set forth on pages 1-50 and 86-171, for the year ended 31 December 2017 were authorised for issue by the Board of Directors on 16 March 2018. They have been prepared in accordance with the legal and regulatory requirements applicable to the consolidated financial statements of Belgian companies. They include those of the company, its subsidiaries and its interests in companies accounted for using the equity method.

F1 BASIS OF PREPARATION

The Group presents its annual consolidated financial statements in accordance with all International Financial Reporting Standards (IFRS) adopted by the European Union (EU).

The consolidated financial statements are presented in thousands of Euros, rounded to the nearest thousand, and have been prepared on a historical cost basis, except for those items that are measured at fair value.

F2 ACCOUNTING POLICIES

2.1 PRINCIPLES OF CONSOLIDATION AND SEGMENTATION

2.1.1 SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Note F5 lists all significant subsidiaries of the company at the closing date.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any minority interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the minority interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) does not specify the treatment for the elimination of inter-company transactions between discontinued and continued operations. As an accounting policy Umicore opts to not eliminate the intercompany transactions within the income statement between the discontinued and continued operations. For the balance sheet presentation however, IFRS 10 (Consolidated Financial Statements) overrides IFRS 5 and requires all intercompany balances to be eliminated including between the discontinued and continued operations.

2.1.2 CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

Transactions with minority interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to minority interests are also recorded in equity.

2.1.3 DISPOSAL OF SUBSIDIARIES

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.1.4 ASSOCIATES

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit/(loss) of associates" in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

2.1.5 JOINT ARRANGEMENTS

The group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

2.1.6 SEGMENT REPORTING

Note F7 provides the Company's segment information, in line with IFRS 8. Umicore is organised in business units. Operating segments under IFRS 8 at Umicore are differentiated by their growth drivers in the area's of Catalysis, Energy & Surface Technologies, and Recycling.

The Catalysis segment provides automotive catalysts for gasoline and diesel light and heavy duty diesel applications, including on-road and non-on-road vehicles. The business group also offers stationary catalysis for industrial emissions control and produces precious metals-based compounds and catalysts for use in the pharmaceutical and fine chemicals industries. The Energy & Surface Technologies segment is focused on products that are found in applications used in the production and storage of clean energy and in a range of applications for surface technologies that bring specific properties and functionalities to end products. All the activities offer a closed loop service for the customers. The Recycling segment treats complex waste streams containing precious and other specialty metals. The operations can recover 20 of these metals from a wide range of input materials ranging from industrial residues to end-of-life materials. Other activities include production of precious metals-based materials that are essential for applications as diverse as high-tech glass production, electrics and electronics.

Corporate covers corporate activities, shared operational functions and the Group's Research, Development & Innovation unit. Umicore's minority share in Element Six Abrasives and Ieqsa is also included in Corporate.

Operating segments are reported in a manner consistent with the internal reporting provided to the board and the executive committee.

The segment results, assets and liabilities include items directly attributable to the segment as well as those elements that can reasonably be allocated to a segment.

The pricing of inter-segment sales is based on an arm's length transfer pricing system. In the absence of relevant market price references, "cost plus" mechanisms are used.

Associate companies are allocated to the business group with the closest fit from a market segment perspective.

2.2 INFLATION ACCOUNTING

For the reported period, there is no subsidiary in the Umicore Group having a functional currency belonging to a hyperinflationary economy.

2.3 FOREIGN CURRENCY TRANSLATION

Functional currency: items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in € which is the functional currency of the parent. To consolidate the Group and each of its subsidiaries, the financial statements are translated as follows:

- Assets and liabilities at the year-end rate as published by the European Central Bank.
- Income statements at the average exchange rate for the year.
- The components of shareholders' equity at the historical exchange rate.

Exchange differences arising from the translation of the net investment in foreign subsidiaries, joint ventures and associated entities at the period-end exchange rate are recorded as part of the shareholders' equity under "currency translation differences".

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate.

2.4 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recognised during the period in the functional currency of each entity at exchange rates prevailing at the date of transaction. The date of a transaction is the date at which the transaction first qualifies for recognition. For practical reasons a rate that approximates the actual rate at the date of the transaction is used at some operations, for example, an average rate for the week or the month in which the transactions occur.

Subsequently, monetary assets and liabilities denominated in foreign currencies are translated at the closing rate at the end of the reporting period.

Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement as a financial result.

In order to hedge its exposure to certain foreign exchange risks, the Company has entered into certain forward contracts (see Chapter 2.21 Financial instruments).

2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at historical cost, less accumulated depreciation and impairment losses. Cost includes all direct costs and appropriate allocation of indirect costs incurred to bring the asset to working condition for its intended use.

Borrowing costs that are directly attributable to investments are capitalised together with the costs of the assets in accordance with IAS 23. All borrowing costs that cannot be linked directly to an investment are recognised as expenses in the period when incurred.

The straight-line depreciation method is applied through the estimated useful life of the assets. Useful life is the period of time over which an asset is expected to be used by the company.

Repair and maintenance costs are expensed in the period in which they are incurred, if they do not increase the future economic benefits of the asset. Otherwise they are classified as separate components of items of property, plant and equipment. Those major components of items of property, plant and equipment that are replaced at regular intervals are accounted for as separate assets as they have useful lives different from those items of property, plant and equipment to which they relate. Umicore's PPE, being complex and highly customised industrial assets, typically do not have an individual resale value if put outside the overall context of the operations. Therefore no residual value is taken into account when determining the depreciable value.

The typical useful life per main type of property, plant and equipment are as follows:

For material newly acquired or constructed assets, the useful life is separately assessed at the moment of the investment request and can deviate from the above standards.

Management determines the estimated useful lives and related depreciation charges for property, plant and equipment. Management uses standard estimates based on a combination of physical durability and projected product life or industry life cycles. These useful lives could change significantly as a result of technical innovations, market developments or competitor actions. Management will increase the depreciation charge where useful lives are shorter than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Land use rights are part of the Property, Plant and Equipment and are typically amortised over the contractual period.

	YEARS
Land	Non-depreciable
Buildings	
Industrial buildings	20
Improvements to buildings	10
Other buildings such as offices and laboratories	40
Investment properties	40
Plant, machinery and equipment	10
Furnaces	7
Small equipment	5
Furniture and vehicles	
Vehicles	5
Mobile handling equipment	7
Computer equipment	3–5
Furniture and office equipment	5–10

2.6 INTANGIBLE ASSETS & EQUITY TRANSACTION EXPENSES

2.6.1 EQUITY TRANSACTION EXPENSES

Expenses for formation and capital increase are deducted from the share capital.

2.6.2 GOODWILL

Goodwill represents the excess of the cost of an acquisition of a subsidiary, associate or jointly controlled entity over the Group's share in the fair value of the identifiable assets and liabilities of the acquired entity at the date of acquisition. Goodwill is recognised at cost less any accumulated impairment losses.

Goodwill from associates and joint ventures is presented in the balance sheet on the line "Investments accounted for under the equity method", together with the investment itself.

To assess impairment, goodwill is allocated to a cash-generating unit (CGU). At each balance sheet date, these CGUs are tested for impairment, meaning an analysis is performed to determine whether the carrying amount of goodwill allocated to the CGU is fully recoverable. If the carrying amount is not fully recoverable, an appropriate impairment loss is recognised in the income statement. These impairment losses are never reversed.

The excess of the Group's interest in the fair value of the net identifiable assets acquired over the cost of acquisition is recognised in the income statement immediately.

2.6.3 RESEARCH AND DEVELOPMENT

Research costs related to the prospect of gaining new scientific or technological knowledge and understanding are recognised in the income statement as an incurred expense.

Development costs are defined as costs incurred for the design of new or substantially improved products and for the processes prior to commercial production or use. They are capitalised if, among others, the following conditions are met:

- the intangible asset will give rise to future economic benefits, or in other words, the market potential has been clearly demonstrated.
- the expenditures related to the process or product can be clearly identified and reliably measured.

In case it is difficult to clearly distinguish between research or development costs, the costs are considered as being research. If development costs are capitalised they are amortised using a straight-line method over the period of their expected benefit, in general five years.

2.6.4 CO_2 EMISSION RIGHTS

Within the framework of the Kyoto protocol, a third emission trading period started, covering 2013-2020. Therefore the Flemish Government granted emission rights to the Flemish sites of certain companies, including Umicore. Each year, at the end of February, one fifth of these emission rights is put on an official registry account. The release of emission rights to this registry account entails the capitalisation in the intangible assets, which is in line with the guidance of the Belgian Accounting Standards Commission. Gains on the recognition of emission rights at fair value are deferred until the certificates are used. Emission rights owned are subject to impairment testing but are not depreciated. If, at a certain closing date, it appears that the closing market price is below the carrying value, a write-down is booked. At each closing date, the group estimates the actual use of rights for the period and recognises a provision for the rights that will have to be restituted to the Government. The charge related to the impairment loss or the recognition of provisions are fully compensated in the income statement by the release of deferred revenues. Historically, Umicore owns the required rights to ensure its normal operating activities.

2.6.5 OTHER INTANGIBLE ASSETS

All of the following types are recorded at historical cost, less accumulated amortisation and impairment losses:

- Concessions, patents, licences: are amortised over the period of their legal protection with a minimum of 5% (in general over 5 years).
- Customer portfolios: are typically amortised over a period of five years.
- ERP software is typically amortised over a period of 10 years.
- Smaller software is typically amortised over a period of five years.

In case of an earn out component, a remeasurement is foreseen, adapting the carrying amount of the asset and the amortisation accordingly.

Umicore has currently no intangible asset with an indefinite useful live.

2.7 LEASE

2.7.1 FINANCIAL LEASE

Leases under which the company assumes a substantial part of the risks and rewards of ownership are classified as financial leases. They are measured at the lower of fair value and the estimated present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables. The interest element is charged to the income statement over the lease period. Leased assets are depreciated over the shorter of the useful life and the lease term.

2.7.2 OPERATING LEASE

Leases under which a substantial part of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. All payments or receipts under operating lease are recognised as an operating expense in the income statement using the straight-line method.

The group leases metals to and from third parties for specified periods for which the group receives or pays fees. Metal lease contracts are typically concluded for less than one year. The metal leases from and to third parties are reported as off-balance sheet commitments.

2.8 AVAILABLE-FOR-SALE FINANCIAL ASSETS, LOANS AND NON-CURRENT RECEIVABLES

All movements in available-for-sale financial assets, loans and receivables are accounted for at trade date.

Financial assets available for sale are carried at fair value. Unrealised gains and losses from changes in the fair value of such assets are recognised in equity as available-for-sale financial assets reserves. When the assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Loans and receivables are carried at amortised cost less any impairment.

All write-downs are recorded on a separate account and are netted with the carrying amounts when all chances of recovery are depleted. Own shares are deducted from equity.

2.9 INVENTORY

Inventories are carried at the lower of cost or net realisable value. Cost comprises direct purchase or manufacturing costs and an appropriate allocation of overheads.

Inventories are classified as:

1. Base products with metal hedging
2. Base products without metal hedging
3. Consumables
4. Advances paid
5. Contracts in progress

Base products with metal hedging are metal-containing products on which Umicore is exposed to metal price fluctuation risks and where Umicore applies an active and structured risk management process to minimise the potential adverse effects of market price fluctuations on the financial performance of the Group.

The metal contents are classified in inventory categories that reflect their specific nature and business use: a.o. permanently tied up metal inventories and commercially available metal inventories. Depending on the metal inventory category, appropriate hedging mechanisms are applied.

A weighted average is applied per category of inventory.

Base products without metal hedging and consumables are valued using the weighted-average cost method.

Write-downs on inventories are recognised when turnover is slow or where the carrying amount is exceeding the net realisable value, meaning the estimated selling price less the estimated costs of completion and the estimated cost necessary to make the sale. Write-downs are presented separately. Advances paid are down-payments on transactions with suppliers for which the physical delivery has not yet taken place and are booked at nominal value. Contracts in progress are valued using the percentage-of-completion method.

2.10 TRADE AND OTHER RECEIVABLES

Trade and other receivables are measured at amortised cost, i.e. at the net present value of the receivable amount. Unless the impact of discounting is material, the nominal value is taken. Receivables are written down for irrecoverable amounts. All write-downs are recorded on a separate account and are netted with the carrying amounts when all chances of recovery are depleted.

Trade receivables of which substantially all the risks and rewards have been transferred are derecognised from the balance sheet. The positive fair value of derivative financial instruments is included under this heading.

2.11 CASH AND CASH EQUIVALENTS

Cash includes cash-in-hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, have maturity dates of three months or less and are subject to an insignificant risk of change in value.

These items are carried in the balance sheet at nominal value or amortised cost. Bank overdrafts are included in the current liabilities on the balance sheet.

2.12 IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment and other non-current assets, including intangible assets and financial assets not held for trading, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated.

The recoverable amount is the higher of an asset's net selling price and value in use. To estimate the recoverable amount of individual assets the company often determines the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

Whenever the carrying amount of an asset exceeds its recoverable value, an impairment loss is recognised as an expense immediately.

A reversal of impairment losses is recognised when there is an indication that the impairment losses recognised for the asset or for the CGU no longer exist or have decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.13 SHARE CAPITAL AND RETAINED EARNINGS

A. Repurchase of share capital

When the company purchases some of its own shares, the consideration paid, including any attributable transaction costs net of income taxes, is deducted from the total shareholders' equity as treasury shares. No gain or loss shall be recognised in profit or loss on the purchase, sale, issue or cancellation of own shares. When such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

B. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds of the issue, net of tax.

C. Dividends of the parent company payable on ordinary shares are only recognised as a liability following approval by the shareholders.

2.14 MINORITY INTERESTS

Minority interests include a proportion of the fair value of identifiable assets and liabilities recognised upon acquisition of a subsidiary that is attributable to third parties, together with the appropriate proportion of subsequent profits and losses.

In the income statement, the minority share in the Group's profit or loss is presented separately from the Group's consolidated result.

2.15 PROVISIONS

Provisions are recognised in the balance sheet when:

- There is a present obligation (legal or constructive) as a result of a past event.
- It is probable that an outflow of resources will be required to settle the obligation.
- A reliable estimate can be made on the amount of the obligation.

A constructive obligation is an obligation that derives from company actions where, by an established pattern of past practice or published policies, the company has indicated that it will accept certain responsibilities and, as a result, the company has created a valid expectation that it will discharge those responsibilities.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and taking into account the probability of the possible outcome of the event. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The result of the yearly discounting of the provision, if any, is accounted for as a financial result.

The main types of provision are the following:

1. PROVISIONS FOR EMPLOYEE BENEFITS (SEE CHAPTER 2.16, EMPLOYEE BENEFITS)

2. ENVIRONMENTAL OBLIGATIONS

Environmental provisions are based on legal and constructive obligations from past events, in accordance with the company's environmental approach and applicable legal requirements. The full amount of the estimated obligation is recognised at the moment the event occurs. When the obligation is production/activity related, the provision is recognised gradually depending on normal usage/production level.

3. OTHER PROVISIONS

Includes provisions for litigation, onerous contracts, warranties, exposure to equity investments and restructuring. A provision for restructuring is recognised when the company has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly before the end of the reporting period. Any restructuring provision only includes the direct expenditure arising from the restructuring which is necessarily entailed and is not associated with the ongoing activities of the Company.

2.16 EMPLOYEE BENEFITS

2.16.1 SHORT-TERM EMPLOYEE BENEFITS

These include wages, salaries and social security contributions, paid annual leave and sick leave, bonuses and non-monetary benefits, and are taken as an expense in the relevant period. All company managers are eligible for bonuses that are based on indicators including personal performance and key financial targets. The amount of the bonus is recognised as an expense, based on an estimation made at the end of the reporting period.

2.16.2 POST EMPLOYMENT BENEFITS (PENSIONS, MEDICAL CARE)

The company has various pension and medical care schemes in accordance with the conditions and practices of the countries it operates in. The schemes are generally funded through payments to insurance companies or trustee-administered funds.

2.16.2.1 DEFINED BENEFIT PLANS

The company has accounted for all legal and constructive obligations both under the formal terms of defined benefit plans and under the company's informal practices.

The amount presented in the balance sheet is based on actuarial calculations (using the projected unit credit method) and represents the present value of the defined benefit obligations and reduced by the fair value of the plan assets.

The past service costs are immediately recognised in the income statement since IAS 19 revised.

All remeasurements as a result of changes in the actuarial assumptions of post-employment defined benefit plans are recognised through other comprehensive income (OCI) in the period in which they occur and are disclosed in the statement of comprehensive income as post employment benefit reserves.

2.16.2.2 DEFINED CONTRIBUTION PLANS

The company pays contributions to publicly or privately administered insurance plans. The payments are recognised as expenses as they fall due and as such are included in personnel costs.

2.16.3 OTHER LONG-TERM EMPLOYEE BENEFITS (JUBILEE PREMIUMS)

These benefits are accrued for their expected costs over the period of employment using an accounting methodology similar to that for defined benefit pension plans. These obligations are in general valued annually by independent qualified actuaries. All remeasurements as a result of changes in the actuarial assumptions are immediately recognised in the income statement.

2.16.4 TERMINATION BENEFITS (PRE-RETIREMENT PLANS, OTHER TERMINATION OBLIGATIONS)

These benefits arise as a result of the company's decision to terminate an employee's employment before the normal retirement date or of an employee's decision to accept voluntary redundancy in exchange for those benefits. When they are reasonably predictable in accordance with the conditions and practices of the countries the company operates in, future obligations are also recognised.

These benefits are accrued for their expected costs over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. In general, these obligations are valued annually by independent qualified actuaries. All remeasurements as a result of changes in the actuarial assumptions are immediately recognised in the income statement.

2.16.5 EQUITY AND EQUITY-RELATED COMPENSATION BENEFITS (SHARE-BASED PAYMENTS IFRS 2)

Different stock option and share programmes allow company employees and company senior management to acquire or obtain shares of the company.

The option or share exercise price equals the market price of the (underlying) shares at the date of the grant. When the options are exercised, shares are delivered to the beneficiaries from existing own shares. For the share programmes, shares are delivered to the beneficiaries from existing own shares. In both cases, the equity is increased by the amount of the proceeds received corresponding to the exercise price.

The options and shares are typically vested at the moment of the grant and their fair value is recognised as an employee benefit expense with a corresponding increase in equity as share-based payment reserves. For the options, the expense to be recognised is calculated by an actuary, using a valuation model which takes into account all features of the stock options, the volatility of the underlying stock and an assumed exercise pattern.

As long as the options granted have not been exercised, their value is reported in the Statement of Changes in Equity as "share-based payments reserve". The value of the options exercised during the period is transferred to "retained earnings".

2.16.6 PRESENTATION

The impact of employee benefits on results is booked under operating results in the income statement, except for the interest and discount rate impacts which are classified under financial results.

2.17 FINANCIAL LIABILITIES

All movements in financial liabilities are accounted for at trade date.

Borrowings are initially recognised as proceeds received, net of transaction costs. Subsequently they are carried at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on issue. Any differences between cost and redemption value are recognised in the income statement upon redemption.

2.18 TRADE AND OTHER PAYABLES

Trade payables are measured at amortised cost, i.e. at the net present value of the payable amount. Unless the impact of discounting is material, the nominal value is taken.

The negative fair value of derivative financial instruments is included under this heading.

2.19 INCOME TAXES

Taxes on profit or loss of the year include current and deferred tax. Such taxes are calculated in accordance with the tax regulations in effect in each country the company operates in.

Current tax is the expected tax payable on the taxable income of the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable (or receivable) in respect of previous years.

The tax payable is determined based on tax laws and regulations that apply in each of the numerous jurisdiction in which the Group operates. The income tax positions taken are considered by the Group to be supportable and are intended to withstand challenge from tax authorities. However it is accepted that some of the position can be uncertain and include interpretation of complex tax laws. Furthermore, some subsidiaries within the Group can be involved in tax audits usually in relation to prior years that can take time to conclude. The Group assesses its tax position individually and on a regular basis and if the tax payable differs from the amounts initially estimated then the difference is charged or credited in the accounts for the year in which it is determined.

Deferred taxes are calculated using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. These taxes are measured using the rate prevailing at the end of the reporting period or future applicable tax rates formally announced by the government in the country the Company operates in.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset and presented net only if they relate to income taxes levied by the same taxation authority on the same taxable entity.

2.20 REVENUES RECOGNITION

2.20.1 GOODS SOLD AND SERVICES RENDERED

Revenues from the sale of goods in transformation activities is recognised when significant risks and rewards of ownership have been transferred to the buyer, and no significant uncertainties remain regarding recovery of the consideration due, associated costs or the possible return of the goods.

Revenues from refining activities and services rendered is recognised by reference to the stage of completion of the transaction when this can be measured reliably.

2.20.2 GOVERNMENT GRANTS

A government grant is accounted for in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the company will comply with the conditions attached to it. Grants are recognised in the income statement over the period necessary to match them with the costs they are intended to compensate.

2.21 FINANCIAL INSTRUMENTS

The company uses derivative financial and commodity instruments primarily to reduce the exposure to adverse fluctuations in foreign exchange rates, commodity prices, interest rates and other market risks. The company uses mainly spot and forward contracts to cover the metal and currency risk, and swaps to hedge the interest rate risk. The operations carried out on the futures markets are not of a speculative nature.

2.21.1 TRANSACTIONAL RISKS – FAIR VALUE HEDGING

Derivative financial and commodity instruments are used for the protection of the fair value of underlying hedged items (assets, liabilities and firm commitments) and are recognised initially at fair value at trade date.

All derivative financial and commodity instruments are subsequently measured at fair value at the end of the reporting period via the "Mark-to-Market" mechanism. All gains and losses are immediately recognised in the income statement – as an operating result, if commodity instruments, and as a financial result in all other cases.

The hedged items (physical commitments and commercial inventory, primarily) are valued at fair value when hedge accounting can be documented according to the criteria set out in IAS 39.

In the absence of obtaining fair value hedge accounting at inception as defined under IAS 39, the hedged items are kept at cost and are submitted to the valuation rules applicable to similar non-hedged items, i.e. the recognition at the lower of cost or market (IAS 2) for inventories, or the recognition of provisions for onerous contracts (IAS 37) for physical commitments (see also Chapter 2.22 – IAS 39 impact).

When there is a consistent practice of trading of metals through the use of commodity contracts by a dedicated subsidiary or a cash-generating unit (CGU) of the Group and by which the entity takes delivery of the underlying commodity to sell it within a short period after delivery for the purpose of generating a profit from short-term fluctuations in price or trading margins, the inventory is valued at fair value through the income statement and the related physical and/or commodity commitments are classified as derivatives and measured at fair value through the income statement.

2.21.2 STRUCTURAL RISKS – CASH FLOW HEDGING

Derivative financial and commodity instruments used for the protection of future cash flows are designated as hedges under cash flow hedge accounting. The effective portion of changes in the fair value of hedging instruments which qualify as cash flow hedges are recognised in the shareholders' equity as hedging reserves until the underlying forecasted or committed transactions occur (i.e. affect the income statement). At that time the recognised gains and losses on the hedging instruments are transferred from equity to the income statement.

When the underlying hedged transactions are no longer probable or the hedges become ineffective, the corresponding hedging instrument will immediately be terminated and all profits or losses including those which were deferred in equity, are immediately recognised in the income statement.

In the absence of obtaining cash-flow hedge accounting at inception as defined under IAS 39, then the fair value of the related hedging instruments is recognised in the income statement instead of the equity and this prior to the occurrence of the underlying forecasted or committed transactions (see also Chapter 2.22 – IAS 39 impact).

2.21.3 EMBEDDED DERIVATIVES

Executory contracts (the "host contract") may sometimes contain embedded derivatives. Embedded derivatives cause some or all of the cash flows that would otherwise be expected from the host contract, to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, or other variable. If it is concluded that such a derivative is not closely related to the host contract, it is separated from the host contract and accounted for under the rules of IAS 39 (fair value through profit or loss). The host contract is accounted for using the rules applicable to executory contracts, which effectively means that such a contract is not recognised in the balance sheet or profit and loss before delivery on the contract takes place (see also Chapter 2.22 – IAS 39 impact).

2.22 NON-RECURRING RESULTS AND IAS 39 EFFECT

Non-recurring results relate primarily 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.

IAS 39 effect relates to non-cash timing differences in revenues recognition due to the non-application of or non-possibility of obtaining IAS 39 hedge accounting at inception to:

a) Transactional hedges, which implies that hedged items can no longer be measured at fair value and must be submitted to the valuation rules applicable to similar non-hedged items, i.e. the recognition at the lower of cost or market (IAS 2) for inventories, or the recognition of provisions for onerous contracts (IAS 37) for physical commitments.

b) Structural hedges, which implies that the fair value of the related hedging instruments are recognised in the income statement instead of equity and this prior to the occurrence of the underlying forecasted or committed transactions.

c) Derivatives embedded in executory contracts, which implies that fair value on the embedded derivatives are recognised in the income statement as opposed to the executory component where no fair value measurement is allowed.

F3 FINANCIAL RISK MANAGEMENT

Each of the Group's activities is exposed to a variety of risks, including changes in metal prices, foreign currency exchange rates, certain market-defined commercial conditions, and interest rates as well as credit and liquidity risks. The Group's overall risk management programme seeks to minimise the adverse effects on the financial performance of the Group by hedging most of these risks through the use of financial and insurance instruments.

3.1 CURRENCY RISK

Umicore's currency risk can be split into three distinct categories: structural, transactional and translational risks.

3.1.1 STRUCTURAL RISK

A portion of Umicore's revenues are structurally denominated in US dollar (USD), while many of our related operations are located outside the USD zone (particularly in Europe and Asia). Any change in the US dollar exchange rate against the Euro or other currencies which are not pegged to the US dollar will have an impact on our results.

A large portion of such structural currency exposure derives from US dollar denominated metal prices linked to the recycling and refining operations.

Another significant portion of this exposure stems from non-metal related revenues denominated in US dollar such as refining charges or product premia.

Next to the sensitivity US dollar vs Euro there is also a structural and increasing sensitivity to certain other currency couples such as the US dollar (USD) and euro (EUR) vs the Brazilian real (BRL), the Korean won (KRW), the Chinese yuan (CNY) and the South African rand (ZAR).

Structural currency hedging

Umicore's hedging policy allows for hedging forward its structural currency exposure, either in conjunction with the hedging of structural metal price exposure or in isolation, typically when a currency exchange rate or a metal price denominated in Euro is above its historical average and at a level where attractive margins can be secured.

At the end of 2017, Umicore had structural currency hedging in place relating to its non-metal related currency sensitivity for a.o. the following pairs of currencies: EUR/USD, USD/KRW, EUR/ZAR, USD/ZAR, USD/CAD, EUR/CNY and USD/CNY.

3.1.2 TRANSACTIONAL RISK

The company is also subject to transactional risks in respect of currencies, i.e. the risk of currency exchange rates fluctuating between the time the price is fixed with a customer or supplier and the time the transaction is settled. The Group's policy is to hedge the transactional risk to the maximum extent possible, primarily through forward contracts.

3.1.3 TRANSLATIONAL RISK

Umicore is an international company and has foreign operations which do not have the Euro as their functional currency. When the results and the balance sheets of these operations are consolidated into Umicore's Group accounts the translated amount is exposed to variations in the value of such local currencies against the Euro, predominantly the US dollar, the BRL, the KRW, the CNY and the ZAR. While Umicore does not systematically hedge its translational currency exposures, it may enter into ad hoc translational hedges.

3.2 METAL PRICE RISK

Umicore's metal price risk can be split into three distinct categories: structural, transactional and inventory risks.

3.2.1 STRUCTURAL RISK

Umicore is exposed to structural metal related price risks. Those risks relate mainly to the impact that metal prices have on surplus metals recovered from materials supplied for treatment or any other revenues component that fluctuates with the metal price. Umicore's policy allows to hedge such metal price exposure, typically if forward metal prices expressed in the functional currency of the concerned businesses are above their historical average and at a level where attractive margins can be secured. The extent to which metal price risk can be hedged depends on the availability of hedging instruments and sufficient associated market liquidity.

The Recycling segment recycles platinum, palladium, rhodium, gold and silver and a wide range of other base and specialty metals. In this segment the short-term sensitivity of revenues and operating profits to metals prices is material. However, given the variability of the raw-material feed over time and the variable duration of the supply contracts negotiated, it is not suitable to provide a fixed sensitivity to any particular metal. In general terms, higher metals prices tend to be earnings enhancing for the Recycling business. Umicore also has a metal price sensitivity in its other business segments (Catalysis, Energy & Surface Technologies) linked primarily to the revenues components that are metal price related and depending the metals used in these segments. Also in these cases a higher metal price tends to carry short-term benefits for the profitability of each business. However, other commercial conditions which are largely independent of the metals price, such as product premiums, are also significant and independent drivers of revenues and profitability.

Structural metal price hedging

For some metals quoted on futures markets Umicore hedges part of its forward metal exposure. This hedging is based on documentation demonstrating a high probability of future metal price based cash flows originating from commercial contracts. Umicore hedged part of its forward metal exposure. At the end of 2017, the outstanding hedge contracts relate to some precious metals (i.e. gold, silver and palladium) and some base metals (i.e. nickel, copper and lead).

3.2.2 TRANSACTIONAL RISK

The Group faces transactional price risks on metals. The majority of its metal-based transactions use global metal market references, like the London Metal Exchange. If the underlying metal price were to be constant, the price Umicore pays for the metal contained in the raw materials purchased would be passed through to the customer as part of the price charged for the product. However, because of the lapse of time between the conversion of purchased raw materials into products and the sale of products, the volatility in the reference metal price creates differences between the price paid for the contained metal and the price received. Accordingly, there is a transactional exposure to any fluctuations in price between the moment raw materials are purchased (i.e., when the metal is “priced in”) and the moment the products are sold (i.e. when the metal is “priced out”).

The Group’s policy is to hedge the transactional risk to the maximum extent possible, primarily through forward contracts.

3.2.3 METAL INVENTORY RISK

The group faces metal price risks on its permanently tied up metal inventories. This risk is related to the market metal price moving below the carrying value of these inventories. Umicore tends not to hedge against this risk.

3.3 INTEREST RATE RISK

The Group’s exposure to changes in interest rates relates to the Group’s financial debt obligations. At the end of December 2017, the Group’s gross financial debt stood at € 1,008 million, of which € 710 million at fixed rate. The 5-year interest rate swap entered into in 2013 for an amount of € 150 million will expire in January 2018.

3.4 CREDIT RISK

Credit risk and concentration of credit risk

Credit risk is the risk of non-payment by any counterparty in relation to sales of goods or metal lease operations. In order to manage its credit exposure, Umicore has determined a credit policy with credit limit requests, approval procedures, continuous monitoring of the credit exposure and dunning procedure in case of delays.

The credit risk resulting from sales is, to a certain extent, covered by credit insurance, letters of credit or similar secure payment means. Umicore entered into two credit insurance agreements with different insurers. One global credit insurance contract has been put in place on a world-wide basis. This contract protects the insured activities against insolvency, political and commercial risks with an individual deductible per invoice of 5% and foresees in a indemnification cap set at regional or country levels. A second policy covers a more selective group of trade receivables and foresees in an annual deductible of € 5 million and a maximum indemnity of € 70 million per annum.

Umicore has determined that in a certain number of cases where the cost of credit insurance is disproportionate in relation to the risk to be insured, no such global credit insurance coverage will be sought. For those businesses, characterised by a significant level of customer concentration or by a specific and close relationship with the customers, specific insurance contracts may be set up for a certain period.

It should be noted that some sizeable transactions, such as the sales of precious metals by Recycling, have a limited credit risk as payment before delivery is a widely accepted practice.

Regarding its risk exposure to financial institutions like banks and brokers, Umicore is also establishing internal credit lines. Specific limits are set, per financial instrument, covering the various risks to which it is exposed when transacting with such counterparties.

3.5 LIQUIDITY RISK

Liquidity risk is addressed by maintaining a sufficient degree of diversification of funding sources. These include committed and uncommitted short-term bilateral bank facilities, two medium-term syndicated bank facilities, two long-term private placements and a commercial paper programme (the latter with a maximum amount of € 600 million).

3.6 TAX RISK

The tax charge included in the financial statements is the Group’s best estimate of its tax liability but, until such time as audits by tax authorities are concluded, there is a degree of uncertainty regarding the final tax liability for the period. The Group’s policy is to submit tax returns within the statutory time limits and engage tax authorities to ensure that the Group’s tax affairs are as current as possible and that any differences in the interpretation of tax legislation and regulation are resolved as quickly as possible. Given the scale and the international nature of the Group’s business, VAT, sales tax and intra-Group transfer pricing are an inherent tax risk as it is for other international businesses. Changes in tax laws or in their application with respect to matters such as transfer pricing, VAT, foreign dividends, R&D tax credits and tax deductions, could increase the Group’s effective tax rate and adversely affect its net results. Based on these tax risks described, management performed a detailed assessment for uncertain tax positions which resulted in provisions recorded for these uncertainties.

3.7 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may for example adjust the amount of dividends paid to shareholders, return capital to shareholders, buy back its own shares or issue new shares.

The group monitors its capital structure primarily on the basis of the gearing ratio and the net financial debt over recurring EBITDA ratio. The gearing ratio is calculated as net financial debt divided by the sum of net financial debt and total Group equity. Net financial debt is calculated as non-current financial debt plus current financial debt less cash and cash equivalents. The figures for the presented periods are detailed under the note F24 on Financial Debt.

In an ordinary course of business operating environment, the group aims for a capital structure equivalent to investment-grade credit rating status. The group could consider to temporarily exceed the equivalent level of indebtedness in the case of an extraordinary event, such as for example a major acquisition.

3.8 STRATEGIC AND OPERATIONAL RISKS

Umicore faces certain strategic and operational risks that are not necessarily financial in nature but which have the potential to impact the financial performance of the Group. These include technology risk, supply risk and the risk of product substitution by customers. Please refer to the Risk Management pages (36-43) for a description of these risks and an outline of Umicore's general approach to risk management.

Umicore does not expect a material direct financial impact from the Brexit.

F4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in developing and applying the consolidated entity's financial statements are continually evaluated and are based on historical experience and other factors, including the expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Assumptions and estimates are applied when:

- Assessing the need for and measurement of impairment losses,
- Accounting for pension obligations,
- Recognising and measuring provisions for tax, environmental, warranty and litigation risks, product returns, and restructuring,
- Determining inventory write-downs,
- Assessing the extent to which deferred tax assets will be realised,
- Useful lives of Property, Plant and Equipment and Intangible assets excluding goodwill.

The critical estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

4.1 IMPAIRMENT OF GOODWILL

The recoverable amount of each cash-generating unit is determined as the higher of the asset's fair value less costs to sell and its value in use in accordance with the accounting policy. These calculations, impairment testing, require the use of estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance. Internal estimates of future business performance are based on an analysis of a combination of factors including: market growth projections, market share estimates, competitive landscape, pricing and cost evolution. Such analysis combines both internally-generated estimates and data from external sources. As at 31 December 2017, the carrying amount of the goodwill for the consolidated entity was € 142.7 million (€ 132.6 million in 2016).

4.2 REHABILITATION OBLIGATIONS

Provision is made for the anticipated costs of future rehabilitation of industrial sites and surrounding areas to the extent that a legal or constructive obligation exists in accordance with accounting policy 2.15. These provisions include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues. These future cost estimates are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, available technologies and engineering cost estimates. A change in any of the assumptions used may have a material impact on the carrying value of rehabilitation provisions. As at 31 December 2017, the carrying amount of rehabilitation provisions was € 66.1 million (€ 58.9 million in 2016).

4.3 DEFINED BENEFIT OBLIGATIONS

An asset or liability in respect of defined benefit plan is recognised on the balance sheet in accordance with accounting policy 2.16. The present value of a defined benefit obligation is dependent upon a number of factors that are determined on an actuarial basis. The consolidated entity determines the appropriate discount rate to be used at the end of each year. The consolidated entity's employee benefit obligations are discussed in more detail in Note F27. At 31 December 2017, a liability with respect to employee benefit obligations of € 342.8 million was recognised (€ 337.9 million in 2016).

4.4 RECOVERY OF DEFERRED TAX ASSETS

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and fair value reserves entries only if it is probable that future taxable profits (based on Group operational plans) are available to use those temporary differences and losses. The actual tax results in future periods may differ from the estimate made at the time the deferred taxes are recognised.

Other assumptions and estimates are disclosed in the respective notes relevant to the item where the assumptions or estimates were used for measurement.

F5 GROUP COMPANIES

Below is a list of the main operating companies included in the consolidated financial statements.

		% INTEREST IN 2016	% INTEREST IN 2017
For continuing operations			
Argentina	Umicore Argentina S.A.	100.00	100.00
Australia	Umicore Marketing Services Australia Pty Ltd.	100.00	100.00
	Umicore Australia Ltd.	100.00	100.00
Austria	Oegussa GmbH	91.29	91.29
Belgium	Todini (BE 0834.075.185)	100.00	100.00
	Umicore Financial Services (BE 0428.179.081)	100.00	100.00
	Umicore Marketing Services Belgium (BE 0402.964.625)	100.00	100.00
	Umicore Specialty Materials Brugge (BE 0405.150.984)	100.00	100.00
	Umicore Long Term Finance (BE 0404.867.211)	100.00	100.00
Brazil	Coimpa Industrial Ltda	100.00	100.00
	Umicore Brasil Ltda	100.00	100.00
	Clarex	100.00	100.00
	Umicore Shokubai Brasil Industrial Ltda	60.00	60.00
Canada	Umicore Canada Inc.	100.00	100.00
	Umicore Autocat Canada Corp.	100.00	100.00
	Umicore Precious Metals Canada Inc.	100.00	100.00
China	Umicore Marketing Services (Shanghai) Co., Ltd.	100.00	100.00
	Umicore Marketing Services (Hong Kong) Ltd.	100.00	100.00
	Umicore Autocat (China) Co. Ltd.	100.00	100.00
	Umicore Technical Materials (Suzhou) Co., Ltd.	100.00	100.00
	Jiangmen Umicore Changxin New Materials Co., Ltd.	70.00	70.00
	Umicore Jubo Thin Film Products (Beijing) Co., Ltd.	100.00	100.00
	Umicore Shokubai (China) Co Ltd	60.00	60.00
France	Umicore France S.A.S.	100.00	100.00
	Umicore IR Glass S.A.S.	100.00	100.00
	Umicore Autocat France S.A.S.	100.00	100.00
	Umicore Specialty Powders France	0.00	100.00
Germany	Umicore AG & Co. KG (*)	100.00	100.00
	Umicore Metalle & Oberflächen GmbH	100.00	100.00
	Allgemeine Gold- und Silberscheideanstalt AG	91.21	91.21
	Umicore Galvanotechnik GmbH	91.21	91.21
	Umicore Technical Materials AG & Co. KG (*)	0.00	100.00
	Todini GmbH	100.00	100.00
	Umicore Shokubai Germany GmbH	60.00	60.00
Italy	Italbras S.p.A.	100.00	100.00
	Todini and Co. S.P.A.	100.00	100.00
India	Umicore Autocat India Pvt LTD	100.00	100.00
	Umicore India Private Limited	100.00	100.00
Japan	Umicore Japan KK	100.00	100.00
	Umicore Shokubai Japan Co Ltd	60.00	60.00

		% INTEREST IN 2016	% INTEREST IN 2017
Korea	Umicore Korea Ltd.	100.00	100.00
	Umicore Marketing Services Korea Co., Ltd.	100.00	100.00
	Umicore Materials Korea Ltd	100.00	100.00
	Ordeg Co.,Ltd.	50.00	100.00
Liechtenstein	Umicore Thin Film Products AG	100.00	100.00
Luxembourg	Umicore International	100.00	100.00
	Umicore Autocat Luxembourg	100.00	100.00
Netherlands	Schöne Edelmetaal BV	91.21	91.21
Philippines	Umicore Specialty Chemicals Subic Inc.	78.20	78.20
Portugal	Umicore Marketing Services Lusitana Metais Lda	100.00	100.00
South Africa	Umicore Marketing Services Africa (Pty) Ltd.	100.00	100.00
	Umicore Catalyst South Africa (Pty) Ltd.	65.00	65.00
Spain	Todini Quimica Ibérica, S.L.	100.00	100.00
Sweden	Umicore Autocat Sweden AB	100.00	100.00
Switzerland	Allgemeine Suisse SA	91.21	91.21
Taiwan	Umicore Thin Fim Products Taiwan Co Ltd	100.00	100.00
Thailand	Umicore Precious Metals Thailand Ltd.	91.21	91.21
	Umicore Autocat (Thailand) Co., Ltd.	100.00	100.00
United Kingdom	Umicore Coating Services Ltd.	100.00	100.00
	Umicore Marketing Services UK Ltd	100.00	100.00
USA	Umicore USA Inc.	100.00	100.00
	Umicore Autocat USA Inc.	100.00	100.00
	Umicore Precious Metals NJ LLC	100.00	100.00
	Umicore Precious Metal Chemistry USA LLC	100.00	100.00
	Umicore Precious Metals USA Inc.	100.00	100.00
	Umicore Optical Materials USA Inc.	100.00	100.00
	Umicore Shokubai USA Inc	60.00	60.00
	Palm Commodities International	100.00	100.00
	Umicore Technical Materials North America Inc.	100.00	100.00
	Umicore Thin Film Products USA Inc.	100.00	100.00
	Umicore Specialty Materials Recycling, LLC.	100.00	100.00

(*) As a result of the integration of Umicore AG & Co. KG and Umicore Technical Materials AG & Co KG into the consolidated accounts of Umicore and the disclosure of the annual accounts according to § 325 HGB (German Commercial Code), Umicore AG & Co. KG and Umicore Technical Materials AG & Co KG are exempted from setting up, auditing and disclosing consolidated financial statements and financial management reports according to Article 264 b of the HGB (German Commercial Code).

F6 FOREIGN CURRENCY MEASUREMENT

For the main currencies applicable within the Group's consolidated entities and investments, the prevailing rates used for translation into the Group's presentation currency (Euro), are as set out below. All subsidiaries, associates and joint-ventures have as functional currency the currency of the country in which they operate, except for Element Six Abrasives (Ireland) where the functional currency is the US dollar.

		CLOSING RATES		AVERAGE RATES	
		2016	2017	2016	2017
US dollar	USD	1.054	1.199	1.107	1.130
British pound	GBP	0.856	0.887	0.819	0.877
Canadian dollar	CAD	1.419	1.504	1.466	1.465
Swiss franc	CHF	1.074	1.170	1.090	1.112
Japanese yen	JPY	123.400	135.010	120.197	126.711
Brazilian real	BRL	3.435	3.967	3.863	3.606
South African rand	ZAR	14.457	14.805	16.264	15.049
Chinese yuan	CNY	7.320	7.804	7.352	7.629
Thai baht	THB	37.726	39.121	39.043	38.296
Korean won (100)	KRW	12.694	12.796	12.842	12.767

F7 SEGMENT INFORMATION

BUSINESS GROUP INFORMATION 2016

Thousands of Euros	NOTE	CATALYSIS	ENERGY & SURFACE TECHNOLOGIES	RECYCLING	CORPORATE & UNALLOCATED	ELIMINATIONS	TOTAL CONTINUED	DISCONTINUED OPERATIONS	TOTAL
Total segment turnover		**2,779,124**	**1,468,979**	**6,886,386**	**31,750**	**(722,698)**	**10,443,541**	**652,638**	**11,096,179**
External turnover		2,770,120	1,414,685	6,226,986	31,750	–	10,443,541	652,638	**11,096,179**
Inter-segment turnover		9,004	54,294	659,400	–	(722,698)	–	–	**–**
Total segment revenues (excluding metals)		**1,163,395**	**610,193**	**641,230**	**–**	**(5,450)**	**2,409,368**	**258,133**	**2,667,501**
External revenues		1,162,284	609,912	637,172	–	–	2,409,368	258,133	**2,667,501**
Inter-segment revenues		1,111	281	4,058	–	(5,450)	–	–	**–**
Operating result	**F9**	**116,453**	**73,238**	**115,482**	**(56,208)**	**–**	**248,965**	**(35,448)**	**213,517**
Recurring operating result		143,321	80,692	124,888	(46,145)	–	302,757	29,675	**332,432**
Non-recurring operating result		(26,665)	(914)	(10,458)	(9,989)	–	(48,025)	(61,400)	**(109,425)**
IAS 39 effect		(204)	(6,540)	1,051	(75)	–	(5,766)	(3,723)	**(9,490)**
Equity method companies	**F9**	**9,098**	**1,003**	**–**	**6,685**	**–**	**16,786**	**1,254**	**18,040**
Recurring		9,153	1,003	–	7,230	–	17,386	929	**18,315**
Non-recurring		664	–	–	(1,781)	–	(1,117)	325	**(792)**
IAS 39 effect		(718)	–	–	1,235	–	517	–	**517**
EBIT	**F9**	125,551	74,241	115,482	(49,523)	–	265,751	(34,194)	**231,557**
Recurring EBIT		152,474	81,695	124,888	(38,914)	–	320,143	30,604	**350,747**
Non-recurring EBIT		(26,001)	(914)	(10,458)	(11,769)	–	(49,142)	(61,075)	**(110,217)**
IAS 39 effect on EBIT		(922)	(6,540)	1,051	1,161	–	(5,249)	(3,723)	**(8,973)**
Depreciation and amortisation	**F9**	**50,953**	**49,937**	**62,358**	**12,693**	**–**	**175,942**	**82**	**176,024**
Recurring		50,953	49,937	62,358	12,693	–	175,942	82	**176,024**
EBITDA	**F9**	**176,504**	**124,178**	**177,840**	**(36,829)**	**–**	**441,693**	**(34,112)**	**407,581**
Recurring EBITDA		203,427	131,632	187,246	(26,221)	–	496,084	30,687	**526,771**
Consolidated total assets		**1,479,625**	**1,359,785**	**1,084,014**	**536,482**	**(567,640)**	**3,892,267**	**253,484**	**4,145,751**
Segment assets		1,405,138	1,332,872	1,084,014	443,365	(567,640)	3,697,749	237,503	**3,935,252**
Investments in associates		74,487	26,913	–	93,117	–	194,518	15,981	**210,499**
Consolidated total liabilities		**568,805**	**579,162**	**592,253**	**980,225**	**(567,640)**	**2,152,805**	**144,908**	**2,297,711**
Capital Employed at 31/12 of previous year	F31	968,200	633,382	465,879	147,715	–	2,215,176	199,325	**2,414,501**
Capital Employed at 30/06	F31	895,612	697,913	466,916	173,899	–	2,234,340	157,023	**2,391,362**
Capital Employed at 31/12	F31	911,191	752,037	498,139	136,968	–	2,298,336	99,074	**2,397,409**
Average Capital Employed in first half year	F31	931,906	665,648	466,398	160,807	–	2,224,758	178,174	**2,402,931**
Average Capital Employed in second half year	F31	903,401	724,975	482,527	155,434	–	2,266,338	128,048	**2,394,386**
Average Capital Employed in the year	**F31**	**917,653**	**695,311**	**474,463**	**158,120**	**–**	**2,245,548**	**153,111**	**2,398,659**
ROCE	F31	16.62%	11.75%	26.32%	(24.61%)	0.00%	14.26%	19.99%	**14.62%**
Capital expenditure	**F34**	**46,528**	**144,319**	**72,271**	**9,714**	**–**	**272,833**	**14,505**	**287,338**
Total R&D expenditure	**F9**	**101,958**	**20,183**	**23,023**	**7,626**	**–**	**152,790**	**3,070**	**155,859**
R&D recognised in operating expenses	F9	88,584	18,329	23,023	7,626	–	137,561	3,070	**140,631**
R&D capitalised as intangible assets	F34	13,374	1,854	–	–	–	15,228	–	**15,228**

BUSINESS GROUP INFORMATION 2017

Thousands of Euros	NOTE	CATALYSIS	ENERGY & SURFACE TECHNOLOGIES	RECYCLING	CORPORATE & UNALLOCATED	ELIMINATIONS	TOTAL CONTINUED	DISCONTINUED OPERATIONS	TOTAL
Total segment turnover		**3,090,560**	**2,392,360**	**7,326,724**	**43,910**	**(906,290)**	**11,947,264**	**330,356**	**12,277,620**
External turnover		3,068,320	2,333,680	6,501,354	43,910	–	11,947,264	330,356	**12,277,620**
Inter-segment turnover		22,240	58,680	825,370	–	(906,290)	–	–	**–**
Total segment revenues (excluding metals)		**1,253,100**	**893,603**	**650,300**	**–**	**(6,420)**	**2,790,583**	**125,100**	**2,915,683**
External revenues		1,251,820	893,250	645,510	–	–	2,790,580	125,100	**2,915,680**
Inter-segment revenues		1,280	350	4,790	–	(6,420)	–	–	**–**
Operating result	**F9**	**160,346**	**99,231**	**121,298**	**(68,784)**	**–**	**312,091**	**783**	**312,874**
Recurring operating result		165,132	130,217	127,899	(54,151)	–	369,098	11,537	**380,634**
Non-recurring operating result		10	(14,804)	(2,718)	(14,927)	–	(32,440)	(13,042)	**(45,482)**
IAS 39 effect		(4,796)	(16,182)	(3,883)	294	–	(24,567)	2,289	**(22,278)**
Equity method companies	**F9**	**893**	**10,481**	**–**	**18,181**	**–**	**29,555**	**859**	**30,413**
Recurring		383	10,481	–	17,896	–	28,761	859	**29,619**
Non-recurring		(376)	–	–	(392)	–	(768)	–	**(768)**
IAS 39 effect		885	–	–	676	–	1,562	–	**1,562**
EBIT	**F9**	**161,239**	**109,713**	**121,298**	**(50,604)**	**–**	**341,646**	**1,642**	**343,287**
Recurring EBIT		165,515	140,699	127,899	(36,255)	–	397,858	12,395	**410,254**
Non-recurring EBIT		(366)	(14,804)	(2,718)	(15,319)	–	(33,208)	(13,042)	**(46,250)**
IAS 39 effect on EBIT		(3,911)	(16,182)	(3,883)	970	–	(23,005)	2,289	**(20,717)**
Depreciation and amortisation	**F9**	**58,884**	**57,617**	**61,835**	**12,157**	**–**	**190,494**	**31**	**190,524**
Recurring		58,884	57,042	60,955	12,157	–	189,038	31	**189,069**
EBITDA	**F9**	**220,122**	**167,330**	**183,134**	**(38,447)**	**–**	**532,139**	**1,672**	**533,811**
Recurring EBITDA		224,399	197,741	188,855	(24,098)	–	586,897	12,426	**599,323**
Consolidated total assets		**1,878,919**	**2,661,962**	**1,074,621**	**603,519**	**(1,103,360)**	**5,115,661**	**–**	**5,115,661**
Segment assets		1,878,919	2,626,474	1,074,621	485,999	(1,103,360)	4,962,653	–	**4,962,653**
Investments in associates		0	35,488	–	117,520	–	153,008	–	**153,008**
Consolidated total liabilities		**772,775**	**1,442,307**	**618,204**	**1,523,095**	**(1,103,360)**	**3,253,021**	**–**	**3,253,021**
Capital Employed at 31/12 of previous year	F31	911,191	752,037	498,139	136,968	–	2,298,336	99,074	**2,397,409**
Capital Employed at 30/06	F31	998,299	976,951	503,565	148,061	–	2,626,877	92,497	**2,719,374**
Capital Employed at 31/12	F31	1,149,585	1,205,844	474,522	173,593	–	3,003,545	–	**3,003,545**
Average Capital Employed in first half year	F31	954,745	864,494	500,852	142,515	–	2,462,606	95,786	**2,558,392**
Average Capital Employed in second half year	F31	1,073,942	1,091,397	489,044	160,827	–	2,815,211	46,249	**2,861,459**
Average Capital Employed in the year	**F31**	**1,014,344**	**977,946**	**494,948**	**151,671**	**–**	**2,638,908**	**71,017**	**2,709,926**
ROCE	F31	16.32%	14.39%	25.84%	(23.90%)	0.00%	15.08%	17.45%	**15.14%**
Capital expenditure	**F34**	**45,038**	**225,529**	**79,526**	**11,852**	**–**	**361,944**	**3,305**	**365,250**
Total R&D expenditure	**F9**	**119,824**	**30,351**	**18,618**	**4,766**	**–**	**173,558**	**1,599**	**175,157**
R&D recognised in operating expenses	F9	107,764	27,485	18,618	4,766	–	158,632	1,599	**160,232**
R&D capitalised as intangible assets	F34	12,060	2,865	–	–	–	14,926	–	**14,926**

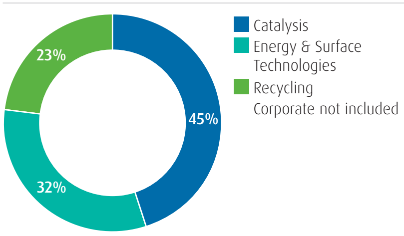
GEOGRAPHICAL INFORMATION 2016

Thousands of Euros	NOTE	EUROPE	OF WHICH BELGIUM	ASIA-PACIFIC	NORTH AMERICA	SOUTH AMERICA	AFRICA	TOTAL
Total segment turnover		6,758,722	121,963	1,898,223	1,326,192	289,144	171,259	**10,443,541**
Total non-current assets		924,063	473,540	439,236	152,323	41,361	8,801	**1,581,765**
Capital expenditure	F34	179,497	146,974	65,081	18,448	7,467	2,340	**272,834**

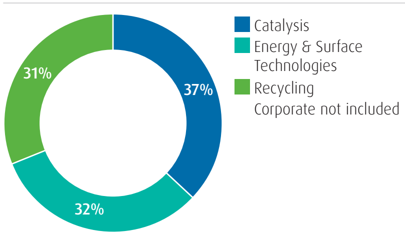
GEOGRAPHICAL INFORMATION 2017

Thousands of Euros	NOTE	EUROPE	OF WHICH BELGIUM	ASIA-PACIFIC	NORTH AMERICA	SOUTH AMERICA	AFRICA	TOTAL
Total segment turnover		6,926,079	130,937	3,093,227	1,437,303	346,073	144,581	**11,947,264**
Total non-current assets		1,014,335	499,561	591,072	133,497	49,114	8,325	**1,796,344**
Capital expenditure	F34	142,691	111,839	198,951	13,673	4,597	2,032	**361,944**

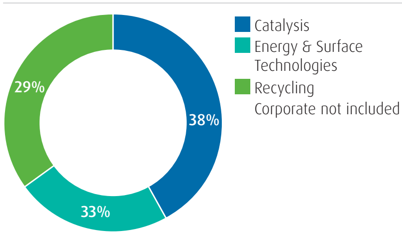
REVENUES (EXCLUDING METAL) PER BUSINESS GROUP



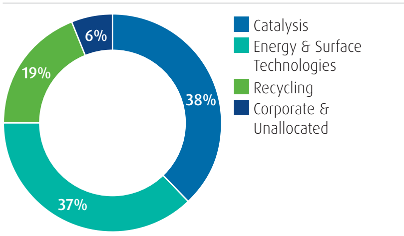
RECURRING EBITDA PER BUSINESS GROUP



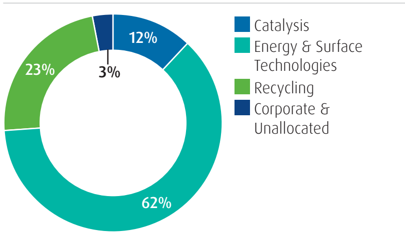
RECURRING EBIT PER BUSINESS GROUP



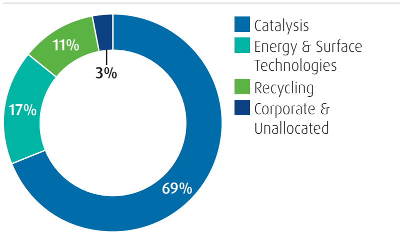
CAPITAL EMPLOYED, AVERAGE PER BUSINESS GROUP



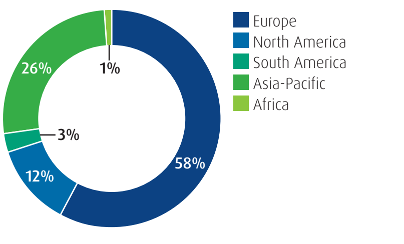
CAPITAL EXPENDITURE PER BUSINESS GROUP



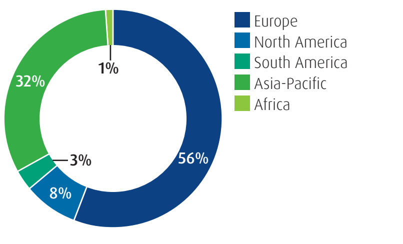
R&D EXPENDITURE PER BUSINESS GROUP



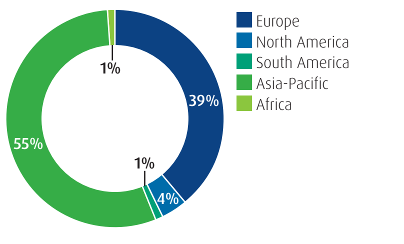
TURNOVER BY REGION



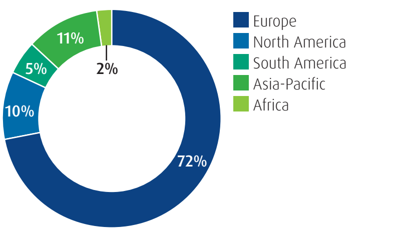
NON-CURRENT ASSETS BY REGION



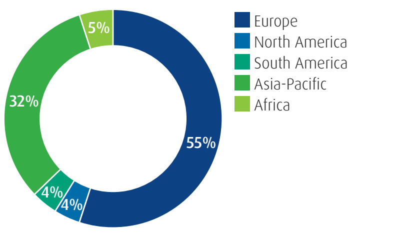
CAPITAL EXPENDITURE BY REGION



EMPLOYEE COMPENSATION & BENEFITS BY REGION



INCOME TAXES BY REGION



Segment information is presented in respect of the Group's business segments as defined below.

The segment results, assets and liabilities include items directly attributable to the segment as well as those elements that can reasonably be allocated to a segment.

The pricing of inter-segment sales is based on an arm's length transfer pricing system. In the absence of relevant market price references, "cost plus" mechanisms are used. Segment turnover and revenue is taking into account intragroup operations. Those are mainly related to recycling services and sales of refined metal from the recycling segment to the other group segments and are important to assess the performance of the segments concerned.

Since these transactions cannot be considered as external operations, they are eliminated at the group level, to present a net view.

The Group's business segments have no single external customer that amounts to 10% or more of the Group's revenue.

BUSINESS GROUPS

The Group is organised into the following reporting segments:

CATALYSIS

The segment comprises the Automotive Catalysts and Precious Metals Chemistry business units. Catalysis provides automotive catalysts for gasoline and diesel light and heavy duty diesel applications, including on-road and non-on-road vehicles. The business group also offers stationary catalysis for industrial emissions control and produces precious metals-based compounds and catalysts for use in the pharmaceutical and fine chemicals industries.

ENERGY & SURFACE TECHNOLOGIES

The segment comprises the Cobalt & Specialty Materials, Electro-Optic Materials, Electroplating, Rechargeable Battery Materials and Thin Film Products business units. Energy & Surface Technologies' products are found in applications used in the production and storage of clean energy and in a range of applications for surface technologies that bring specific properties and functionalities to end products. All the activities offer a closed loop service for the customers. This segment includes the associates Ganzhou Yi Hao Umicore Industries and Jiangmen Chancsun Umicore Industry.

RECYCLING

The segment consists of the business units Precious Metals Refining, Jewellery & Industrial Metals, Precious Metals Management, Technical Materials and Platinum Engineered Materials. Recycling treats complex waste streams containing precious and other specialty metals. The recycling operations can recover 20 of these metals from a wide range of input materials ranging from industrial residues to end-of-life materials. Other activities include production of precious metals-based materials that are essential for applications as diverse as high-tech glass production, electrics and electronics.

CORPORATE

Corporate covers corporate activities, shared operational functions and the Group's Research, Development & Innovation unit. Umicore's share in Element Six Abrasives is also included in Corporate. Umicore's share in Ieqsa which was until June 2017 presented under discontinued operations has been transferred to Corporate as from 1 July.

The Building Products and Zinc Chemicals business units are reported as discontinued until their effective divestment. Zinc Chemicals has been effectively sold at the end of October 2016 and Building Products at the end of September 2017. Hence, the discontinued operations for 2016 still include 10 months of contribution from Zinc Chemicals as well as the capital gain realised on the sale and for 2017, the discontinued operations still include nine months of contribution from Building Products as well as the capital loss realised on the sale.

In the geographical segment information, the figures presented as non-current assets exclude the amounts for long-term investments, non-current loans granted, non-current receivables, deferred tax assets and assets for employee benefits as required by IFRS 8.
Performance of the segments is reviewed by the chief operating decision maker based on the recurring EBIT/operating result.
As illustrated in the table above, the difference between the recurring operating result and the operating result as presented in the Income Statement consists of the non-recurring operating result and the IAS 39 effect for which definitions are given in the glossary.

Associate companies are allocated to the business group with the closest fit from a market segment perspective.

F8 BUSINESS COMBINATIONS AND ACQUISITIONS OF ASSOCIATES AND JOINT VENTURES

Thousands of Euros	NOTE	FAIR VALUE 2017
Intangible assets		35,907
Property, plant & equipment		89,196
Other non-current assets		11,736
Non-current assets		**136,839**
Inventories		130,586
Accounts receivables		114,292
Income tax receivables		1,437
Cash and cash equivalent		8,594
Current assets		**254,909**
Translation differences		**(9,022)**
Provisions for employee benefits		2,460
Non-current trade & other payables		1,341
Deferred tax liabilities		(852)
Environmental provisions		2,471
Provisions for other liabilities and charges		13,468
Non-current liabilities		**18,891**
Current financial debt		43,172
Income tax payables		1,367
Trade and other payables		54,589
Current environmental provisions		392
Current liabilities		**99,519**
Net assets acquired		**282,360**
Goodwill	F15	14,535
Badwill		(10,900)
Loss on equity investment		1,132
Book value of equity investment		(67,023)
Group share purchase price in cash		**(220,103)**
Net cash & cash equivalent acquired		**8,594**
Net cash out for acquistion of subsidiaries		**(211,509)**

In March 2017, Umicore announced and completed the acquisition of the combined 50% shareholdings of Samkwang Glass Ind. Co., Ltd. and OCI Company Ltd. in the Korean automotive catalyst joint venture, Ordeg Co. Ltd. Umicore – which previously held 50% of the equity – now has full ownership of Ordeg which enables the company to better address the global needs of its automotive catalyst customers. Ordeg is fully consolidated as from 1 April 2017 and is part of the segment Catalysis. The net asset value of Ordeg in the opening balance sheet was € 137.6 million, the purchase price for the additional 50% was € 82.4 million and the fair value loss on the existing 50% shares amounts to € 1.1 million after consideration of a control premium. Taking those elements into consideration, a goodwill of € 10.7 million has been recognised. The aggregated total result of the period of the new acquisition since its 100% inclusion in the consolidated financial statements of the group corresponds to a gain of € 5.5 million.

At the end of March 2017, Umicore acquired 100% of Eurotungstene, a company within the Eramet Group specialised in developing, manufacturing and marketing metal powders used in diamond tools and hard metal applications. The acquisition of Eurotungstene, which is integrated into the Cobalt & Specialty Materials business unit will allow Umicore to broaden its product portfolio to better serve the needs of its customers. Eurotungstene is fully consolidated as from 1 April 2017 and is part of the segment Energy & Surface Technologies. The net asset value of Eurotungstene in the opening balance sheet was € 15.6 million and the purchase price was € 4.7 million. Taking those elements into consideration, a badwill of € 10.9 million has been recognised in other operating income. The aggregated total result of the period of Eurotungstene since its inclusion in the consolidated financial statement of the group corresponds to a gain of € 10.7 million, including the badwill.

In June 2017, Umicore announced that it had reached an agreement to acquire the heavy duty diesel and stationary catalyst businesses of Haldor Topsoe. Haldor Topsoe is a leading producer of high performance catalysts for a wide range of industries. Its automotive catalysts are used in emission systems for on-road and non-road heavy duty diesel applications and ensure compliance with the most stringent emission norms, including Euro VI. Its stationary business offers catalytic solutions to treat NOx emissions from industrial sources such as gasfired power plants as well as marine applications. The businesses employ some 280 people, serving customers from production plants in Frederikssund (Denmark), Houston (Texas), Tianjin (China) and Joinville (Brazil) and from R&D facilities in Lyngby (Denmark). The closing of the transaction was completed at the end of November 2017 and a preliminary opening balance sheet has been prepared as of 1 December but may still be subject to adjustments on a number of restatements over the coming 11 months. Haldor Topsoe entities are part of the segment Catalysis and are now fully consolidated as from 1 December. The total purchase price was € 133.0 million and the net assets acquired € 129.2 million resulting in a goodwill of € 3.8 million. No result has been considered for the December closing, taking into account the materiality as the closing was made at year end.

F9 RESULT FROM OPERATING ACTIVITIES

Thousands of Euros	2016	2017
Sales	10,340,446	11,822,362
Services	103,095	124,902
Turnover (1)	**10,443,541**	**11,947,264**
Other operating income (2)	**59,813**	**71,965**
OPERATING INCOME OF CONTINUING OPERATIONS	**10,503,354**	**12,019,229**
Raw materials and consumables used (3)	**(9,040,437)**	**(10,324,429)**
Payroll and related benefits	**(636,071)**	**(700,706)**
Depreciation of fixed assets	(175,944)	(190,494)
Impairment loss on fixed assets	(21,111)	(3,417)
Inventory and bad debt provisions	4,777	(9,792)
Depreciation and impairment results (4)	**(192,278)**	**(203,703)**
Services and outsourced refining and production costs	(343,433)	(404,818)
Royalties, licence fees, consulting and commissions	(28,321)	(36,330)
Other operating expenses	2,421	(3,354)
Increase and decrease in provisions	(38,914)	(41,544)
Use of provisions	29,311	19,992
Capital losses on disposal of assets	(728)	(3,961)
Other operating expenses (5)	**(379,664)**	**(470,015)**
OPERATING EXPENSES OF CONTINUING OPERATIONS	**(10,248,450)**	**(11,698,854)**
Operating income of discontinued operations	661,311	334,291
Operating expenses of discontinued operations	(697,994)	(319,358)

1) Services mainly include the revenues from tolling contracts.
2) Other operating income for continuing operations mainly include re-invoicing of costs to third parties (€ 27.7 million), badwill recognised on new business combination (€ 10.9 million), operating grants (€ 8.5 million), royalties and licence fees (€ 9.7 million), income linked to emission rights (€ 2.1 million), insurance recovery (€ 1.6 million).
3) Raw materials and consumables used include water, gas and electricity for € 83.3 million in 2017 (€ 84.3 million in 2016) for continuing operations.
4) Impairments of fixed assets have been taken and transferred in non-recurring result. Those are mainly related to adjustments to the production configuration in a number of units.
5) Taxes other than income taxes included in other operating expenses amount to € 19.7 million (€ 9.9 million in 2016) for continuing operations.

R&D EXPENDITURE

Thousands of Euros	NOTE	2016	2017
R&D recognised in Other operating expenses		137,561	158,632
R&D capitalised as intangible assets	F14	15,228	14,926
Total R&D expenditure for continuing operations		**152,790**	**173,558**
Total R&D expenditure for discontinued operations		3,070	1,599

Total R&D expenditure for continuing operations was € 173.6 million in the fully consolidated companies (€ 175.2 million including the discontinued operations). The part of the R&D expenditures that is directly recognised in the other operating expenses amounts to € 158.6 million for the continuing operations (€ 160.2 million including discontinued operations).

NON-RECURRING ELEMENTS AND IAS 39 EFFECTS INCLUDED IN THE RESULT, INCLUDING DISCONTINUED OPERATIONS

		2016				2017			
Thousands of Euros	NOTE	TOTAL	RECURRING	NON-RECURRING	IAS 39 EFFECT	TOTAL	RECURRING	NON-RECURRING	IAS 39 EFFECT
Turnover		**11,096,179**	11,096,179	–	–	**12,277,619**	12,277,312	307	–
Other operating income		**68,485**	67,087	2,522	(1,124)	**75,900**	60,262	16,655	(1,017)
Operating income		**11,164,664**	**11,163,265**	**2,522**	**(1,124)**	**12,353,519**	**12,337,574**	**16,962**	**(1,017)**
Raw materials and consumables used		**(9,492,911)**	(9,475,883)	(108)	(16,920)	**(10,550,782)**	(10,543,983)	(8,735)	1,936
Payroll and related benefits		**(741,105)**	(741,064)	(41)	–	**(754,832)**	(751,169)	(3,663)	–
Depreciation and impairment results		**(183,181)**	(185,105)	(2,836)	4,759	**(203,651)**	(195,624)	(6,294)	(1,733)
of which depreciation and amortisation		**(176,024)**	(176,024)	–	–	**(190,524)**	(189,069)	(1,455)	–
Other operating expenses		**(529,247)**	(428,849)	(104,197)	3,799	**(508,946)**	(467,419)	(20,063)	(21,464)
Operating expenses		**(10,946,445)**	**(10,830,901)**	**(107,182)**	**(8,362)**	**(12,018,211)**	**(11,958,195)**	**(38,755)**	**(21,261)**
Income from other financial investments		**(4,698)**	68	(4,766)	–	**(22,435)**	1,254	(23,689)	–
Result from operating activities		**213,521**	**332,433**	**(109,425)**	**(9,487)**	**312,873**	**380,634**	**(45,482)**	**(22,278)**
Net contribution from equity method companies		**18,040**	18,315	(792)	517	**30,413**	29,619	(768)	1,562
EBIT		**231,557**	**350,747**	**(110,217)**	**(8,973)**	**343,287**	**410,254**	**(46,250)**	**(20,717)**
EBITDA		**407,581**	**526,771**	**(110,217)**	**(8,973)**	**533,811**	**599,323**	**(44,795)**	**(20,717)**
Finance cost	F11	**(20,700)**	(31,868)	–	11,169	**(38,344)**	(41,865)	–	3,519
Income taxes	F13	**(69,501)**	(75,279)	5,654	123	**(78,690)**	(87,185)	4,525	3,971
Net result		**141,360**	**243,601**	**(104,563)**	**2,323**	**226,253**	**281,202**	**(41,725)**	**(13,227)**
of which minority shares		**10,636**	10,746	(155)	46	**14,308**	14,431	119	(243)
of which group shares		**130,724**	232,855	(104,408)	2,277	**211,943**	266,771	(41,844)	(12,984)

Non-recurring items had a negative impact of € 46.3 million on EBIT. Restructuring charges accounted for € 20 million and were primarily related to the sale of Thin Film Products large area coatings activity and the closure of its production site in Providence as well as the discontinuation of production activities at Schöne Edelmetaal in the business unit Jewellery & Industrial Metals. Other items consisted of a € 13 million capital loss on the sale of Building Products (taking into account that no depreciation charges on its assets were recognised as from the second half of 2015 in accordance with IFRS 5), an impairment of Umicore's shareholding in Nyrstar of € 7 million and environmental provision charges of € 7 million. The impact of non-recurring charges on the net result (Group share) amounted to € 41.7 million. IAS 39 accounting rules had a negative effect of € 20.7 million on EBIT and a negative impact of € 13.2 million on net result (Group share). The impact concerns timing differences imposed by IFRS that relate primarily to transactional and structural metal and currency hedges. All IAS 39 impacts are non-cash in nature.

F10 PAYROLL AND RELATED BENEFITS

Thousands of Euros	2016	2017
Wages, salaries and direct social advantages	(476,813)	(515,680)
Other charges for personnel	(25,727)	(30,801)
Temporary staff	(10,059)	(13,132)
Share-based payments	(3,548)	(6,129)
Employee salaries	**(516,147)**	**(565,742)**
Employer's social security	**(95,338)**	**(99,131)**
Defined benefit contributions	(11,204)	(12,042)
Contribution to defined contribution plan	(15,307)	(18,699)
Employer's voluntary contributions (other)	(3,194)	(2,553)
Pensions paid directly to beneficiaries	(3,503)	(4,342)
Provisions for employee benefits (-increase/+ use and reversals)	8,622	1,803
Pensions and other benefits	**(24,586)**	**(35,833)**
PAYROLL AND RELATED BENEFITS OF CONTINUING OPERATIONS	**(636,071)**	**(700,706)**
Payroll and related benefits of discontinued operations	(105,034)	(54,126)

AVERAGE HEADCOUNT IN CONSOLIDATED COMPANIES

	2016	2017
Executives and managerial staff	1,899	1,819
Non-managers	8,276	8,026
Total including discontinued operations	**10,175**	**9,845**
of which discontinued operations	901	–
Total for continuing operations	**9,274**	**9,845**

SHARE-BASED PAYMENTS

Thousands of Euros	NOTE	2016	2017
Number of stock options granted	F28	**1,217,750**	**1,170,000**
Valuation model		Present Economic Value	
Assumed volatility (% pa)		25.00	25.00
Risk-free interest rate (% pa)		(0.002)	(0.004)
Dividend increase (% pa)		0.10	0.10
Rate of pre-vesting forfeiture (% pa)		NA	NA
Rate of post-vesting leaving (% pa)		10.00	10.00
Minimum gain threshold (% pa)		30.00	30.00
Proportion who exercise given minimum gain achieved (% pa)		100.00	100.00
Fair value per granted instrument determined at the grant date (€)		2.34	3.87
Total fair value of options granted		**2,843**	**4,529**
47,400 shares granted at 25.50 €		–	1,209
7,400 shares granted at 25.74 €		–	190
10,312 shares granted at 31.27 €		–	322
6,800 shares granted at 24.73 €		–	168
7,400 shares granted at 17.21 €		127	–
59,250 shares granted at 16.63 €		985	–
10,368 shares granted at 22.43 €		233	–
Total fair value of shares granted		**1,345**	**1,890**
Reversal provision previous year		(368)	–
SHARE-BASED PAYMENTS		**3,821**	**6,418**
Share-based payments to discontinued operations		(273)	(289)
Total Share-based payments continuing operations		**3,548**	**6,129**

The Group recognised a share-based payment expense of € 6.1 million during the year for continuing operations.

The part of this expense related to stock options is calculated by an external actuary using the Present Economic Value model which takes into account all features of the stock option plans and the volatility of the underlying stock. This volatility has been determined using the historical volatility of the Group shareholders' return over different averaging periods and different terms. No other market condition has been included on the basis of calculation of fair market value.

The free share part of the expense is valued at the market price of the shares at the grant date. In 2017, shares have been granted to top management resulting in an extra charge of € 1.6 million for continuing operations.

The cash discounts that the authorities give back to Umicore Belgium on the social security contributions, relating to incentives regarding a.o. shift premiums, overtime and R&D are disclosed under the item "Employer's social security".

F11 FINANCE COST – NET

Thousands of Euros	2016	2017
Interest income	3,581	4,057
Interest expenses	(9,937)	(23,540)
Discounting of non-current provisions	(5,964)	(9,585)
Foreign exchange gains and losses	(2,535)	(6,864)
Other financial income	1,248	298
Other financial expenses	(4,062)	(1,687)
Total of continuing operations	**(17,668)**	**(37,323)**
Total of discontinued operations	(3,031)	(1,023)

The net interest charge in 2017 totalled € 19.5 million, in line with the increase of the indebtedness.

The discounting of non-current provisions relates mainly to employee benefits provisions and to provisions for other liabilities and charges. This amount is influenced by the present value of these liabilities, which in turn is influenced by changes in the discount rate, by the cash-out profile and by the recognition of new non-current liabilities. Most of the discounting results in 2017 were booked in Belgium, Germany and Brazil.

Foreign exchange results include realised exchange results and the unrealised translation adjustments on monetary items using the closing rate of the period.

They also include fair value gains and losses on other currency financial instruments (see note F33). Other financial expenses include payment discounts, bank expenses and other financial fees incurred.

F12 INCOME FROM OTHER FINANCIAL INVESTMENTS

Thousands of Euros	2016	2017
Capital gains and losses on disposal of financial investments	(4,204)	(1,301)
Dividend income	45	1,380
Interest income from financial assets	10	(3)
Impairment results on financial investments	(1,788)	(8,361)
Total for continuing operations	**(5,937)**	**(8,286)**
Total for discontinued operations	1,240	(14,149)

The impairment result on financial investments mainly relates to impairments on the Nyrstar shares and on the capital loss realised on the previously 50% held in Ordeg.

The capital losses realised on disposal of financial investments are linked to the sale of Umicore Vital Thin Film Technologies in China.

F13 INCOME TAXES

Thousands of Euros	2016	2017
INCOME TAX EXPENSE		
RECOGNISED IN THE INCOME STATEMENT		
Current income tax	(71,046)	(76,714)
Deferred income tax	14,626	1,535
Total tax expense for continuing operations	**(56,420)**	**(75,178)**
Total tax expense for discontinued operations	**(13,081)**	**(3,512)**
RELATIONSHIP BETWEEN TAX EXPENSE (INCOME) AND ACCOUNTING PROFIT		
Result from operating activities	248,966	312,090
Financial result	(17,668)	(37,323)
Profit (loss) before income tax of consolidated companies for continuing operations	**231,298**	**274,767**
Weighted average theoretical tax rate (%)	(30.38)	(27.47)
Income tax calculated at the weighted average theoretical tax rate for continuing operations	**(70,264)**	**(75,470)**
Tax effect of:		
Expenses not deductible for tax purposes	(8,941)	(7,277)
Tax-exempted revenues	1,918	7,711
Dividends from consolidates companies & Associates	(5,679)	(3,071)
Gains & Losses taxed at a reduced rate	20	4
Tax incentives deductible from the taxable base	7,943	10,210
Tax computed on other basis	(1,076)	(2,846)
Utilisation of previously unrecognised tax losses	15,812	9,009
Write-down (or reverse of previous write-down) of DTA	(1,404)	(533)
Change in applicable tax rate	1,776	(14,360)
Tax holidays	2,310	4,654
Other tax credits (excluding R&D tax credits)	278	62
Non-recoverable foreign withholding taxes	(4,008)	(4,807)
Previous years adjustments	399	2,617
Other	4,496	(1,082)
Tax expense at the effective tax rate for the year	**(56,420)**	**(75,179)**

The weighted average theoretical tax rate evolved from 30.38% in 2016 to 27.47% in 2017, for the continuing operations.

Excluding the impact of non-recurring items and the IAS 39 effect, the recurring effective tax rate for 2017 was 25.8% for the continuing operations (25.7% including the discontinued operations). This increase compared to the 23.3% in 2016 (25.0% including the discontinued operations) reflects amongst others the changes in the geographical earnings mix.

F14 INTANGIBLE ASSETS OTHER THAN GOODWILL

Thousands of Euros	DEVELOPMENT EXPENSES CAPITALISED	CONCESSIONS, PATENTS, LICENCES, ETC.	SOFTWARE	CO_2 EMISSION RIGHTS	OTHER INTANGIBLE ASSETS	TOTAL
At the beginning of previous year						
Gross value	88,705	18,395	129,538	9,702	35,090	**281,429**
Accumulated amortisation	(48,073)	(11,600)	(91,819)	(21)	(9,986)	**(161,499)**
Net book value at the beginning of previous year	**40,632**	**6,795**	**37,720**	**9,680**	**25,104**	**119,930**
Additions	15,228	59,867	1,418	–	4,251	**80,764**
Disposals	–	–	(88)	(702)	–	**(790)**
Amortisation charged (included in “Depreciation and impairments”)	(12,330)	(5,343)	(9,311)	–	(3,596)	**(30,580)**
Impairment losses recognised (included in “Depreciation and impairments”)	(1,430)	–	(706)	–	–	**(2,136)**
Emission rights allowances	–	–	–	(100)	–	**(100)**
Translation differences	373	(229)	357	0	149	**650**
Other movements	2,149	2,087	5,143	–	(4,369)	**5,010**
At the end of previous year	**44,621**	**63,177**	**34,534**	**8,879**	**21,539**	**172,749**
Gross value	106,741	80,073	134,489	8,879	31,505	**361,685**
Accumulated amortisation	(62,120)	(16,896)	(99,955)	–	(9,967)	**(188,938)**
Net book value at the end of previous year	**44,621**	**63,177**	**34,534**	**8,879**	**21,538**	**172,748**
Acquisition through business combinations	–	35,513	394	–	–	**35,907**
Additions	14,926	4,578	1,069	231	4,817	**25,621**
Disposals	–	–	(247)	(1,695)	(266)	**(2,207)**
Amortisation charged (included in “Depreciation and impairments”)	(11,811)	(10,955)	(9,513)	–	(3,701)	**(35,981)**
Impairment losses recognised (included in “Depreciation and impairments”)	(1,644)	–	(522)	–	–	**(2,166)**
Emission rights allowances	–	–	–	(33)	–	**(33)**
Translation differences	(959)	(320)	(652)	(0)	(822)	**(2,755)**
Other movements	(2,246)	(7,275)	4,688	–	(180)	**(5,013)**
At the end of the year	**42,886**	**84,718**	**29,751**	**7,382**	**21,386**	**186,122**
Gross value	117,039	113,120	136,625	7,382	34,466	**408,632**
Accumulated amortisation	(74,152)	(28,402)	(106,874)	–	(13,081)	**(222,509)**
Net book value for continuing operations	**42,887**	**84,718**	**29,751**	**7,382**	**21,385**	**186,122**

“Additions” are mainly explained by capitalised expenses in new information systems and internally generated developments. € 16.2 million are linked to own productions, of which € 14.1 million are development expenses.

The acquisitions through business combination are related mainly to the acquisition of Haldor Topsoe.

The line “other movements” mainly includes the sale of Umicore Vital Thin Film Technologies (China) and the transfer between intangible assets in progress (included under “other intangible assets”) and the other categories of intangible assets.

There are no pledges on, or restrictions to, the title on intangible assets, other than disclosed in note F35.

F15 GOODWILL

Thousands of Euros	31/12/2016	31/12/2017
At the end of the previous year		
Gross value	144,935	150,820
Accumulated impairment losses	(13,075)	(18,228)
Net book value at the end of previous year	**131,860**	**132,592**
Acquisition through business combinations	-	14,535
Translation differences	732	(4,442)
At the end of the year	**132,592**	**142,685**
Gross value	150,820	158,536
Accumulated impairment losses	(18,228)	(15,851)
Net book value for continuing operations	**132,592**	**142,685**
Net book value for discontinued operations	676	-

This table includes goodwill related to fully consolidated companies only. Goodwill relating to companies accounted for by the equity method is detailed in note F17.

The change of the period relates to the acquisitions of remaining 50% of Ordeg and Haldor Topsoe entities (see note F8) and to exchange differences.

The goodwill has been allocated to the primary segments as follows:

Thousands of Euros	CATALYSIS	ENERGY & SURFACE TECHNOLOGIES	RECYCLING	DISCONTINUED OPERATIONS	TOTAL
31/12/2016	37,202	77,050	18,340	676	**133,268**
31/12/2017	51,658	72,745	18,282	-	**142,685**

Management tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note F2. The recoverable amounts of cash-generating units to which goodwill is allocated have been determined based on value-in-use calculations by means of discounted cash flow modelling on the basis of the Group's operational plans which typically look forward five years. On macroeconomic indicators such as currency and metal prices, the testing uses typically prevailing market conditions. The rates used are typically the ones observed on international exchanges in the last quarter of the year.

The 2017 modelling used an average tax rate of 28.5% (in 2016, average tax rates of 27.5% to 28.5% were used) and a weighted average cost of capital post-tax of 8.5% (same as in 2016). Terminal values were determined on the basis of a perpetual growth rate of on average 2% (same as in 2016). Inflation rates were based on guidance coming from national and international institutes like the NBB or ECB.

F16 PROPERTY, PLANT AND EQUIPMENT

Thousands of Euros	LAND AND BUILDINGS	PLANT, MACHINERY AND EQUIPMENT	FURNITURE AND VEHICLES	OTHER TANGIBLE ASSETS	CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENTS	TOTAL
At the beginning of previous year						
Gross value	740,014	1,529,768	192,541	16,481	157,079	**2,635,882**
Accumulated depreciation	(394,724)	(1,065,576)	(138,531)	(14,459)	–	**(1,613,291)**
Net book value at the beginning of previous year	**345,290**	**464,192**	**54,009**	**2,021**	**157,079**	**1,022,591**
Additions	16,192	33,766	9,126	361	147,572	**207,017**
Disposals	(54)	(1,005)	(424)	(1)	(2,653)	**(4,137)**
Depreciations (included in "Depreciation and impairments")	(29,133)	(98,874)	(16,789)	(203)	–	**(144,999)**
Net impairment losses recognised (included in "Depreciation and impairments")	(5,196)	(11,867)	(1,657)	(4)	–	**(18,724)**
Translation differences	3,636	6,279	1,107	(14)	611	**11,618**
Other movements	25,598	106,610	9,947	(108)	(145,009)	**(2,962)**
At the end of previous year	**356,333**	**499,100**	**55,320**	**2,052**	**157,600**	**1,070,404**
Gross value	780,351	1,660,666	202,829	15,727	157,599	**2,817,172**
Accumulated depreciation	(424,018)	(1,161,566)	(147,510)	(13,676)	–	**(1,746,770)**
Net book value at the end of previous year	**356,333**	**499,100**	**55,319**	**2,052**	**157,599**	**1,070,403**
Acquisition through business combinations	57,981	29,214	711	64	1,226	**89,196**
Additions	5,747	25,715	9,234	650	309,710	**351,056**
Disposals	(2,182)	(4,881)	(677)	(3)	(201)	**(7,944)**
Depreciations (included in "Depreciation and impairments")	(29,892)	(108,446)	(15,880)	(161)	–	**(154,379)**
Net impairment losses recognised (included in "Depreciation and impairments")	(26)	(1,427)	(327)	–	–	**(1,779)**
Translation differences	(9,715)	(14,941)	(1,538)	(119)	(4,477)	**(30,790)**
Other movements	29,002	111,585	9,521	(1,475)	(162,984)	**(14,351)**
At the end of the financial year	**407,247**	**535,919**	**56,363**	**1,007**	**300,874**	**1,301,411**
Of which leasing	3,421	28	2	–	–	**3,451**
Gross value	859,433	1,817,170	212,731	15,305	300,874	**3,205,515**
Accumulated depreciation	(452,186)	(1,281,251)	(156,368)	(14,298)	–	**(1,904,103)**
Net book value for continuing operations	**407,247**	**535,919**	**56,363**	**1,007**	**300,874**	**1,301,411**
Gross value	4,056	101	30	–	–	**4,187**
Accumulated amortisation	(635)	(73)	(27)	–	–	**(736)**
Net book value for continuing operations	**3,421**	**28**	**2**	**–**	**–**	**3,451**

The non-maintenance related additions to property, plant and equipment primarily relate to Umicore's growth in clean mobility and recycling. The Energy & Surface Technologies business group accounted for over 60% of the capital expenditures, reflecting in particular the ongoing investment programmes to increase production capacity in cathode materials.

The acquisitions through business combination are related to the acquisitions of Ordeg, Eurotungstene and Haldor Topsoe entities.

The line "other movements" mainly includes the sale of Umicore Vital Thin Film Technologies (China) and the transfer between tangible assets in progress and the other categories.

There are no pledges on, or restrictions to, the title on property, plant and equipment, other than disclosed in note F35.

F17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The investments in companies accounted for using the equity method are composed mainly by the following associates and joint ventures:

	COUNTRY	MEASUREMENT CURRENCY	PERCENTAGE 2016	PERCENTAGE 2017
For continuing operations				
ASSOCIATES				
IEQSA(1)	Peru	PEN	40.00	40.00
Ganzhou Yi Hao Umicore Industries	China	CNY	40.00	40.00
Element Six Abrasives	United Kingdom	USD	40.22	40.22
Jiangmen Chancsun Umicore Industry Co.,LTD	China	CNY	40.00	40.00
JOINT VENTURES				
Ordeg(2)	Korea	KRW	50.00	100.00

(1) As from 1 July 2017, Ieqsa is again reported in the Corporate segment in continuing operations. IEQSA was reported in discontinued operations in 2016.
(2) In March 2017, Umicore announced and completed the acquisition of the combined 50% shareholdings of Samkwang Glass Ind. Co., Ltd. and OCI Company Ltd. in the Korean automotive catalyst joint venture, Ordeg Co. Ltd. Umicore – which previously held 50% of the equity – now has full ownership of Ordeg since 1 April.

In 2016, the stake in Rezinal (in discontinued operations) was sold in August 2016 to our partner in the joint-venture.

Within this note, only the figures of the continuing operations are shown.

The elements recognised in Other Comprehensive Income for investments accounted for using the equity method are mainly related to employee benefits reserves and translation reserves.

Investments in associates are accounted for in accordance with the equity method and represent approximately 3% of Umicore's consolidated balance sheet total. Umicore has no individual material investments in associates. Considering the objectives of the IFRS 12 disclosure requirements, the most significant associate is Element Six Abrasives, in which Umicore holds 40.22%. Element Six Abrasives is a synthetic diamond supermaterials group, part of De Beers Group, its majority shareholder. The group operates worldwide with primary manufacturing facilities in China, Ireland, Germany, the UK, the US and South Africa. Element Six Abrasives is a profitable group, generating positive cash flow and a stable recurring dividend income for Umicore. The group's functional currency is US dollar. Umicore is represented in the Board of Directors and the audit committee of Element Six Abrasives, which enables to sufficiently protect its interest in this associate. Besides its equity share in this company, Umicore has no other commitments, guarantees or obligations arising from its involvement in this associate. Non-recurring results and material contingencies, if any, in respect of the financial statements of Element Six Abrasives, are separately disclosed under the relevant captions of Umicore's consolidated financial statements.

Thousands of Euros	NET BOOK VALUE	GOODWILL	TOTAL
At the end of previous year	**153,526**	**41,806**	**195,332**
Change in scope	(77,634)	–	**(77,634)**
Profit for the year	29,555	–	**29,555**
Dividends	(12,331)	–	**(12,331)**
Change in other reserves	1,323	–	**1,323**
Translation differences	640	(713)	**(74)**
Other movements	12,116	4,722	**16,838**
At the end of the year for continuing operations	107,194	45,814	**153,008**

Umicore's share in the aggregated balance sheet and profit and loss items of the associates and joint ventures would have been as follows:

Thousands of Euros	31/12/2016	31/12/2017
Assets	305,420	239,481
Liabilities	135,092	113,883
Turnover	328,082	325,655
Net result	16,786	29,555

In the above table, they are no more assets and liabilities related to joint-ventures in 2017 as Umicore has now 100% in Ordeg.

F18 AVAILABLE-FOR-SALE FINANCIAL ASSETS AND LOANS GRANTED

Thousands of Euros	AVAILABLE-FOR-SALE FINANCIAL ASSETS	LOANS GRANTED
NON-CURRENT FINANCIAL ASSETS		
At the beginning of previous year	**29,236**	**1,534**
Increase	8,554	80
Decrease	(9,709)	0
Impairment losses (included in "Income from other financial instruments")	(1,949)	0
Reversals of impairment losses (included in "Income from other financial instruments")	161	0
Translation differences	24	(36)
Fair value recognised in equity	111	0
Other movements	(14)	(377)
At the end of previous year	**26,414**	**1,201**
Acquisition through business combinations	3	432
Change in scope	0	340
Increase	119	9,785
Decrease	(570)	(93)
Impairment losses (included in "Income from other financial instruments")	(7,229)	0
Translation differences	(18)	(373)
Fair value recognised in equity	3,738	0
Other movements	(122)	(8)
At the end of the financial year for continuing operations	**22,331**	**11,285**
CURRENT FINANCIAL ASSETS		
At the end of the preceding financial year	**0**	**14,787**
Decrease	0	(13,000)
Translation differences	0	(37)
At the end of the financial year for continuing operations	**0**	**1,750**

The movements of the available-for-sale financial assets are mainly linked to the Nyrstar shares.

The movements in the loans granted are related to repayment of loans granted in the context of the sale of the Zinc Chemical activities and a new loan granted in the context of the sale of Umicore Vital Thin Film Technologies in China and to a convertible loan in Luxemburg.

F19 INVENTORIES

Thousands of Euros	31/12/2016	31/12/2017
ANALYSIS OF INVENTORIES		
Base product with metal hedging – gross value	1,018,679	1,401,385
Base product without metal hedging – gross value	162,865	216,769
Consumables – gross value	61,291	63,263
Write-downs	(66,976)	(70,289)
Advances paid	5,680	15,024
Contracts in progress	7,282	2,272
Total inventories for continuing operations	**1,188,822**	**1,628,423**
Total of discontinued operations	92,531	–

Inventories have increased by € 439.6 million compared with December 2016. This increase is mainly due to higher activities and higher metal prices but also to new business combinations.

Reversals of impairments of permanently tied-up metal inventories had an impact of € 1.2 million for continuing operations.

The expense recognised in Raw Materials and Consumables in the income statement amounts to € 406.2 million, before the IAS 39 adjustment and for the continuing operations.

Based on metal prices and currency exchange rates prevailing at the closing date, the value of metal inventory would have been € 1,050 million higher than the book value. However, these inventories cannot be realised as they are tied up in manufacturing and commercial operations.

There are no pledges on, or restrictions to, the title on inventories.

F20 TRADE AND OTHER RECEIVABLES

Thousands of Euros	NOTE	31/12/2016	31/12/2017
NON-CURRENT			
Cash guarantees and deposits		9,532	12,068
Other receivables maturing > 1 year		1,158	1,048
Assets employee benefits		424	1,029
Total for continuing operations		**11,114**	**14,145**
Total of discontinued operations		6,188	–
CURRENT			
Trade receivables (at cost)		706,656	1,075,389
Trade receivables (write-down)		(9,279)	(7,509)
Other receivables (at cost)		78,778	145,519
Other receivables (write-down)		(6,893)	(4,513)
Interest receivable		244	273
Fair value receivable financial instruments held for cash flow hedging	F33	21,347	46,628
Fair value receivable other financial instruments	F33	15,959	11,169
Deferred charges and accrued income		37,458	68,705
Total for continuing operations		**844,271**	**1,335,660**
Total of discontinued operations		23,931	–

Current trade receivables have increased by € 491.4 million. The increase is mainly due to higher business volumes through the year, higher metal prices but also to new business combinations as per note F8.

Thousands of Euros	TOTAL	NOTE DUE	OVERDUE BETWEEN 0-30 DAYS	30-60 DAYS	60-90 DAYS	> 90 DAYS
AGEING BALANCE ANALYSIS AT THE END OF PREVIOUS YEAR						
Trade receivables (w/o doubtful and securitised receivables) – at cost	**685,937**	554,124	96,564	23,543	4,552	7,152
Other receivables – at cost	**78,778**	77,745	(137)	304	(517)	1,382
AGEING BALANCE ANALYSIS AT THE END OF YEAR						
Trade receivables (w/o doubtful and securitised receivables) – at cost	**1,053,414**	818,341	177,391	47,036	4,680	5,967
Other receivables – at cost	**145,519**	139,350	1,785	(105)	237	4,251

CREDIT RISK – TRADE RECEIVABLES

Thousands of Euros	TRADE RECEIVABLES (WRITE-DOWN)	OTHER RECEIVABLES (WRITE-DOWN)	TOTAL
AT THE BEGINNING OF PREVIOUS YEAR	(8,570)	(5,253)	**(13,818)**
Change in scope	(724)	–	**(724)**
Impairment losses recognised in P&L	(152)	(1,633)	**(1,785)**
Reversal of impairment losses	104	1	**105**
Impairment written off against asset carrying amount	928	–	**928**
Other movements	2	(0)	**2**
Translation differences	(866)	(10)	**(876)**
At the end of previous year	**(9,279)**	**(6,894)**	**(16,169)**
AT THE BEGINNING OF THE FINANCIAL YEAR	(9,279)	(6,894)	**(16,169)**
Impairment losses recognised in P&L	(5,140)	(608)	**(5,748)**
Reversal of impairment losses	5,951	2,981	**8,932**
Impairment written off against asset carrying amount	242	–	**242**
Other movements	290	–	**286**
Translation differences	427	7	**433**
At the end of the financial year for continuing operations	**(7,509)**	**(4,514)**	**(12,023)**

In principle, Umicore uses credit insurance as a means to mitigate the credit risk related to trade receivables. Two credit policies have been concluded with two different insurers. At closing, € 566 million of the group trade receivables of the continuing operations were covered by a policy where indemnification in case of non payment amounts to 95% with an indemnification cap set at regional or country level. The other policy covered € 188 million of trade receivables with a global annual deductible of € 5 million and a maximum indemnity per year of € 70 million.

Finally some of our businesses function without credit insurance and instead internal credit limits are set based on available financial information and business knowledge. Theses limits are duly reviewed and approved by management.

F21 DEFERRED TAX ASSETS AND LIABILITIES

Thousands of Euros	31/12/2016	31/12/2017
Tax assets and liabilities		
Income tax receivables	32,517	36,036
Deferred tax assets	117,605	114,686
Income tax payable	(57,666)	(62,830)
Deferred tax liabilities	(6,924)	(3,540)
Net deferred taxes for discontinued operations	3,648	–

	ASSETS		LIABILITIES		NET	
Thousands of Euros	2016	2017	2016	2017	2016	2017
At the end of preceding financial year	**104,057**	**117,605**	**(6,235)**	**(6,924)**	**97,822**	**110,681**
Deferred tax recognised in the P&L	1,546	371	13,080	1,164	14,626	1,535
Deferred tax recognised in equity	(9,116)	(10,009)	4,585	3,173	(4,531)	(6,836)
Acquisitions through business combination	–	7,821	–	852	–	8,673
Change in scope	(162)	28	(75)	–	(237)	28
Translation adjustments	3,208	(3,147)	(152)	158	3,056	(2,989)
Transfer	18,202	1,965	(18,127)	(1,964)	75	1
Other movements	(130)	52	–	–	(130)	52
At the end of financial year for continuing operations	**117,605**	**114,686**	**(6,924)**	**(3,540)**	**110,681**	**111,146**
Total of discontinued operations	3,812	–	(164)	–	3,648	–
DEFERRED TAX IN RESPECT OF EACH TYPE OF TEMPORARY DIFFERENCE						
Intangible assets	9,241	8,857	(17,618)	(16,139)	(8,377)	(7,282)
Goodwill on fully consolidated companies	–	184	(565)	(394)	(565)	(210)
Property, plant and equipment	4,929	8,032	(22,110)	(19,386)	(17,181)	(11,354)
Long-term receivables	46	365	(33)	(129)	13	236
Inventories	29,692	36,452	(17,120)	(18,999)	12,572	17,453
Trade and other receivables	5,590	10,932	(9,107)	(15,549)	(3,517)	(4,617)
Group Shareholder's equity	290	–	(508)	(3,557)	(218)	(3,557)
Long-term Financial Debt and other payable	12,090	9,435	(736)	(1,364)	11,354	8,071
Provisions Employee Benefits	67,894	68,226	(1,444)	(1,582)	66,450	66,644
Provisions for Environment	17,873	13,299	(531)	(535)	17,342	12,764
Provisions for other liabilities and charges	4,816	3,836	(420)	(3,242)	4,396	594
Current Financial Debt	2,714	37	–	–	2,714	37
Current Provisions for Environment	1,878	3,073	–	–	1,878	3,073
Current Provisions for Other Liabilities & Charges	5,798	8,340	(8)	(8)	5,790	8,332
Trade and other payables	15,419	23,709	(2,232)	(8,769)	13,187	14,940
Total deferred tax due to temporary differences	**178,270**	**194,777**	**(72,433)**	**(89,653)**	**105,837**	**105,124**
Tax losses to carry forward	**77,156**	**53,464**	**–**	**–**	**77,156**	**53,464**
Investments deductions	2,152	1,541	–	–	2,152	1,541
Notional interest carried forward	8,549	719	–	–	8,549	719
Other	5,207	5,959	–	–	5,207	5,959
Deferred tax assets not recognised	(88,220)	(55,662)	–	–	(88,220)	(55,662)
Total tax assets/liabilities	**183,114**	**200,798**	**(72,433)**	**(89,653)**	**110,681**	**111,146**
Compensation of assets and liabilities within same entity	(65,509)	(86,112)	65,509	86,112		
Net amount	**117,605**	**114,686**	**(6,924)**	**(3,540)**	**110,681**	**111,146**

	2016	2017	2016	2017
Thousands of Euros	BASE	BASE	TAX	TAX
Amount of deductible temporary differences, unused tax losses or tax credits for which no deferred tax asset is recognised in the balance sheet				
Expiration date with no time limit	302,275	191,477	88,220	55,662

The changes of the period in temporary differences are charged to the income statement except those arising from events that were recognised directly in the other comprehensive income.

The main movements in deferred tax recognised directly in the other comprehensive income are deferred taxes generated by temporary differences included within the lines "Trade and other receivables" (negative by € 4.4 million), "Trade and other payables" (positive by € 2.4 million) and "Provisions for employee benefits" (negative by € 4.8 million).

Deferred tax assets are only recognised to the extent that their utilisation is probable, i.e. if a tax benefit is expected in future periods. The Group assesses a recoverability in a range of 5 to 10 years. The actual tax results in future periods may differ from the estimate made at the time the deferred taxes are recognised.

Unrecognised deferred tax assets of € 55.7 million mainly arise from tax losses (€ 50.2 million), deductions for investments (€ 1.8 million), and temporary differences on property plant and equipment (€ 2.0 million).

In accordance with IAS 12, a deferred tax liability on untaxed reserves of the Belgian companies, amounting potentially to € 37.5 million, has not been recognised as management anticipates that this liability will not be incurred in a foreseeable future.

F22 NET CASH AND CASH EQUIVALENTS

Thousands of Euros	31/12/2016	31/12/2017
CASH AND CASH EQUIVALENTS		
Short-term investments: bank term deposits	10,521	16,948
Short-term investments: term deposits (other)	25	41
Cash-in-hands and bank current accounts	73,914	151,126
Total cash and cash equivalents	**84,460**	**168,115**
Bank overdrafts	13,185	12,218
Net cash as in Cash Flow Statement for continuing operations	**71,275**	**155,897**
Total of discontinued operations	45,326	–

All cash and cash equivalents are fully available for the Group.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Due to the dynamic nature of the underlying businesses, the group maintains flexibility in funding by maintaining availability under committed credit lines. Excess liquidities are invested for very short periods and are spread over a limited number of banks, all enjoying a satisfactory credit rating.

F23 CURRENCY TRANSLATION DIFFERENCES AND OTHER RESERVES

The detail of the Group's share in currency translation differences and other reserves is as follows:

Thousands of Euros	AVAILABLE-FOR-SALE FINANCIAL ASSETS RESERVES	CASH FLOW HEDGE RESERVES	DEFERRED TAXES DIRECTLY RECOGNISED IN OCI	CHANGES IN POST-EMPLOYMENT BENEFITS, ARISING FROM CHANGES IN ACTUARIAL ASSUMPTIONS	SHARE-BASED PAYMENT RESERVES	CURRENCY TRANSLATION DIFFERENCES	TOTAL
Balance at the beginning of previous year	**–**	**(21,873)**	**63,330**	**(208,473)**	**28,690**	**(37,191)**	**(175,517)**
Remeasurements recognised in other comprehensive income	111	23,582	(438)	(26,246)	3,820	–	**829**
Remeasurements derecognised out of other comprehensive income	–	12,624	(4,174)	–	–	–	**8,450**
Transfer from/to retained earnings	–	–	–	–	(9,094)	–	**(9,094)**
Change in scope	–	108	(746)	3,777	(166)	1,106	**4,079**
Exchange differences	–	(214)	63	(1,051)	–	28,255	**27,054**
Balance at the end of previous year	**111**	**14,227**	**58,035**	**(231,993)**	**23,250**	**(7,830)**	**(144,199)**
Balance at the beginning of the year	**111**	**14,227**	**58,035**	**(231,993)**	**23,250**	**(7,830)**	**(144,199)**
Remeasurements recognised in other comprehensive income	3,738	22,666	(9,308)	2,369	6,418	–	**25,884**
Remeasurements derecognised out of other comprehensive income	–	(7,167)	2,749	14	–	–	**(4,404)**
Transfer from/to retained earnings	–	–	–	–	(6,402)	–	**(6,402)**
Change in scope	–	–	(3,711)	5,769	166	1,954	**4,178**
Exchange differences	–	(221)	97	3,918	–	(81,366)	**(77,572)**
Balance at the end of the year	**3,849**	**29,505**	**47,862**	**(219,923)**	**23,433**	**(87,242)**	**(202,517)**

Gains and losses recognised in the other comprehensive income (OCI) on available-for-sale financial assets relate to the fair value adjustments of the period on the Nyrstar shares (refer to note F18 on available-for-sale financial assets).

The net gains recognised in the OCI regarding cash flow hedges (€ 22.7 million) are the changes in fair value of new cash flow hedging instruments or existing ones at opening but which have not yet expired at year end. The net gains derecognised from OCI (€ 7.2 million) are the fair values of the cash flow hedging instruments existing at the opening which expired during the year. A gain of € 9.8 million was recognised in the income statement, as a result of expired cash flow hedges.

New net remeasurements as a result of changes in the actuarial assumptions on the defined post-employment benefit plans have been recognised in OCI for € 2.4 million.

The 2017 shares and stock option plans have led to a share-based payment reserve increase of € 6.4 million, including discontinued operations (refer to note F10 on employee benefits). € 6.4 million, linked to exercised options and free shares plans, have been transferred to retained earnings.

The change in currency translation differences is mainly due to the weakening of the US dollar (USD), Korean won (KRW), Brazilian real (BRL) and Chinese yuan (CNY) compared to the Euro currency.

F24 FINANCIAL DEBT

Thousands of Euros	BANK LOANS	OTHER LOANS	TOTAL
NON-CURRENT			
At the beginning of previous year	**70,013**	**1,286**	**71,296**
Increase	–	3,330	**3,330**
Decrease	(50,013)	(193)	**(50,205)**
Transfers	–	(27)	**(27)**
At the end of previous year	**20,000**	**4,396**	**24,394**
Increase	690,000	(0)	**690,000**
Decrease	0	(286)	**(285)**
Transfers	(20,000)	(4)	**(20,004)**
At the end of the financial year for continuing operations	**690,000**	**4,106**	**694,104**
CURRENT PORTION OF LONG-TERM FINANCIAL DEBTS			
At the end of the preceding financial year	**–**	**144**	**144**
Increase/decrease	20,000	3	**20,003**
At the end of the financial year for continuing operations	**20,000**	**147**	**20,147**

Thousands of Euros	SHORT-TERM BANK LOANS	BANK OVERDRAFTS	SHORT-TERM LOAN: COMMERCIAL PAPER	OTHER LOANS	TOTAL
CURRENT					
At the end of the preceding financial year	**117,205**	**13,185**	**268,607**	**1,646**	**400,643**
Increase/decrease (including CTD's)	87,799	(967)	(192,109)	(1,646)	(106,923)
At the end of the financial year for continuing operations	**205,004**	**12,218**	**76,498**	**0**	**293,720**

Net financial debt at 31 December 2017 stood at € 839.9 million, up from € 296.3 million at the start of the year, largely driven by Umicore's capital expenditures and net working capital spending as well as the acquisitions in Automotive Catalysts and Cobalt & Specialty Materials.

The bank loans mainly consist of:

- two long-term private debt placements denominated in Euros for a total of € 690.0 million (fair value € 686 million);
- a € 20.0 million bank loan maturing in December 2018. The fair value of the bank loan was € 20.0 million on 31 December 2017 based on the DCF-method;
- short-term borrowings of € 205.0 million. The maturity dates of these bank loans are very short term and are negotiated at the convenience of the treasury department at market conditions as part of its daily management of treasury operations;
- commercial papers short-term issuances for € 76.5 million;
- bank overdrafts of € 12.2 million assimilated to utilisation of overnight bank credit facilities.

On 31 December 2017, there were no outstanding advances under the € 300 million Syndicated Bank Credit Facility maturing in October 2021 and no outstanding advances under the € 215 million Syndicated Bank Credit Facility maturing in September 2018.

The aforementioned Syndicated Bank Credit Facilities and the two long-term private debt placements require the Company to comply with certain financial covenants. Umicore has not faced any breach of those covenants in 2017 or in previous years.

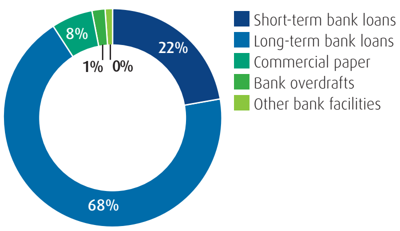
The long-term debts only include debts in Euros.

The net gearing ratio end of 2017 of 31.1% (13.8% in 2016) is well within the group's targeted capital structure limits.

Thousands of Euros	EUROS	TOTAL
Analysis of long-term debts by currencies (including current portion)		
Bank loans	710,000	**710,000**
Other loans	4,252	**4,252**
Non-current financial debts (including current portion)	**714,252**	**714,252**

Thousands of Euros	2016	2017
Non-current financial debt	24,394	694,104
Current portion of non-current financial debt	144	20,147
Current financial debt	400,643	293,720
Cash and cash equivalents	(84,460)	(168,115)
Net financial debt	**340,721**	**839,857**
Total of discontinued operations	(44,468)	–
Total net financial debt including discontinued operations	**296,252**	**839,857**

GROSS OUTSTANDING DEBT



Millions of Euros	2016	2017
Net financial debt including discontinued operations	296.3	**839.9**
Equity	1,848.0	**1,862.6**
Total	2,144.3	**2,702.5**
Gearing ratio (%)	13.8	**31.1**

F25 TRADE DEBT AND OTHER PAYABLES

Thousands of Euros	NOTE	31/12/2016	31/12/2017
NON-CURRENT			
Long-term trade payables		25,132	26,205
Other long-term debts		3,988	3,681
Investment grants and deferred income from grants		12,536	10,555
Total for continuing operations		**41,656**	**40,442**
Total of discontinued operations		182	–
CURRENT			
Trade payables		843,498	1,209,684
Advances received on contracts in progress		21,023	31,947
Tax payable (other than income tax)		26,696	27,742
Payroll and related charges		95,780	122,250
Other amounts payable		17,635	44,244
Dividends payable		11,687	11,696
Accrued interest payable		584	5,355
Fair value payable financial instrument held for cash flow hedging	F33	7,118	17,122
Fair value payable other financial instruments	F33	11,725	12,035
Accrued charges and deferred income		125,625	157,740
Total for continuing operations		**1,161,371**	**1,639,815**
Total of discontinued operations		103,478	–

Trade payables increased by € 478.4 million, mainly due to higher volumes and higher metal prices. The increase is also due to new business combinations.

The tax payables (other than income tax) mainly include VAT payables.

F26 LIQUIDITY OF THE FINANCIAL LIABILITIES

PREVIOUS FINANCIAL YEAR

	EARLIEST CONTRACTUAL MATURITY					
Thousands of Euros	< 1 MONTH	1 TO 3 MONTHS	3 MONTHS – 1 YEAR	1 TO 5 YEARS	> 5 YEARS	TOTAL
FINANCIAL DEBT	**90,491**	**63,940**	**246,356**	**21,655**	**2,740**	**425,180**
Current	**90,491**	**63,940**	**246,356**	**–**	**–**	**400,786**
Short-term bank loans	69,113	13,977	34,115	–	–	**117,205**
Bank overdrafts	3,282	–	9,903	–	–	**13,185**
Short-term loan: commercial paper	16,445	49,932	202,230	–	–	**268,607**
Other loans	1,639	6	–	–	–	**1,646**
Current portion of other long-term loans	12	24	108	–	–	**144**
Non-current	**–**	**–**	**–**	**21,655**	**2,740**	**24,394**
Bank loans	–	–	–	20,000	–	**20,000**
Other loans	–	–	–	1,655	2,740	**4,394**
TRADE AND OTHER PAYABLES	**727,819**	**319,091**	**110,201**	**9,737**	**36,181**	**1,203,029**
Current	**727,819**	**319,091**	**110,201**	**4,262**	**–**	**1,161,373**
Trade payables	571,534	246,804	25,159	–	–	**843,498**
Advances received on contracts in progress	1,462	7,069	12,491	–	–	**21,023**
Tax payable (other than income tax)	24,163	2,077	456	–	–	**26,696**
Payroll and related charges	21,704	29,675	44,401	–	–	**95,780**
Other amounts payable	9,611	1,829	6,196	–	–	**17,635**
Dividends payable	11,687	–	–	–	–	**11,687**
Accrued interest payable, third parties	(91)	672	3	–	–	**584**
Fair value payable financial instrument held for cash flow hedging	316	651	2,627	3,525	–	**7,118**
Fair value payable other financial instruments	1,529	6,157	3,303	737	–	**11,725**
Accrued charges and deferred income	85,904	24,156	15,565	–	–	**125,625**
Non-current	**–**	**–**	**–**	**5,475**	**36,181**	**41,656**
Long-term trade payables	–	–	–	–	25,132	**25,132**
Other long-term debts	–	–	–	89	3,899	**3,988**
Investment grants and deferred income from grants	–	–	–	5,386	7,151	**12,536**

FINANCIAL YEAR

Thousands of Euros	EARLIEST CONTRACTUAL MATURITY < 1 MONTH	1 TO 3 MONTHS	3 MONTHS – 1 YEAR	1 TO 5 YEARS	> 5 YEARS	TOTAL
FINANCIAL DEBT	**116,741**	**64,273**	**132,853**	**694,104**	**0**	**1,007,972**
Current	**116,741**	**64,273**	**132,853**	**–**	**–**	**313,868**
Short-term bank loans	115,545	64,249	25,210	–	–	**205,004**
Bank overdrafts	1,184	–	11,034	–	–	**12,218**
Short-term loan: commercial paper	–	–	76,498	–	–	**76,498**
Current portion of long-term bank loans	–	–	20,000	–	–	**20,000**
Current portion of other long-term loans	12	25	111	–	–	**147**
Non-current	**–**	**–**	**–**	**694,104**	**0**	**694,104**
Bank loans	–	–	–	690,000	–	**690,000**
Other loans	–	–	–	4,104	0	**4,104**
TRADE AND OTHER PAYABLES	**1,078,419**	**393,214**	**162,297**	**12,405**	**33,921**	**1,680,256**
Current	**1,078,419**	**393,214**	**162,297**	**5,884**	**–**	**1,639,814**
Trade payables	848,563	309,995	51,128	–	–	**1,209,684**
Advances received on contracts in progress	10,889	7,866	13,192	–	–	**31,947**
Tax payable (other than income tax)	20,343	6,805	593	–	–	**27,742**
Payroll and related charges	36,308	35,221	50,721	–	–	**122,250**
Other amounts payable	16,591	7,297	20,356	–	–	**44,244**
Dividends payable	11,696	–	–	–	–	**11,696**
Accrued interest payable, third parties	4,255	1,087	14	–	–	**5,355**
Fair value payable financial instrument held for cash flow hedging	641	2,353	8,244	5,884	–	**17,122**
Fair value payable other financial instruments	3,156	7,439	1,440	–	–	**12,035**
Accrued charges and deferred income	125,978	15,151	16,610	–	–	**157,740**
Non-current	**–**	**–**	**–**	**6,521**	**33,921**	**40,442**
Long-term trade payables	–	–	–	1,311	24,894	**26,205**
Other long-term debts	–	–	–	–	3,681	**3,681**
Investment grants and deferred income from grants	–	–	–	5,210	5,345	**10,555**

F27 PROVISIONS FOR EMPLOYEE BENEFITS

The Group has various legal and constructive defined benefit obligations, the vast majority of them being "final pay" plans linked to the Belgian and German operations.

Thousands of Euros	POST-EMPLOYMENT BENEFITS, PENSIONS AND SIMILAR	POST-EMPLOYMENT BENEFITS – OTHER	TERMINATION BENEFITS EARLY RETIREMENT AND SIMILAR	OTHER LONG-TERM EMPLOYEE BENEFITS	TOTAL
At the end of the previous year	**289,147**	**4,074**	**29,127**	**15,559**	**337,907**
Acquisition through business combinations	2,254	–	–	206	**2,460**
Increase (included in "Payroll and related benefits")	26,683	275	6,652	1,245	**34,855**
Reversal (included in "Payroll and related benefits")	(18)	(1)	–	(73)	**(92)**
Use (included in "Payroll and related benefits")	(27,284)	(82)	(8,877)	(592)	**(36,835)**
Interest and discount rate impacts (included in "Finance cost – Net")	5,429	19	152	251	**5,852**
Translation differences	(333)	(77)	(63)	(13)	**(486)**
Transfers	823	3	(816)	351	**363**
Recognised in other comprehensive income	(840)	(372)	0	(0)	**(1,212)**
At the end of the financial year for continuing operations	**295,861**	**3,840**	**26,177**	**16,934**	**342,812**

Thousands of Euros	31/12/2016	MOVEMENTS 2017	31/12/2017
Belgium	57,599	(3,961)	53,638
Germany	259,166	7,385	266,551
Subtotal	**316,765**	**3,424**	**320,189**
Other entities	19,119	3,504	22,623
Total for continuing operations	**335,884**	**6,928**	**342,812**
Discontinued operations	36,896	(36,896)	–

The first table shows the balances and the movements in provisions for employee benefits of the fully consolidated subsidiaries only. There is a difference in the line "Recognised in other comprehensive income" compared to what is shown in note F23 as that note also includes associates and joint ventures that are accounted for according to the equity method.

The following disclosure requirements under IAS 19 amended were derived from the reports obtained from external actuaries.

Umicore defined benefit pension schemes for the 2 major countries are the following:

BELGIUM

Characteristics of the Defined Benefit plans

Umicore companies in Belgium operate defined benefit plans that provide retirement benefits which are related to salary and age or length of service. These retirement plans represent a defined benefit obligation of € 223.6 million and assets for € 170.0 million. They foresee in a lump sum payment upon retirement and benefits in case of death or disability prior to retirement.

Funding

The plans are externally funded through either insurance companies or a self-administrated institution for occupational retirement provision ("IORP"). For the IORP, the necessary governance processes for risk management are in place. One of the risk measures is to perform on a regular basis a "Continuity Test" in which the consequences of strategic investment policies are analysed in terms of risk- and-return profiles and solvency measures. A statement of investment principles and funding policy are derived from this. The purpose is to have a well-diversified asset allocation to control the risk.

Fair values of plan assets

The fair values of the equity and debt instruments are determined based on quoted market prices in active markets (level 1 fair value classification). The plans hold no direct positions in Umicore shares or bonds, nor do they own any property used by an Umicore entity. Investments are well diversified so that the failure of any single investment would not have a material impact on the overall level of assets.

GERMANY

Characteristics of the Defined Benefit plans

The post-employment benefits are mainly unfunded pension plans of defined benefit type providing retirement, disability and death benefits. All benefit plans are based on final or final average pay beside the deferred compensation plan.
The benefits of the deferred compensation plan are based on annual converted salary and provide a guaranteed interest of 3.0% p.a. (6.0% p.a. for salary conversions before 2014). All retirement plans represent a defined benefit obligation of € 273.3 million and assets for € 6.8 million.

Funding

As mentioned here above, the post-employment benefits are mainly unfunded plans. A minor part is funded by pledged reinsurance contracts.

Fair values of plan assets

All plan assets relate to pledged insurance contracts and have no quoted market price.

The most significant risks related to the defined benefit plans are:

- **Asset volatility**: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.
- **Changes in bond yields**: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.
- **Salary risk**: The majority of the plans' benefit obligations are calculated by reference to the future salaries of plan members. As such, any salary increase of plan members higher than expected will lead to higher liabilities.
- **Longevity risk**: All pension plans beside the new deferred compensation plan as from 2014 provide life annuities which involve the risk of longevity i.e. the risk that the payment period of the pension increases due to the increase in life expectancy. The company uses mortality rates which depend on the year of birth to include this risk in the pension obligation.
- **Risk of cash outflow**: Since death as active and disability benefits are provided there is a risk of cash outflow before retirement.
- **Legislation risks**: If the law which define the benefit changes, it can result in a change of the obligations.

Some additional risks are related to Germany only:

- There is a risk that adjustments of pensions paid by the "Pensionskasse Degussa" are not fully borne by the "Pensionskasse" and therefore can result in an additional unfunded pension obligation due to a guaranteed interest rate of 3.5%. As it is not possible to apply the full IAS 19 calculation method, the fund is evaluated as a Defined Contribution plan. The risk of the additional obligation expected until end of 2022 has been included in the pension obligation.
- The old deferred compensation plan provides a guaranteed interest rate of 6% which increases the risk for a pension cost in addition to the converted salary. The plan has been closed at 31 December 2013 and replaced by a plan with no significant risk in this respect.

And some risks are related to Belgium only:

- Because of the Belgian legislation applicable to 2nd pillar pension plans (so-called "Law Vandenbroucke"), all Belgian Defined Contribution plans have to be considered under IFRS as Defined Benefit plans. Law Vandenbroucke states that in the context of defined contribution plans, the employer must guarantee a minimum return of 3.75% on employee contributions and 3.25% on employer contributions. However, shortly before year end 2015, a change in the Belgian Law was enacted resulting in a decrease of the guaranteed return from 3.25 % to a minimum interest rate defined based upon the Belgian 10-year interest rate but within the range 1.75% – 3.25%. The new rate (currently 1.75%) applies for the years after 2015 on future contributions and also on the accumulated past contributions as at 31 December 2015 if the financing organism does not guarantee a certain result on contributions until retirement age. If the organism does guarantee such a result, the rates 3.25/3.75% still apply.

Because of this minimum guaranteed return, the employer is exposed to a financial risk: further contributions could be required if the return on assets would not be sufficient to reach the minimum benefits to be paid. The group has plans that are financed through insurance contract as well as one plan financed through an IORP. The related defined benefit obligations have been aggregated with the other obligations for defined benefit plans. The Projected Unit Credit (PUC) methodology has been used.

Total defined benefit obligations related to those plans amounts to € 94.3 million as at the end of December 2017 and related plan assets to € 90.2 million.

Thousands of Euros	2016	2017
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at beginning of the year	**469,027**	**521,153**
Current service cost	25,382	29,236
Interest cost	9,950	9,612
Plan Participants' Contributions	781	843
Remeasurements – changes in demographic assumptions	5,427	(2,233)
Remeasurements – changes in financial assumptions	23,600	2,964
Remeasurements – experience adjustments	14,861	4,611
Benefits paid from plan/company	(21,084)	(22,994)
Expenses paid	(1,582)	(2,080)
Plan combinations	(6,060)	13,277
Exchange rate changes	851	(2,368)
Benefit obligation at end of the year	**521,153**	**552,021**

Thousands of Euros	2016	2017
CHANGE IN PLAN ASSETS		
Fair value of plan assets at the beginning of the year	**156,670**	**183,246**
Expected return on plan assets	2,863	3,403
Remeasurements on plan assets	16,036	5,286
Employer contributions	28,982	32,265
Member contributions	781	843
Benefits paid from plan/company	(21,084)	(22,994)
Expenses paid	(1,615)	(2,145)
Net transfer in/(out) (including the effect of any business combinations/divestitures)	241	11,836
Exchange rate changes	372	(1,966)
Fair value of plan assets at the end of the year	**183,246**	**209,774**

Pension plans mainly in Belgium, Korean, Liechtenstein, Germany and Japan are wholly or partly funded with assets covering a substantial part of the obligations. All other plans have no material funding or are unfunded.

Thousands of Euros	2016	2017
AMOUNT RECOGNISED IN THE BALANCE SHEET		
Defined benefit obligations	521,153	552,021
Fair value of plan assets	183,246	209,774
Funded Status	**337,907**	**342,247**
Effect of asset ceiling/onerous liability	–	–
Net liability (asset)	**337,907**	**342,247**
COMPONENTS OF PENSION COSTS		
Amounts recognised in profit and loss statement		
Current service cost	25,382	29,236
Interest cost	9,950	9,612
Interest income on plan assets	(2,863)	(3,403)
Remeasurement of Other Long Term Benefits	1,319	1,176
Administrative expenses and taxes	33	36
Total pension cost recognised in P&L account	**33,821**	**36,657**
Total of discontinued operations	2,662	2,662
Amounts recognised in other comprehensive income		
Cumulative remeasurements at opening	**169,220**	**195,689**
Remeasurements of the year	26,706	(1,212)
Minorities	(319)	151
Recycled into P&L	–	(81)
Exchange differences	82	(233)
Total recognised in the OCI at subsidiaries	**195,689**	**194,314**
Remeasurements at associates and joint ventures	30,551	25,606
Total recognised in the OCI	**226,241**	**219,921**
Total of discontinued operations	10,395	–
Remeasurements (recognised in other comprehensive income)		
Effect of changes in demographic assumptions	5,364	(2,147)
Effect of changes in financial assumptions	23,337	2,758
Effect of experience adjustments	13,782	3,465
(Return) on plan assets (excluding interest income)	(15,950)	(5,167)
Total remeasurements included in Other Comprehensive Income	**26,533**	**(1,091)**
Total of discontinued operations	1,527	830

The interest cost and return on plan assets as well as the discount rate impact on the non-post employment benefit plans, are recognised under the finance cost in the income statement (see note F11). All other elements of the expense of the year are classified under the operating result in the “wages, salaries and direct social advantages”.

Remeasurements of the year recognised in OCI originate mainly from a change in discount rates on the pension plans and differences between the expected and actual return on plan assets.

	2016	2017
PRINCIPAL ACTUARIAL ASSUMPTIONS		
Weighted average assumptions to determine benefit obligations at year end		
Discount rate (%)	1.73	1.73
Rate of compensation increase (%)	2.76	2.81
Rate of price inflation (%)	1.78	1.79
Rate of pension increase (%)	1.48	1.38
Weighted average assumptions used to determine net cost		
Discount rate (%)	2.12	1.66
Rate of compensation increase (%)	2.94	2.76
Rate of price inflation (%)	2.00	1.78
Rate of pension increase (%)	1.61	1.48

	2017	
Thousands of Euros	FAIR VALUE OF ALL PLAN ASSETS	FAIR VALUE OF PLAN ASSETS WITH QUOTED MARKET PRICE
Plan assets		
Cash and cash equivalents	11,151	11,145
Equity instruments	36,466	36,455
Debt instruments	78,025	77,899
Real estate	8,048	8,042
Assets held by insurance company	69,471	58,784
Other	6,613	1,279
Total plan assets	**209,774**	**193,604**

Assumptions are recommended by the local actuaries in line with the IAS 19 revised. The standard reference for the Eurozone is iBOXX AA Index yield and similar indexes are used for the other regions. Mortality tables used are country specific.

Other plan assets are predominantly invested in insurance contracts and bank term deposits. The expected long-term rate of return on assets assumptions is documented for the individual plans as recommended by the local actuaries.

	2017	
Thousands of Euros	VALUATION TREND +0.25%	VALUATION TREND -0.25%
Sensitivity to trend rate assumptions on discount rate		
Present value of defined benefit obligation	523,131	561,550
Weighted average duration of benefit obligation (in years)	13.70	14.67
Sensitivity to trend rate assumptions on inflation rate		
Present value of defined benefit obligation	544,248	520,134
Sensitivity to trend rate assumptions on salary increase rate		
Present value of defined benefit obligation	548,387	535,583

Thousands of Euros	2016	2017
BALANCE SHEET RECONCILIATION		
Balance sheet liability (asset) as of previous year	**312,357**	**337,907**
Pension expense recognised in P&L in the financial year	33,821	36,657
Amounts recognised in SoCI	26,533	(1,091)
Employer contributions via funds in the financial year	(17,075)	(20,712)
Employer contributions paid directly in the financial year	(11,907)	(11,553)
Amounts recognised due to plan combinations	(6,301)	1,441
Exchange rate adjustment – (gain)/loss	479	(402)
Balance sheet liability (asset) as of end of the year	**337,907**	**342,247**

AT 31 DECEMBER

Thousands of Euros	2013	2014	2015	2016	2017
Present value of defined benefit obligation	440,757	527,028	469,027	521,153	552,021
Fair value of plan assets	172,954	195,326	156,670	183,246	209,774
Deficit (surplus) in the plan	**267,803**	**331,702**	**312,357**	**337,907**	**342,247**
Experience adjustments on plan assets	(31,125)	(10,444)	(3,320)	(16,036)	(5,286)
Experience adjustments on plan liabilities	5,274	(4,543)	5,399	14,861	4,611

Thousands of Euros	2017
EXPECTED CASH FLOWS FOR FOLLOWING YEAR	
Expected employer contributions	30,317
Expected total benefit payments	
Year 1	22,164
Year 2	17,564
Year 3	22,596
Year 4	28,160
Year 5	26,130
Next 5 years	134,424

F28 STOCK OPTION PLANS GRANTED BY THE COMPANY

PLAN	EXPIRY DATE	EXERCISE	EXERCISE PRICE IN EUROS (THE EXERCISE PRICE MAY BE HIGHER IN CERTAIN COUNTRIES)	NUMBER OF OPTIONS STILL TO BE EXERCISED
ISOP 2008	14/04/2018	all working days of Euronext Brussels	16.29	30,000
			16.36	0
				30,000
ISOP 2011	13/02/2018	all working days of Euronext Brussels	19.04	37,500
			19.62	32,000
			19.27	0
				69,500
ISOP 2012	12/02/2019	all working days of Euronext Brussels	17.66	118,324
			18.84	45,500
			18.00	22,000
				185,824
ISOP 2013	12/02/2020	all working days of Euronext Brussels	18.19	402,750
			19.34	60,000
				462,750
ISOP 2014	10/02/2021	all working days of Euronext Brussels	16.14	788,625
			15.80	61,250
			16.49	15,000
				864,875
ISOP 2015	09/02/2022	all working days of Euronext Brussels	17.29	1,111,000
			18.90	54,000
			19.50	52,500
				1,217,500
ISOP 2016	04/02/2023	all working days of Euronext Brussels	16.63	1,217,750
				1,217,750
ISOP 2017	13/02/2024	all working days of Euronext Brussels	25.50	1,122,250
			27.04	47,750
				1,170,000
Total				**5,218,199**

On 16 October 2017, each Umicore share was split into two new shares. The tables of note F28 are restated to reflect the new split in the number of stock options and in the prices.

ISOP refers to “Incentive Stock Option Plan” (worldwide plan for managers).

The stock options, which are typically vested at the time of the grant, are foreseen to be settled with treasury shares. Options which have not been exercised before the expiry date elapse automatically.

	2016		2017	
	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
DETAILS OF THE SHARE OPTIONS OUTSTANDING DURING THE YEAR				
Outstanding at the beginning of the year	**6,817,750**	**16.83**	**5,645,750**	**16.84**
Granted during the year	1,217,750	16.63	1,170,000	25.56
Exercised during the year	2,377,750	16.00	1,597,551	17.39
Expired during the year	12,000	0.00	-	0.00
Outstanding at the end of the year	**5,645,750**	**17.16**	**5,218,199**	**18.98**
Exercisable at the end of the year	5,645,750	17.16	5,218,199	18.98

The options outstanding at the end of the year have a weighted average contractual life until March 2022.

The details concerning the calculation of the fair value of the options granted are detailed under note F10 on Payroll and related Benefits.

F29 ENVIRONMENTAL PROVISIONS

Thousands of Euros	PROVISIONS FOR SOIL CLEAN-UP & SITE REHABILITATION	OTHER ENVIRONMENTAL PROVISIONS	TOTAL
At the end of previous year	**58,854**	**2,328**	**61,182**
Acquisition through business combinations	2,471	392	**2,862**
Increase	8,792	2,490	**11,281**
Reversal	(380)	(174)	**(554)**
Use (included in Other operating expenses)	(3,448)	(1,927)	**(5,374)**
Discounting (included in Finance cost - Net)	1,480	-	**1,480**
Translation differences	(1,682)	(2)	**(1,684)**
At the end of the financial year for continuing operations	**66,086**	**3,107**	**69,193**
Of which - Non-current	54,584	1,000	**55,584**
- Current	11,502	2,108	**13,610**

Provisions for environmental legal and constructive obligations are recognised and measured by reference to an estimate of the probability of future cash outflows as well as to historical data based on the facts and circumstances known at the end of the reporting period. The actual liability may differ from the amounts recognised.

Provisions increased overall by € 8.0 million, with additional provisions and acquisitions through business combinations (Ordeg and Eurotungstene) which are higher than the uses and reversals of existing provisions.

The increase in provisions for soil and groundwater remediation is mainly related to new provisions taken in Belgium, the USA and France. Most of the uses of provisions for the period are linked to the realization during the period of site remediation programmes in Brazil, in the USA and in Belgium.

No major movements occurred in 2017 on the provisions that were taken to address the historical radioactive waste material in Belgium (Olen). Further negotiation with all competent authorities to find a sustainable and acceptable storage solution are ongoing, however, at a slow pace.

The movements of the other environmental provisions are mainly related to the need for and adjustment of CO_2 emission rights in Belgium.

Management expects the most significant cash outflows on these projects for non-current elements to take place within five years.

F30 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Thousands of Euros	PROVISIONS FOR REORGANISATION & RESTRUCTURING	PROVISIONS FOR OTHER LIABILITIES AND CHARGES	TOTAL
At the end of the previous year	**30,868**	**30,049**	**60,913**
Acquisition through business combinations	1,500	11,968	**13,468**
Increase	9,843	23,680	**33,523**
Reversal	(666)	(3,459)	**(4,125)**
Use (included in "Other operating expenses")	(3,406)	(9,582)	**(12,988)**
Translation differences	(261)	(1,509)	**(1,770)**
Transfers	(826)	471	**(356)**
Financial charges	–	(2,249)	**(2,249)**
At the end of the financial year for continuing operations	**37,051**	**49,369**	**86,416**
Of which – Non-current	12,522	19,748	**32,270**
– Current	17,957	36,193	**54,150**

Provisions for reorganisation and restructuring and for tax, warranty and litigation risks, onerous contracts and product returns are recognised and measured by reference to an estimate of the probability of future outflow of cash as well as to historical data based on the facts and circumstances known at the end of the reporting period. The actual liability may differ from the amounts recognised.

Provisions increased overall by € 25.5 million. The acquisitions through business combinations are related to Ordeg (Korea) and Eurotungstene (France).

Additional provisions for reorganisation and restructuring have been taken in Germany, China and in the USA. The new provisions relate mainly to the closure of the production site of Thin Film Products in the USA (Providence).

Uses of provisions for reorganisation and restructuring were taken mainly in Germany and China while some reversal of prior years' booked provisions took place in Germany.

The increases for other liabilities and charges are related mainly to the net increase of the IAS 39 related provisions for € 20.8 million, leaving an IAS 39 closing balance of € 27.2 million for the continuing operations.

The uses of provisions for other liabilities and charges are related to warranty and litigation provisions in Belgium, Korea and Germany.

No assessment is possible regarding the expected timing of cash outflows related to the non-current part of the provisions for other liabilities and charges.

F31 CAPITAL EMPLOYED

Thousands of Euros	NOTE	31/12/2016	30/06/2017	31/12/2017
Intangible assets	F14, F15	305,340	294,253	328,808
Property, plant and equipment	F16	1,070,403	1,159,574	1,301,411
Investments accounted for under the equity method	F17	195,332	126,780	153,008
Available-for-sale financial assets	F18	26,414	18,927	22,331
Inventories	F19	1,188,822	1,329,157	1,628,423
Non-current receivable (excluding assets employee benefits)	F20	10,690	10,577	13,118
Adjusted current accounts receivable		821,361	1,105,210	1,282,173
Income tax receivable		32,517	35,161	36,036
Assets included in capital employed		**3,650,879**	**4,079,638**	**4,765,307**
Non-current trade and other payables	F25	41,656	39,630	40,442
Adjusted current accounts payable		1,154,261	1,316,499	1,622,720
Translation reserves	F23	(7,830)	(76,123)	(87,244)
Non-current provisions	F29, F30	80,410	82,613	87,853
Current provisions	F29, F30	41,690	51,334	67,759
Income tax payable		57,666	62,649	62,830
Liabilities included in capital employed		**1,367,853**	**1,476,601**	**1,794,359**
Capital employed		**2,283,026**	**2,603,037**	**2,970,948**
IAS 39 and eliminations		15,309	23,839	32,596
Capital employed discontinued		99,074	92,497	-
Capital employed as published		**2,397,409**	**2,719,373**	**3,003,544**
Average Capital Employed in half year preceding closing date		2,394,387		2,861,459
Average Capital Employed in year preceding closing date		**2,398,660**		**2,709,925**
Recurring EBIT in year preceding closing date	F9	350,747		410,254
ROCE in year preceding closing date		**14.62%**		**15.14%**

Current account receivable and payable included in “Capital Employed” do no take into account margin calls and gains and losses booked on the mark-to-market value of strategic hedging instruments.

Average capital employed for the half years is calculated as the average of the capital employed at the end of the period and at the end of the preceding period. Average capital employed for the year is calculated as the average of the capital employed of both half years.

F32 FINANCIAL INSTRUMENTS BY CATEGORY

AS AT THE END OF PREVIOUS YEAR

			CARRYING AMOUNT			
Thousands of Euros	LEVEL	FAIR VALUE	HELD FOR TRADING – NO HEDGE ACCOUNTING	CASH FLOW HEDGE ACCOUNTING	LOANS, RECEIVABLES AND PAYABLES	AVAILABLE-FOR-SALE
ASSETS						
Available-for-sale financial assets		**26,414**	**–**	**–**	**–**	**26,414**
Available-for-sale financial assets – Shares	1	26,414	–	–	–	26,414
Loans granted		**15,988**	**–**	**–**	**15,988**	**–**
Loans to associates and non-consolidated affiliates		15,988	–	–	15,988	–
Trade and other receivables		**855,385**	**15,959**	**21,347**	**818,079**	**–**
Non-current						
Cash guarantees and deposits		9,532	–	–	9,532	–
Other receivables maturing in more than 1 year		1,158	–	–	1,158	–
Assets employee benefits		424	–	–	424	–
Current						
Trade receivables (at cost)		706,656	–	–	706,656	–
Trade receivables (write-down)		(9,279)	–	–	(9,279)	–
Other receivables (at cost)		78,778	–	–	78,778	–
Other receivables (write-down)		(6,893)	–	–	(6,893)	–
Interest receivable	2	244	–	–	244	–
Fair value of financial instruments held for cash flow hedging	2	21,347	–	21,347	–	–
Fair value receivable other financial instruments		15,959	15,959	–	–	–
Deferred charges and accrued income		37,458	–	–	37,458	–
Cash and cash equivalents		**84,460**	**–**	**–**	**84,460**	**–**
Short-term investments: bank term deposits		10,521	–	–	10,521	–
Short-term investments: term deposits (other)		25	–	–	25	–
Cash-in-hand and bank current accounts		73,914	–	–	73,914	–
TOTAL OF FINANCIAL INSTRUMENTS (ASSETS)		**982,247**	**15,959**	**21,347**	**918,527**	**26,414**
LIABILITIES						
Financial debt		**426,282**	**–**	**–**	**425,182**	**–**
Non-current						
Bank loans		21,100	–	–	20,000	–
Other loans		4,396	–	–	4,396	–
Current						
Short-term bank loans		117,205	–	–	117,205	–
Bank overdrafts		13,185	–	–	13,185	–
Short-term loan: commercial paper		268,607	–	–	268,607	–
Other loans		1,790	–	–	1,790	–
Trade and other payables		**1,203,027**	**11,725**	**7,118**	**1,184,184**	**–**
Non-current						
Long-term trade payables		25,132	–	–	25,132	–
Other long-term debts		3,988	–	–	3,988	–
Investments grants and deferred income from grants		12,536	–	–	12,536	–
Current						
Trade payables		843,498	–	–	843,498	–

AS AT THE END OF PREVIOUS YEAR

Thousands of Euros	LEVEL	FAIR VALUE	CARRYING AMOUNT HELD FOR TRADING – NO HEDGE ACCOUNTING	CASH FLOW HEDGE ACCOUNTING	LOANS, RECEIVABLES AND PAYABLES	AVAILABLE-FOR-SALE
Advances received on contracts in progress		21,023	–	–	21,023	–
Tax – other than income tax – payable		26,696	–	–	26,696	–
Payroll and related charges		95,780	–	–	95,780	–
Other amounts payable		17,635	–	–	17,635	–
Dividends payable		11,687	–	–	11,687	–
Accrued interest payable		584	–	–	584	–
Fair value financial instrument held for cash flow hedging	2	7,118	–	7,118	–	–
Fair value payable other financial instruments	2	11,725	11,725	–	–	–
Accrued charges and deferred income		125,625	–	–	125,625	–
TOTAL OF FINANCIAL INSTRUMENTS (LIABILITIES)		**1,629,309**	**11,725**	**7,118**	**1,609,366**	**–**

AS AT THE END OF THE FINANCIAL YEAR

Thousands of Euros	LEVEL	FAIR VALUE	CARRYING AMOUNT HELD FOR TRADING – NO HEDGE ACCOUNTING	CASH FLOW HEDGE ACCOUNTING	LOANS, RECEIVABLES AND PAYABLES	AVAILABLE-FOR-SALE
ASSETS						
Available-for-sale financial assets		**22,331**	**–**	**–**	**–**	**22,331**
Available-for-sale financial assets – Shares	1	22,331	–	–	–	22,331
Loans granted		**13,035**	**–**	**–**	**13,035**	**–**
Loans to associates and non-consolidated affiliates		13,035	–	–	13,035	–
Trade and other receivables		**1,349,805**	**11,169**	**46,628**	**1,292,009**	**–**
Non-current						
Cash guarantees and deposits		12,068	–	–	12,068	–
Other receivables maturing in more than 1 year		1,048	–	–	1,048	–
Assets employee benefits		1,029	–	–	1,029	–
Current						
Trade receivables (at cost)		1,075,389	–	–	1,075,389	–
Trade receivables (write-down)		(7,509)	–	–	(7,509)	–
Other receivables (at cost)		145,519	–	–	145,519	–
Other receivables (write-down)		(4,513)	–	–	(4,513)	–
Interest receivable	2	273	–	–	273	–
Fair value of financial instruments held for cash flow hedging	2	46,628	–	46,628	–	–
Fair value receivable other financial instruments		11,169	11,169	–	–	–
Deferred charges and accrued income		68,705	–	–	68,705	–
Cash and cash equivalents		**168,115**	**–**	**–**	**168,115**	**–**
Short-term investments: bank term deposits		16,948	–	–	16,948	–
Short-term investments: term deposits (other)		41	–	–	41	–
Cash-in-hand and bank current accounts		151,126	–	–	151,126	–
TOTAL OF FINANCIAL INSTRUMENTS (ASSETS)		**1,553,286**	**11,169**	**46,628**	**1,473,159**	**22,331**

AS AT THE END OF THE FINANCIAL YEAR

			CARRYING AMOUNT			
Thousands of Euros	LEVEL	FAIR VALUE	HELD FOR TRADING – NO HEDGE ACCOUNTING	CASH FLOW HEDGE ACCOUNTING	LOANS, RECEIVABLES AND PAYABLES	AVAILABLE-FOR-SALE
LIABILITIES						
Financial debt		**1,004,013**	**–**	**–**	**1,007,974**	**–**
Non-current						
Bank loans		686,000	–	–	690,000	–
Other loans		4,106	–	–	4,106	–
Current						
Short-term bank loans		225,044	–	–	225,004	–
Bank overdrafts		12,218	–	–	12,218	–
Short-term loan: commercial paper		76,498	–	–	76,498	–
Other loans		148	–	–	148	–
Trade and other payables		**1,680,256**	**12,035**	**17,122**	**1,651,099**	**–**
Non-current						
Long-term trade payables		26,205	–	–	26,205	–
Other long-term debts		3,681	–	–	3,681	–
Investments grants and deferred income from grants		10,555	–	–	10,555	–
Current						
Trade payables		1,209,684	–	–	1,209,684	–
Advances received on contracts in progress		31,947	–	–	31,947	–
Tax – other than income tax – payable		27,742	–	–	27,742	–
Payroll and related charges		122,250	–	–	122,250	–
Other amounts payable		44,244	–	–	44,244	–
Dividends payable		11,696	–	–	11,696	–
Accrued interest payable		5,355	–	–	5,355	–
Fair value financial instrument held for cash flow hedging	2	17,122	–	17,122	–	–
Fair value payable other financial instruments	2	12,035	12,035	–	–	–
Accrued charges and deferred income		157,740	–	–	157,740	–
Total of financial instruments (Liabilities)		**2,684,269**	**12,035**	**17,122**	**2,659,073**	**–**

Loans and debt have been issued at market rates which would not create any major differences with effective interest expenses. All categories of financial instruments of Umicore are at fair value except the non-current bank and other loans for which the carrying amounts differ from the fair value (see note F24).

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques, mainly discounted cash flow, using market assumptions prevailing at the end of the reporting period.

In particular, the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange, metal and energy contracts is determined using quoted forward exchange, metal and energy rates at the end of the reporting period.

The fair value of quoted financial assets held by the Group is their quoted market price at the end of the reporting period. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

32.1 FAIR VALUE HIERARCHY

The Group adopted the amendment to IFRS 7 for financial instruments which are measured in the balance sheet at fair value, with effect from January 2009. This amendment requires disclosures of fair value measurements by level, based on the following fair value measurement hierarchy:

- Level 1: fair value based on quoted prices in active markets for identical assets or liabilities.
- Level 2: fair value based on inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3: fair value for the asset or liability valuation are based on unobservable inputs.

In the Group, the fair values on available-for-sale financial assets are measured as level 1. All the metal, energy and foreign currency derivatives are measured as level 2.

32.2 SENSITIVITY ANALYSIS ON FINANCIAL INSTRUMENTS

Umicore is sensitive to commodity prices, foreign currency and interest rate risk on its financial instruments.

32.2.1 COMMODITY PRICES

The fair value on financial instruments related to cash flow hedging sales would have been € 7.1 million lower/higher if the metal prices would strengthen/weaken by 10%.

The fair value on financial instruments related to cash flow hedging purchases would have been € 3.3 million higher/lower if the energy prices would strengthen/weaken by 10%. The fair value on financial instruments related to cash flow hedging purchases would have been € 11.8 million higher/lower if the metal prices would strengthen/weaken by 10%.

The fair value on other commodity sales financial instruments would have been € 14.8 million lower/higher and the fair value on other commodity purchases financial instruments would have been € 13.5 million higher/lower if the metal prices would strengthen/weaken by 10%.

32.2.2 FOREIGN CURRENCY

The fair value of forward currency contracts related to cash flow hedging would have been € 5.3 million higher if the Euro would strengthen against US dollar by 10% and would have been € 6.5 million lower if the Euro would weaken against US dollar by 10%. The fair value of forward currency contracts related to cash flow hedging would have been € 0.9 million lower if the Euro would strengthen against ZAR by 10% and would have been € 1.1 million higher if the Euro would weaken against South African rand (ZAR) by 10%.

The fair value of forward currency contracts related to cash flow hedging would have been € 11.2 million lower if the US dollar would strengthen against KRW by 10% and would have been € 12.9 million higher if the US dollar would weaken against Korean won (KRW) by 10%.

The fair value of other forward currency contracts sold would have been € 44.7 million higher if the Euro would strengthen against US dollar by 10% and would have € 54.6 million lower if the Euro would weaken against US dollar by 10%.

The fair value of other forward currency contracts bought would have been € 19.2 million lower if the Euro would strengthen against US dollar by 10% and would have been € 23.5 million higher if the Euro would weaken against US dollar by 10%.

The fair value of net position of current assets and liabilities exposed to US dollar would have been € 36.2 million lower if the Euro would strengthen against US dollar by 10% and would have been € 44.3 million higher if the Euro would weaken against US dollar by 10%.

F33 FAIR VALUE OF FINANCIAL INSTRUMENTS

Umicore hedges its structural and transactional commodity (metal and energy), currency and interest rate risks using respectively commodity derivatives (mainly quoted on the London Metal Exchange), currency derivatives and Interest Rate Swaps with reputable brokers and banks.

33.1 FINANCIAL INSTRUMENTS RELATED TO CASH FLOW HEDGING

	NOTIONAL OR CONTRACTUAL AMOUNT		FAIR VALUE	
Thousands of Euros	31/12/2016	31/12/2017	31/12/2016	31/12/2017
Forward commodities sales	78,820	59,314	4,558	(10,571)
Forward commodities purchases	(52,408)	(135,996)	9,051	21,027
Forward currency contracts sales	352,559	431,038	3,169	21,013
Forward currency contracts purchases	–	(103,090)	–	(1,337)
Forward IRS contracts	–	–	(2,550)	(625)
Total fair value impact subsidiaries			**14,228**	**29,505**
Recognised under trade and other receivables			21,347	46,628
Recognised under trade and other payables			(7,119)	(17,122)
Total			**14,228**	**29,505**

The principles and documentation on the hedged risks as well as the timing related to the Group's cash flow hedging operations are included in note F3 Financial risk management.

The fair values of the effective hedging instruments are in the first instance recognised in the fair value reserves recorded in equity and are derecognised when the underlying forecasted or committed transactions occur (see note F23).

The forward commodities sales contracts are set up to hedge primarily the following commodities: gold, silver, palladium, nickel, lead and copper. The forward commodity purchase contracts are set up to hedge primarily the electricity, gas and fuel oil price risks.

The forward currency contracts are set up to hedge US Dollar towards Euro, Korean won (KRW), Brazilian real (BRL), Canadian dollar (CAD) and South African rand (ZAR) and Euro towards South African rand (ZAR).

The terms and conditions of the forward contracts are common market conditions.

In those circumstances whereby the hedge accounting documentation as defined under IAS 39 is not available, financial instruments used to hedge structural risks for metals and currencies are measured as if they were held for trading. However, such instruments are being used to hedge future probable cash flows and are not speculative in nature.

Umicore has not faced any ineffectiveness on cash flow hedging in P&L in 2016 and 2017.

33.2 OTHER FINANCIAL INSTRUMENTS

	NOTIONAL OR CONTRACTUAL AMOUNT		FAIR VALUE	
Thousands of Euros	31/12/2016	31/12/2017	31/12/2016	31/12/2017
Forward commodities sales	174,163	140,686	4,451	(7,030)
Forward commodities purchases	(147,073)	(131,626)	(1,414)	3,714
Forward currency contracts sales	697,010	629,862	(5,109)	6,364
Forward currency contracts purchases	(274,284)	(254,281)	6,304	(3,915)
Total fair value impact subsidiaries			**4,233**	**(867)**
Recognised under trade and other receivables			15,959	11,169
Recognised under trade and other payables			(11,725)	(12,035)
Total			**4,233**	**(867)**

The principles and documentation related to the Group's transactional hedging are included in note F3 "Financial risk management". In the absence of hedge accounting documentation as defined under IAS 39, financial instruments used to hedge transactional risks for metals and currencies are measured as if they were held for trading. However, such instruments are being used to cover existing transactions and firm commitments and are not speculative in nature.

The fair values are immediately recognised in the income statement under Other operating income for the commodity instruments and the Net Finance cost for the currency instruments.

AS AT THE END OF PREVIOUS YEAR

	EARLIEST CONTRACTUAL MATURITY (UNDISCOUNTED)				
Thousands of Euros	< 1 MONTH	1 TO 3 MONTHS	3 MONTHS – 1 YEAR	1 TO 5 YEARS	TOTAL
FINANCIAL INSTRUMENTS ASSETS (FAIR VALUE)					
Commodity risk					
Total forward sales (CFH)	39	751	2,215	1,553	**4,558**
Total forward purchases (CFH)	272	544	2,450	5,785	**9,051**
Total forward sales (other)	664	4,592	1,198	–	**6,454**
Total forward purchases (other)	946	(150)	617	155	**1,567**
FX Risk					
Forward currency contracts sales (CFH)	321	887	3,992	2,537	**7,737**
Forward currency contracts sales (other)	1,304	69	115	–	**1,488**
Forward currency contracts purchases (other)	1,361	2,031	3,042	15	**6,449**
FINANCIAL INSTRUMENTS LIABILITIES (FAIR VALUE)					
Interest Rate Risk					
Interest rate swaps	–	–	–	(2,550)	**(2,550)**
Commodity risk					
Total forward sales (other)	(1,244)	(775)	17	–	**(2,002)**
Total forward purchases (other)	(770)	(1,835)	(270)	(106)	**(2,981)**
FX Risk					
Forward currency contracts sales (CFH)	(316)	(651)	(2,627)	(974)	**(4,569)**
Forward currency contracts sales (other)	631	(3,546)	(3,051)	(630)	**(6,597)**
Forward currency contracts purchases (other)	(146)	1	–	–	**(145)**

AS AT THE END OF THE FINANCIAL YEAR

Thousands of Euros	EARLIEST CONTRACTUAL MATURITY (UNDISCOUNTED) < 1 MONTH	1 TO 3 MONTHS	3 MONTHS – 1 YEAR	1 TO 5 YEARS	TOTAL
FINANCIAL INSTRUMENTS ASSETS (FAIR VALUE)					
Commodity risk					
Total forward sales (CFH)	–	98	295	–	**393**
Total forward purchases (CFH)	534	1,073	7,313	12,107	**21,027**
Total forward purchases (other)	578	2,751	401	–	**3,730**
FX Risk					
Forward currency contracts sales (CFH)	1,807	3,630	19,181	590	**25,208**
Forward currency contracts sales (other)	4,890	1,506	1,019	–	**7,415**
Forward currency contracts purchases (other)	23	0	–	–	**23**
FINANCIAL INSTRUMENTS LIABILITIES (FAIR VALUE)					
Interest Rate Risk					
Interest rate swaps	–	–	–	(626)	**(626)**
Commodity risk					
Total forward sales (CFH)	(359)	(1,839)	(6,028)	(2,738)	**(10,964)**
Total forward sales (other)	(1,883)	(4,386)	(761)	–	**(7,030)**
Total forward purchases (other)	(88)	71	–	–	**(16)**
FX Risk					
Forward currency contracts sales (CFH)	(276)	(508)	(2,079)	(1,332)	**(4,195)**
Forward currency contracts purchases (CFH)	(6)	(6)	(137)	(1,187)	**(1,337)**
Forward currency contracts sales (other)	(362)	(678)	(11)	–	**(1,051)**
Forward currency contracts purchases (other)	(823)	(2,446)	(669)	–	**(3,939)**

F34 NOTES TO THE CASH FLOW STATEMENT

34.1 DEFINITIONS

The cash flow statement identifies operating, investing and financing activities for the period. Umicore uses the indirect method for the operating cash flows. The net profit and loss is adjusted for:

- the effects of non-cash transactions such as provisions, impairment losses, mark to market, etc., and the variance in operating capital requirements.
- items of income or expense associated with investing or financing cash flows.

Thousands of Euros	2016	2017
Adjustments for non-cash transactions		
Depreciations	175,944	190,494
Adjustment IAS 39	(5,403)	21,048
Negative goodwill taken in result	-	(10,900)
(Reversal) Impairment charges	22,899	11,779
Mark to market of inventories and commitments	(20,435)	(37,465)
Exchange difference on long-term loans	1,297	(3,602)
Inventories and bad debt provisions	(880)	8,488
Depreciation on government grants	(726)	(671)
Share-based payments	3,548	6,129
Change in provisions	12,669	5,417
Total	**188,912**	**190,714**
ADJUSTMENTS FOR ITEMS TO DISCLOSE SEPARATELY OR UNDER INVESTING AND FINANCING CASH FLOWS		
Tax charge of the period	56,420	74,670
Interest (income) charges	6,356	19,483
(Gain) loss on disposal of fixed assets	3,999	5,504
Dividend income	(45)	(1,380)
Total	**66,731**	**98,274**
CHANGE IN WORKING CAPITAL REQUIREMENT ANALYSIS		
Inventories	(135,153)	(439,601)
Trade and other receivables	(7,244)	(497,337)
Trade and other payables	85,783	482,394
As in the consolidated balance sheet	**(56,614)**	**(454,544)**
Non-cash items (*)	59,724	47,791
Items disclosed elsewhere (**)	(7,228)	(4,489)
Impact of business combination	-	195,485
Currency translation differences	17,370	(59,754)
As in the consolidated cash flow statement	**13,253**	**(275,509)**

(*) Non cash items are mainly linked to mark to market of inventories and commitments, strategic and transactional hedging and inventories, impairments in inventories and bad debt provisions.
(**) Item disclosed elsewhere are mainly due to changes in interest, dividend and tax receivable and payable and government grants.

Thousands of Euros	NET CASH AND CASH EQUIVALENT	LOANS (W/O BANK OVERDRAFTS)	NET FINANCIAL DEBT
At the end of previous year	**71,275**	**411,996**	**340,721**
Cash flow of the period	68,399	583,758	515,359
Impact of final financing carved out entities	16,223	-	(16,223)
At the end of the financial year	**155,897**	**995,754**	**839,857**
Net debt, including the discontinued	155,897	995,754	839,857

34.2 NET CASH FLOW GENERATED BY OPERATING ACTIVITIES

Operating cash flow after tax from continuing operations is € 153.3 million. Working capital requirements for continuing operations increased by € 275.5 million, in line with higher activity levels and metal prices.

34.3 NET CASH FLOW USED IN INVESTING ACTIVITIES

Net cash used in investing activities for continuing operations increased by € 288.0 million in 2017. Capital expenditure for continuing operations reached € 361.9 million if capitalised R&D costs are excluded as per Umicore's definition of capital expenditures (refer to Glossary). Most of the capital expenditure is related to Umicore's growth investments in clean mobility and recycling. The Energy & Surface Technologies business group accounted for over 60 % of this amount, reflecting in particular the ongoing investment programmes to increase production capacity in cathode materials.

Acquisitions accounted for a cash out of € 211.5 million and include the acquisition of the remaining 50% stake in Ordeg and of the stationary emission control and heavy duty diesel catalyst business of Haldor Topsoe in the Automotive Catalyst business unit as well as the acquisition of Eurotungstene in the Cobalt & Specialty Materials business unit (see note F8). This cash out was only partly offset by divestment proceeds of Building Products (for € 67.7 million as per note F42) and Umicore Vital Thin Film Product Technologies (€ 6.5 million, net of cash).

In 2016, the line "internal transfer" of the net cash flow generated by investing activities reflected the fact that the financing granted by Umicore to the business unit Zinc Chemicals was no longer due after the divestment was completed. The financing was reimbursed as part of the consideration paid.

34.4 NET CASH FLOW USED IN FINANCING ACTIVITIES

The cash used in financing activities is mainly the consequence of the net increase of indebtedness (€ 562.1 million), the use of own shares to cover the exercise of options (€ 6.0 million), and the payment of dividends (€ 156.3 million) and of interest (€ 14.4 million).

Thousands of Euros	2016	2017
Acquisition of tangible assets	207,297	351,249
Acquisition of intangible assets	80,764	25,621
Acquisitions of assets	**288,061**	**376,870**
Capitalised R&D	15,228	14,926
Capital expenditure for continuing operations	**272,833**	**361,944**
Acquisitions of assets for discontinued operations	14,505	3,305
Capital expenditure, including discontinued	**287,338**	**365,250**

F35 RIGHTS AND COMMITMENTS

Thousands of Euros	2016	2017
Guarantees constituted by third parties on behalf of the Group	61,099	57,329
Guarantees constituted by the Group on behalf of third parties	4,178	937
Guarantees received	84,728	109,735
Goods and titles held by third parties in their own names but at the Group's risk	366,623	383,582
Commitments to acquire and sell fixed assets	4,815	3,754
Commercial commitments for commodities purchased (to be received)	425,066	574,203
Commercial commitments for commodities sold (to be delivered)	749,699	1,082,347
Goods and titles of third parties held by the Group	1,794,320	1,902,691
Miscellaneous rights and commitments	2,532	2,522
Total	**3,493,060**	**4,117,100**

35.1 GUARANTEES CONSTITUTED BY THIRD PARTIES ON BEHALF OF THE GROUP

are secured and unsecured guarantees given by third parties to the creditors of the group guaranteeing that the Group's debts and commitments, actual and potential, will be satisfactorily discharged.

35.2 GUARANTEES CONSTITUTED BY THE GROUP ON BEHALF OF THIRD PARTIES
are guarantees or irrevocable undertakings given by the Group in favour of third parties guaranteeing the satisfactory discharge of debts or of existing or potential commitments by the third party to its creditors.

There are no loan commitments given to third parties.

35.3 GUARANTEES RECEIVED
are pledges and guarantees received guaranteeing the satisfactory discharge of debts and existing and potential commitments of third parties towards the Group, with the exception of guarantees and security in cash.

The guarantees received are mainly related to supplier guarantees backed by bank institutions. Those guarantees are set up to cover the good execution of work by the supplier. Some guarantees received are related to customer guarantees, received mainly from a customer's mother company on behalf of one of its subsidiaries. A minor part of the received guarantees is related to rent guarantees.

All guarantees are taken at normal market conditions and their fair value is equivalent to the carrying amount. No re-pledge has been done on any of those guarantees.

35.4 GOODS AND TITLES HELD BY THIRD PARTIES IN THEIR OWN NAMES BUT AT THE GROUP'S RISK
represent goods and titles included in the Group balance sheet for which the Group bears the risk and takes the profit, but where these goods and titles are not present on the premises of the Group . It concerns mainly inventories leased out to third parties or held under consignment or under tolling agreement by third parties.

35.5 COMMERCIAL COMMITMENTS
are firm commitments to deliver or receive metals to customers or from suppliers at fixed prices.

35.6 GOODS AND TITLES OF THIRD PARTIES HELD BY THE GROUP
are goods and titles held by the group, but which are not owned by the Group. It concerns mainly third party inventories leased in or held under consignment or tolling agreements with third parties.

The Group leases metals (particularly gold and silver) from and to banks and other third parties for specified, mostly short term, periods and for which the group pays or receives fees. As at 31 December 2017, there was a net lease-in position of € 715 million vs. € 675 million at end of 2016. This increase is mainly caused by higher volumes and higher metal prices.

F36 CONTINGENCIES
The Group is the subject of a number of claims and legal proceedings incidental to the normal conduct of its business. Management does not believe that such claims and proceedings are likely to have a material adverse effect on the financial condition of Umicore.

F37 RELATED PARTIES

Thousands of Euros	2016	2017
TRANSACTIONS WITH JOINT VENTURES AND ASSOCIATES		
Operating income	108,523	208,385
Operating expenses	(91,187)	(223,437)
Financial income	81	213
Financial expenses	(1)	–
Dividends received	(8,723)	(12,331)

Thousands of Euros	2016	2017
OUTSTANDING BALANCES WITH JOINT VENTURES AND ASSOCIATES		
Current trade and other receivables	25,480	43,090
Current trade and other payables	35,152	67,394
Loan asset short term	2,450	1,538

The transactions with associates and joint ventures are mainly commercial transactions, sales and purchases of goods and services.

There are no transaction with entities held by key management personnel.

Thousands of Euros	2016	2017
BOARD OF DIRECTORS		
Salaries and other compensation	**685,303**	**910,256**
Fixed portion	227,322	289,433
Variable portion (based on attended meetings)	218,000	275,000
Value of the share grant	232,606	322,456
Benefit in kind company car chairman	2,971	2,767
Umicore contribution to the Swiss social security	4,404	20,600

No variable or other compensation element (apart from attendance-related fees) is associated with directorship. No loan or guarantees have been granted by the company to members of the board.

Thousands of Euros	2016	2017
EXECUTIVE COMMITTEE		
Salaries and other benefits	**7,557,111**	**9,466,215**
Short-term employee benefits	3,352,140	4,312,306
Post-employment benefits	1,299,414	1,202,590
Other long-term benefits	968,760	983,562
Share-based payments	1,936,797	2,967,757

The data above shows the accounting view of the board and executive committee remuneration and differs somewhat from the information provided in the remuneration report in the corporate governance section.

In the tables above, the employer social security contributions, if applicable, are included in the short-term employee benefits. These do not feature in the remuneration report .

With regards to share-based incentives the share grant figures included in share-based payments above represent the value of the shares granted in 2017 for services rendered in 2016. The remuneration report shows the value of the shares granted in 2018 or services rendered in the reporting year i.e. 2017.

The figures related to the undeferred part of the variable cash remuneration linked to the individual performance for the reference year 2017, included in short-term employee benefits, represent the level of accruals at the end of reporting period. The remuneration report features the actual amounts paid.

Accruals booked for the deferred parts of the variable cash remuneration for the reference year 2017 are included in the other long-term benefits. The amounts to be paid in 2019 and 2020 will depend on long-term performance measures and the exact amounts paid will be included in the remuneration reports for the years in question.

F38 EVENTS AFTER THE REPORTING PERIOD

Following the board of directors meeting of 8 February 2018, Umicore announced that a gross dividend of € 0.70 per share would be proposed to the annual general meeting (of which € 0.325 per share were already paid out as interim dividend in August 2017).

On 8 February 2018, Umicore placed 22,400,000 new shares with institutional and other investors through an accelerated bookbuild conducted under private placement exemptions. The new shares represented 10% of the number of outstanding shares prior the transaction (224,000,00). On 12 February 2018, the new shares were admitted to trading on Euronext Brussels and as from that day, the total number of shares outstanding amount to 246,400,000. The proceeds of the accelerated bookbuild (€ 892 million) will be used to fund Umicore's growth investments and will provide Umicore with more flexibility to pursue potential acquisitions and partnership. The new shares from the capital increase will be entitled to a dividend payment of € 0.375 corresponding to the balance of the gross annual dividend for 2017, subject to shareholders' approval of a full year dividend of € 0.70 per share.

Umicore announced at the end of November 2017 that it has agreed to sell its European Technical Materials business to SAXONIA Edelmetalle GmbH, a long-established German refiner and manufacturer of precious metal chemical compounds, semi-finished products and contact parts. The agreement concerns the Technical Materials activities in Germany and Italy, which manufacture contact materials and brazing alloys for technical applications. Closing of the transaction took place at the end of January 2018.

Umicore announced in December 2017 that it has reached an agreement to acquire Materia's metathesis catalyst IP and business portfolio for a price of USD 27 million. Materia is a leading US-based producer of metathesis catalysts and thermoset resins. Its metathesis business is a technology leader in homogeneous catalysts with unique proprietary technology developed by 2005 Chemistry Nobel Prize laureate Prof. Robert H. Grubbs and others and a broad portfolio of customised metathesis catalysts.

The transaction was subject to closing conditions and has been finalised in the course of January 2018.

F39 EARNINGS PER SHARE

Euros	2016	2017
Excluding discontinued operations		
EPS – basic	0.83	0.98
EPS – diluted	0.825	0.97
Including discontinued operations		
EPS – basic	0.6	0.97
EPS – diluted	0.595	0.96
Recurring EPS	**1.07**	**1.22**

The following earnings figures have been used as the numerator in the calculation of basic and diluted earnings per share:

NUMERATOR ELEMENTS

Thousands of Euros	NOTE	2016	2017
Net consolidated profit, Group share	F9		
Without discontinued operations		181,203	214,836
With discontinued operations		130,724	211,943
Recurring net consolidated profit, Group share	F9	**232,855**	**266,771**

The following numbers of shares have been used as the denominator in the calculation of basic and diluted earnings per share:

DENOMINATOR ELEMENTS

	2016	2017
Total shares issued as at 31 December	**224,000,000**	**224,000,000**
of which treasury shares	5,346,300	4,505,567
of which shares outstanding	218,653,700	219,494,433
Weighted average number of outstanding shares	**217,775,656**	**219,079,587**
Potential dilution due to stock option plans	1,594,664	2,069,303
Adjusted weighted average number of outstanding shares	219,370,320	221,148,890

Total outstanding shares are after deduction of treasury shares, which are held to cover existing stock option plans or are available for resale. The denominator for the calculation of diluted earnings per share takes into account an adjustment for stock options.

On 16 October 2017, each Umicore share was split into two new shares. As a result, at the end of December, Umicore's capital is represented by 224,000,00 fully paid-up shares without nominal value.

During 2017, no new shares were created as a result of the exercise of stock options with linked subscriptions rights. During the year Umicore used 1,597,551 of its treasury shares in the context of the exercise of stock and 71,912 for shares granted. In the course of 2017. Umicore bought back 828,730 own shares. On 31 December 2017, Umicore owned 4,505,567 of its own shares representing 2.01 % of the total number of shares issued as at that date.

F40 IFRS DEVELOPMENTS

The following **new standards and amendments** to standards have been issued, but are **not mandatory** for the first time for the financial year beginning 1 January 2017 and have **been endorsed by the European Union**:

- **IFRS 9** "Financial instruments", effective for annual periods beginning on or after 1 January 2018. The standard addresses the classification, measurement, derecognition of financial assets and financial liabilities and general hedge accounting.

  Based on the results of a detailed analysis during the second semester of 2017, there is a likelihood that the "IAS 39 correction" may be reduced materially due to the fact that IFRS 9 allows more flexible hedge accounting on metals and currencies. The exact impact per activity is currently being reviewed. In respect of physical commitments and inventories, provisions will have to be considered for any unbalanced positions and uncertainties within any physical commitments. The analysis on the expected adjustments due to an expected credit loss model is still ongoing.

- **IFRS 15** "Revenue from contracts with customers". The standard will improve comparability of the top line in financial statements globally. Companies using IFRS will be required to apply the revenue standard for annual periods beginning on or after 1 January 2018.

  The revenue streams and triggers for revenue recognition have been analysed for all business units during 2017 to ensure alignment with the 5-step model under IFRS 15. Based on the detailed analysis, it can be concluded that there are no material inconsistencies expected between the current revenue recognition model applied and the revenue recognition triggers under IFRS 15.

The following **new standards, amendments and interpretation** to standards have been issued, but are **not mandatory** for the first time for the financial year beginning 1 January 2017 and have **not been endorsed by the European Union**:

- **IFRS 16** "Leases". This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  A project has been launched during 2017 in which the preparation phase, consisting of capturing all contracts and necessary information for IFRS 16 has been kicked off. During 2018, group management in close collaboration with local management, will further evaluate and assess the impact applying the criteria under IFRS 16. IFRS 16 contains a scope exception for leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources. Consequently, Umicore's metal leases will stay out-of-scope of the leasing standard. Umicore has no other significant lease contracts and therefore the impact of the implementation of IFRS 16 is expected to be limited.

- **IFRIC 23** "Uncertainty over income tax treatments" (effective 1 January 2019). This interpretation clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. Umicore is analysing the tax uncertainties within the group and the impact that this clarification may have.

For all other new interpretations and standards not yet mandatory as from 1 January 2017, management has no indications that this will result in a material impact on the Group's consolidated financial statements.

F41 AUDITORS' REMUNERATION

The world-wide remuneration for the statutory auditor and its affiliated companies totalled € 4.0 million, including an amount of € 1.8 million for the statutory audit missions (€ 0.5 million for the audit of the mother company) and € 2.2 million for non-statutory audit services including audit-related and other attestation services (€ 0.4 million) and other non-audit related services (€ 1.8 million).

F42 DISCONTINUED OPERATIONS

In 2015, in light of Umicore's review of its portfolio of activities, a process was initiated to prepare the Zinc Chemicals and Building Products business units for a future outside the Umicore Group. Management analysed whether criteria were met to present both activities as discontinued operations. Based on this analysis it was decided to present both business units as discontinued operations as from 30 June 2015.

As a result,since 2015, discontinued operations were shown in one line item on the balance sheet in accordance with IFRS 5 and with elimination of balance sheet positions between the continued and discontinued operations. No deprecations have been recorded for discontinued operations as from 30 June 2015 but all discontinued balance sheet items were presented at the lower of the fair value less cost-to-sell and the carrying amount, in accordance with IFRS 5 and based upon a detailed impairment analysis.

In June 2016, Umicore announced that an agreement to sell its Zinc Chemicals business unit to OpenGate Capital, a US-based private equity firm, had been reached. The transaction has been effectively closed at the end of October 2016. All the income statement elements of Zinc Chemicals before the end of October have been shown under discontinued operations.

In May 2017, it was announced that Umicore entered into exclusive negotiations with Fedrus International for the sale of its Building Products activities. The transaction has been effectively closed at the end of September 2017. All the income statements elements of Building Products before the end of September have been shown under discontinued operations.

As per 1st July 2017, the activities of Ieqsa have been transferred again to the continuing operations in the Corporate segment.

ASSETS AND LIABILITIES OF DISCONTINUED OPERATIONS

Thousands of Euros	31/12/2016	31/12/2017
Non-current assets	**90,344**	**–**
Property, plant and equipment	62,137	–
Investments accounted for using the equity method	15,981	–
Other non-current assets	12,226	–
Current assets	**163,140**	**–**
Inventories	92,531	–
Trade and other receivables	23,931	–
Cash and Cash equivalents	45,326	–
Other current assets	1,352	–
TOTAL ASSETS	**253,484**	**–**
Non-current liabilities	**39,768**	**–**
Provisions for employee benefits	36,896	–
Financial debt	487	–
Other non-current liabilities	2,385	–
Current liabilities	**105,140**	**–**
Financial debt	371	–
Trade and other payables	103,478	–
Other current liabilities	1,291	–
TOTAL EQUITY & LIABILITIES	**144,908**	**–**

Analysis of the result of discontinued operations and cash flows including a restatement of prior periods in accordance with IFRS 5 is shown below:

CONDENSED INCOME STATEMENT OF DISCONTINUED OPERATIONS

Thousands of Euros	2016	2017
Operating income	661,311	334,291
Operating expenses	(696,754)	(333,507)
Result from operating activities	**(35,445)**	**783**
Finance cost – Net	(3,031)	(1,023)
Share in result of companies using the equity method	1,254	859
Profit (loss) before income tax	**(37,222)**	**619**
Income taxes	(13,081)	(3,512)
Profit (loss) of the period	**(50,303)**	**(2,893)**
Euros		
Basic earnings per share from discontinued operations	(0.23)	(0.01)
Diluted earnings per share from discontinued operations	(0.23)	(0.01)

CONDENSED CASH FLOW STATEMENT OF DISCONTINUED OPERATIONS

Thousands of Euros	2016	2017
Net operating cash flow	**(63,363)**	**6,800**
Net cash flow generated by (used in) investing activities	**28,909**	**(42,710)**
Net cash flow generated by (used in) financing activities	**(22,579)**	**7,031**
Effect of exchange rate fluctuations on cash held	(3,002)	(224)
Net cash flow from discontinued operations	(60,034)	(29,103)
Net cash and cash equivalents at the beginning of the period for discontinued operations	**37,872**	**45,326**
Impact of final financing carved out entities	67,488	(16,223)
Net cash and cash equivalents at the end of the period for discontinued operations	**45,326**	**–**

Referring to the accounting policies, the Group has made a policy choice of assessing whether the arrangement will continue in the future and as a result, intercompany transactions within the income statement between the discontinued and continued operations are not eliminated against continuing operation to the extent that the arrangement will continue in the future and the amounts will become external revenues/expenses in subsequent periods.

The commercial transactions between continued and discontinued operations amounted to € 5.2 million in the operating expenses of the discontinued operations and € 0.8 million in the operating income of the discontinued operations (taking 9 months of results for discontinued operations).

The balance sheet of the Building Products entities at the end of September on which the capital gain calculation has been based was:

ASSETS AND LIABILITIES OF DISCONTINUED ENTITIES SOLD

Thousands of Euros	**30/09/2017**
Non-current assets	76,856
Current assets	229,311
TOTAL ASSETS	**306,166**
Equity	81,934
Retained earnings	87,609
Items of OCI reclassified to retained earnings	(5,796)
Items of OCI to be reclassified to P&L	120
Non-current liabilities	47,833
Current liabilities	176,400
TOTAL LIABILITIES	**224,234**
Price received	67,666
Capital Loss	(14,148)

The reconciliation between the consideration paid and the cash flow from investing activities of continuing operations is detailed in note 34.

Parent company separate summarised financial statements

The annual accounts of Umicore are given below in summarised form.

In accordance with the Companies code, the annual accounts of Umicore, together with the management report and the statutory auditor's report will be deposited with the National Bank of Belgium.

UMICORE
Rue du Marais 31 Broekstraat
B-1000 Brussels (Belgium)

The statutory auditor did not express any reservations in respect of the annual accounts of Umicore.

The legal reserve of € 50.0 million which is included in the retained earnings is not available for distribution.

Thousands of Euros	31/12/2015	31/12/2016	31/12/2017
SUMMARISED BALANCE SHEET AT 31 DECEMBER			
1. ASSETS			
Fixed assets	**3,835,808**	**3,847,718**	**4,117,701**
II. Intangible assets	88,287	117,183	110,018
III. Tangible assets	353,974	365,507	398,464
IV. Financial assets	3,393,547	3,365,028	3,609,219
Current assets	**684,601**	**752,880**	**950,746**
V. Amounts receivable after more than one year	373	373	373
VI. Stocks and contracts in progress	343,868	351,864	339,484
VII. Amounts receivable within one year	163,725	216,042	381,570
VIII. Investments	162,043	164,809	200,213
IX. Cash at bank and in hand	951	1,901	780
X. Deferred charges and accrued income	13,641	17,891	28,326
Total assets	**4,520,409**	**4,600,598**	**5,068,447**
2. LIABILITIES AND SHAREHOLDERS' EQUITY			
Capital and reserves	1,214,164	**1,222,013**	**1,211,092**
I. Capital	500,000	500,000	500,000
II. Share premium account	6,610	6,610	6,610
III. Revaluation surplus	91	91	91
IV. Reserves	330,067	289,770	281,908
V. Result carried forward	236,627	270,367	264,754
Vbis. Result for the period	135,456	148,537	149,816
VI. Investments grants	5,313	6,638	7,913
Provisions and deferred taxation			
VII.A. Provisions for liabilities and charges	109,685	111,775	117,426
Creditors	**3,196,560**	**3,266,810**	**3,739,929**
VIII. Amounts payable after more than one year	1,572,000	1,981,249	1,693,125
IX. Amounts payable within one year	1,563,686	1,193,761	1,973,509
X. Accrued charges and deferred income	60,873	91,800	73,295
Total liabilities and shareholders' equity	**4,520,409**	**4,600,598**	**5,068,447**

Thousands of Euros	31/12/2015	31/12/2016	31/12/2017
INCOME STATEMENT			
I. Operating income	2,961,093	2,415,676	2,960,635
II. Operating charges	(2,888,281)	(2,412,640)	(2,900,861)
III. Operating result	**72,812**	**3,036**	**59,774**
IV. Financial income	182,294	258,002	161,063
V. Financial charges	(106,570)	(113,178)	(69,747)
VI. Result on ordinary activities before taxes	**148,536**	**147,860**	**151,090**
X. Income taxes	(13,080)	677	(1,274)
XI. Result for the period	**135,456**	**148,537**	**149,816**
XIII. Result for the period available	**135,456**	**148,537**	**149,816**

Thousands of Euros	2015	2016	2017
APPROPRIATION ACCOUNT			
A. Profit (loss) to be appropriated	**511,065**	**520,620**	**568,719**
1. Profit (loss) for the financial year	135,456	148,537	149,816
2. Profit (loss) carried forward	375,609	372,083	418,903
C. Appropriation to equity	**(8,482)**	**40,296**	**7,862**
3. To the reserve for own shares	(8,482)	40,296	7,862
D. Profit (loss) to be carried forward(1)	**372,083**	**418,903**	**414,569**
2. Profit (loss) to be carried forward	372,083	418,903	414,569
F. Profit to be distributed(1)	**(130,500)**	**(142,013)**	**(162,012)**
1. Dividends			
Ordinary shares	**(130,500)**	**(142,013)**	**(162,012)**

(1) The total amount of these two items will be amended to allow for the amount of the company's own shares held by Umicore on the date of the Annual General Meeting of Shareholders on 26 April 2018; the gross dividend of € 0.7 will not change.

	THOUSANDS OF EUROS	NUMBER OF SHARES
STATEMENT OF CAPITAL		
A. Share capital		
1. Issued capital		
At the end of the preceding financial year	500,000	224,000,000
At the end of the financial year	500,000	224,000,000
2. Structure of the capital		
2.1. Categories of shares		
Ordinary shares	500,000	224,000,000
2.2. Registered shares or bearer shares		
Registered		41,908,468
Bearer		182,091,532
E. Authorised unissued capital	**50,000**	

	% CAPITAL	NUMBER OF SHARES	NOTIFICATION DATE
G. SHAREHOLDER BASE[1]			
Family Trust Desmarais, Albert Frère and Groupe Bruxelles Lambert S.A.	15.00	33,605,672	24/09/2015
BlackRock Investment Management	4.86	10,876,681	14/08/2017
APG Asset management	3.00	6,728,778	24/10/2016
Vanguard International Growth Fund	3.02	6,775,231	06/12/2017
Others	72.10	161,508,071	31/12/2017
Own shares held by Umicore	2.01	4,505,567	31/12/2017
	100.00	224,000,000	
of which free float	100.00	224,000,000	

(1) At 31 December 2017, 5,218,199 options on Umicore shares are still to be exercised. This amount includes 5,218,199 acquisition rights of existing shares held by Umicore.

Management responsibility statement

We hereby certify that, to the best of our knowledge, the Consolidated Financial Statements as of 31 December 2017, prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and with legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole, and that the management report includes a fair review of the development and performance of the business and the position of the group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

16 March 2018,

Marc Grynberg
Chief Executive Officer