

**2023 RESULTS**

## Sibelco delivers strong results despite tough market conditions

Revenue increased by 5% and EBITDA by 22% against the previous year, whilst scope 1 & 2 carbon emissions were down 23% in absolute terms and 30% in terms of emissions intensity.

Sibelco today announced its financial results for 2023. Market conditions in Europe were difficult with sales volumes down due to the slow-down in construction and certain targeted consumer good segments relevant for Sibelco's activities. A notably strong performance from Sibelco's USA high purity quartz (HPQ) business compensated for the lacklustre European performance and was a key driver behind the group's positive results. Rapid growth in the solar energy market drove high demand for Sibelco's premium quality HPQ material.

€ million	Sibelco			Var '23 vs '22
	2021	2022	2023	
Revenue	1,680	2,009	2,104	+5%
EBITDA	271	339	414	+22%
FOCF*	77	161	441	+174%
ROCE	7.4%	7.4%	11.6%	+4%

\* FOCF includes received customer prepayments

### Highlights

- A strong safety performance with a recordable incident rate of 1.73, placing Sibelco in the top quartile of companies in the mining and metals industry\* for a third consecutive year;
- Revenue up 4.7% against the previous year to € 2,104 million;
- EBITDA up 22.3% to € 414 million;
- Free operating cash flow (FOCF) adjusted for leasing reached € 441 million against € 161 million in 2022. Net of factoring and customer prepayment effects, the FOCF would have been € 153 million in 2023 compared to € 87 million for 2022;
- The company made good progress towards its sustainability targets, cutting absolute scope 1 & 2 carbon emissions by 23%\*\* against the previous year, and emissions intensity by 30%\*\*\*;
- Responding to rapid growth in the solar energy market, Sibelco initiated a major expansion of its HPQ operation in Spruce Pine (USA). The first phase of the project will double installed capacity with an investment of USD 200 million. Feasibility studies for a second phase of expansion that would be executed from 2024 – 2027, are underway;
- Sibelco completed the second tranche of a AUD 49 million investment in its joint venture with Diatreme Resources, an emerging Australian producer of low iron silica. Sibelco also formed a JV with Avalon in Canada to supply lithium feldspar and delivered the first large-scale consignment of olivine for carbon sequestration in a partnership with Eion;
- Sibelco successfully divested its Russian business;
- Through a successful Share Buy Back on February 15, 2024 in the amount of € 609.6 million (fixed price component only), the company acquired 88,989 of its own shares; and
- The Board of Directors will propose a dividend of € 146 per share for the full year of 2023, a 25% increase compared to 2022, for approval by shareholders at the Annual Shareholders' Meeting in April 2024.

\* based on member safety performance data collated by the International Council on Mining & Metals

\*\* kton CO<sub>2</sub>

\*\*\* kg CO<sub>2</sub> / € ex-works revenue

## Commenting on the results, Sibelco CEO Hilmar Rode said:

“The cumulative impact of the recent period of high energy costs, high inflation and high interest rates has led to a strong cyclical downturn in demand for Sibelco’s products across most of its markets, especially in Europe. We are therefore pleased that Sibelco was able to deliver strong results in 2023 despite this very challenging economic environment. It is of concern that we also start to see clear signs of structural deindustrialisation in Europe. The ongoing implementation of our Sibelco 2025 strategy will help to address the resulting profitability challenges. Construction and glass packaging suffered notably while demand for glass recycling remained resilient. On the positive side, our Spruce Pine (USA) high purity quartz (HPQ) business benefited from strong demand in the solar energy sector. Responding to these conditions, we began the first phase of a major expansion of Spruce Pine that will strengthen Sibelco’s position as the world’s leading provider of high purity quartz.”

KEY FIGURES (€ million)	2022	2023	Change %
<b>Consolidated results</b>			
Revenue	2,009	2,104	+5%
EBITDA	339	414	+22%
EBITDA % of Revenue	16.9%	19.7%	-
EBIT	142	245	+72%
Net Result (share of the Group)	131	155	+18%
Net Result	131	158	+20%
<b>Cash flows</b>			
Free operating cash flow*	161	441	+174%
Acquisitions / disposals and land & reserves	(125)	13	-111%
<b>Funding</b>			
Net cash / (debt)	46	381	+731%
Shareholder's equity	1,206	1,303	+8%
<b>Data per share</b>			
Earnings EUR	302.0	357.2	+18%
Dividend (gross) EUR	117.2	146.0	+25%
Total shares	470,170	470,170	+0%
Own shares**	35,314	35,314	+0%
<b>Return on Capital Employed</b>			
Average Capital Employed last 12 months	1,935	2,102	+9%
ROCE (EBIT / Average Capital Employed)	7.4%	11.6%	+4.3%

\* Free operating cash flow (FOCF): includes impact of IFRS16 leases and received customer prepayments

\*\* Through a successful Share Buy Back on February 15, 2024 in the amount of € 609.6 million (fixed price component only), the company acquired 88,989 of its own shares bringing the number of treasury shares from 35,314 at December 31, 2023 to 124,303 on the transaction record date

## FINANCIAL RESULTS

### Group Results

Revenue was up 4.7% against last year to € 2,104 million. Whilst tough economic conditions in Europe lead to a 7.8% fall in sales volumes, this was offset by price increases and product mix improvements (mainly in the US) which saw EBITDA increase 22.3% to € 414 million, and EBITDA margin increase to 19.7% compared to 16.9% in 2022.

Our operations recorded a non-recurring charge of € 18.5 million at EBIT level. The majority of these charges related to a recorded impairment loss in incubator operations (€ 19.0 million) due to a major incident at our Act&Sorb plant in Belgium. In addition, we registered impairment losses of € 3.9 million in Finland and € 2.5 million in Malaysia. Those non-recurring losses were partially offset by a € 6.5 million insurance refund for the incident at Act&Sorb and a release of overprovision for restructuring in France (€ 2.1 million).

Return on capital employed (ROCE) for the continuing operations was 11.6% including the € 18.5 million non-recurring EBIT charge. This compares to 7.4% in 2022. Excluding the nonrecurring effect, ROCE would have been 12.5%.

The total effective tax rate for the group was 28.8%. The net result (Group share) was € 156 million compared to € 131 million in 2022.

### Cost and Price Management

We implemented selected price increases during 2023. This was primarily to address cost inflation but also to better reflect the value in use of our product offering.

SG&A increased nominally and as a percentage of revenue compared to last year, mainly caused by the impact of higher personnel costs (inflation and incentive schemes).

### Capital Expenditures & Acquisitions

Total capital expenditure was € 140 million in 2023 compared to € 120 million last year. Most growth investments related to expansion of our high purity quartz operation in the US, plant upgrades and bulk clay shed replacements in the UK, plus various projects in Belgium, France and the Netherlands.

In March we completed the acquisition of Centro Raccolta Vetro srl, a glass recycling business in Trani, Italy. In December, Sibelco gained control of Combustion Consulting Italy srl, an engineering and licensing startup that has developed a patented glass melting technology. We acquired an additional 30% of shares in this company having acquired 20% of its shares in December 2022.

### Cash Flow and Funding

Sibelco generated positive cash flows during the year, thanks to strong EBITDA and a positive evolution in working capital that was supported by large prepayments in the US in Q4. Total free operating cash flow (adjusted for leasing) reached € 441 million for the Group (€ 161 million in 2022).

Adjusted for the effects of prepayments received from clients in 2023 and the use this year of prepayments received in 2022, free operating cash flow would have been € 153 million in 2023 compared to € 87 million for 2022.

Taking into consideration the cash impact from acquisitions, investments in land and reserves and interest payments, € 51 million in dividend payments and foreign exchange impacts and scope changes, we saw a net cash increase of € 376 million (net cash decrease of € 43 million in 2022).

The net cash position at year-end therefore remained very strong at € 381 million compared to € 46 million last year. The increase is explained by the free cash flow of € 376 million, cash lost in scope changes (€ -15 million) and other items such as foreign exchange impacts, leasing and other (€ -26 million).

## Dividend

The Board of Directors will propose a dividend of € 146 per share for the full year of 2023, for approval by

## MARKET REVIEW

### Construction

The construction market saw a global slowdown in activity, with cancellation or delays to large-scale commercial infrastructure projects, coupled with a sharp fall in housebuilding and domestic renovations as investors and homeowners felt the effects of high interest rates. This downturn in end-user demand led to lower production of **tiles**, **sanitaryware** and **engineered stone** in Europe, USA and Asia.

The ongoing Russia-Ukraine conflict meant ball clays from our Ukrainian operations were almost completely absent from the tile market for a second consecutive year. Alternative products from our UK and German clay operations partially compensated for this loss. Production of **structural ceramics** (bricks, pipes and roof tiles) was also down against last year's post-pandemic peak, however sales of our materials to the **concrete**, **cement** and **mortar** sectors were higher, mainly thanks to recent acquisitions in Italy and Spain.

### Glass & Electronics

Despite the slowdown in construction, our revenues in the **float glass** sector rose against the previous year as we increased market share. This was mainly thanks to our network's ability to provide customers with a reliable flow of silica sand as supplies from other countries proved unstable.

Conversely, a fall in consumption of wine and other alcoholic beverages from last year's historic peak led to large-scale destocking of **container glass** globally, with lower demand for minerals. We also saw reduced production of **fiberglass** with tough market conditions in both Europe and Asia.

Demand for high purity quartz in Asia's **PV solar** sector continued throughout the year, as high fossil fuel prices

shareholders at the Annual Shareholders' Meeting in April 2024. This represents a 25% increase compared to 2022 and reflects the Board's confidence in the cash flow generating potential of Sibelco going forward.

and energy security concerns continued to drive rapid growth in renewable energy. According to the International Energy Agency, manufacturing capacity for all solar PV production segments is expected to grow as the expansion of commercial-scale solar plants is accompanied by growth in domestic installations. We signed long-term sales agreements with key customers in the solar PV sector, supporting a major expansion of our Spruce Pine (USA) operation. Sales of silica to **printed circuit board** manufacturers in China and Taiwan softened this year. Similarly, **display glass** production was also down against 2022 with weak consumer demand for smartphones and PCs.

### Industrial & Consumer

Revenues in the **coatings** sector increased compared to 2022, led mainly by higher sales of calcium carbonate slurries from our Jarinu (Brazil) plant. Whilst demand from manufacturers of construction related **polymer** products (such as pipes and membranes) softened this year, sales of aluminium trihydrate (ATH) in the **flame retardants** sector increased significantly, strengthening Sibelco's position as the European market leader for non-synthetic ATH.

Asia's **medical gloves** sector remained flat for a second consecutive year, but Sibelco maintained a strong position in South America's **oral care** and **food** sectors. Sales volumes in Europe's **water filtration** market held up well against an exceptionally strong 2022. Adverse weather conditions at the start of the year impacted **sports and leisure**, and **agricultural** activities, especially in Western Europe.

### Metallurgy

Exports of olivine from our Aheim (Norway) operation to the **steel** sector decreased this year. This was driven by the general downturn in construction activity globally,

together with the steel industry's gradual transition away from the traditional blast furnace, in which olivine is used for smelting, towards greener manufacturing processes for which olivine may not be required.

The biggest fall in sales volumes was in India, the world's second-largest steel producer, with less significant downturns in Europe and the US. Sales of olivine to the **foundry** and **refractory** markets also fell slightly this year, again driven by the falloff in construction.

## Recycling

Despite challenging conditions, our **glass recycling** business performed strongly again this year as cullet remained the preferred material to reduce energy consumption and carbon emissions in the glass manufacturing process.

Whilst demand for cullet remained strong, scarcity of glass waste presented our plants with challenges in some countries. Sourcing of glass waste remains one of our key focus areas in Europe.

Over the course of the year we finalised the integration of five plants acquired via the purchase of Krynicky Recycling in 2022, creating a new group of sites (known as the Lubliniec cluster) across Poland and Estonia.

## UKRAINE & RUSSIA

In November 2023 Sibelco fully divested its business in Russia, resulting in a loss of € 26.8 million. We had closely monitored the situation since the conflict with Ukraine began, running our Russian operation on a standalone basis in full compliance with all applicable sanctions. Ensuring the continuity and stability of the business for the benefit of our 300 local employees was always a key consideration in the divestment.

Our operations in Ukraine (some of which sit close to the conflict frontline) remained partially suspended throughout the year, and we continued to support colleagues across the country through our Ukraine Relief Fund.

## SUSTAINABILITY

This year we made good progress towards our 2030 environmental, social and governance targets, working within the enhanced sustainability framework launched in 2022.

Built around our purpose - *material solutions advancing life* - our sustainability strategy contributes to eleven of the seventeen United Nations Sustainable Development Goals.

We recently published our latest Climate Report, outlining our approach to energy usage and GHG emissions reduction. The report sets out targets which were validated by the Science Based Targets initiative (SBTi) in November 2022.

We report on progress against our 2030 sustainability goals each year within our Annual Report.

## Carbon Reduction

Sibelco has committed to reduce CO<sub>2</sub> intensity for scope 1 & 2 by 5% p.a. (kg CO<sub>2</sub>/€ ex-works revenue), equivalent to an absolute reduction of 22.5% from 2021 to 2030\*. In 2022 we committed to a scope 3 engagement target covering 69% of customer and transportation suppliers by emissions from 2021 to 2026. Our near-term targets (2030) for scope 1, 2 and 3 were validated by the Science Based Targets initiative (SBTi).

Between 2021 and 2023 we reduced scope 1 & 2 CO<sub>2</sub> intensity by 38% and absolute emissions by 22%\*\*.

\* assuming 2.5 p.a. growth

\*\* Whilst our progress has been driven by successful completion of multiple decarbonisation projects, it is important to note that our 2023 achievements were also positively affected by changes to our product portfolio and production volumes, both of which have a non-recurring impact

## PEOPLE

We launched several initiatives to advance diversity, inclusion and belonging (DIB) this year, focusing strongly on gender diversity in our quarry operations.

We achieved notable successes in APAC, North America and South America, and will continue to refine our DIB programme, particularly in Europe.

## OUTLOOK

Our activities in Europe and APAC commenced 2024 steadily, albeit at relatively low activity levels. The trend of customer destocking that impacted our results in the second half of 2023 appears to have ended, with no clear signs of further decline.

Sibelco's growth in North and South America continued during the first quarter of 2024. We expect this to continue throughout the year.

On the back of the strong expected growth of our HPQ business, Sibelco is budgeting for a significant increase in EBITDA in 2024. At this early stage in the year Sibelco appears to be on track to achieve an EBITDA of EUR 630 million in 2024, consistent with the indication in the prospectus published for the recently completed share buyback.

### **Disclaimer**

*This document contains projections and other forward-looking statements. Investors should be aware that such projections and forward-looking statements are subject to various risks and uncertainties (many of which are difficult to predict and generally beyond the control of Sibelco) that could cause actual results and developments to differ materially from those expressed or implied.*

**Simplified Consolidated Statement of Profit or Loss**

IN THOUSANDS OF EUROS	<b>2023</b>	<b>2022</b>
<b>Revenue</b>	<b>2,104,244</b>	<b>2,008,922</b>
<b>Cost of sales (-)</b>	<b>(1,412,671)</b>	<b>(1,434,082)</b>
<b>Gross Margin</b>	<b>691,573</b>	<b>574,840</b>
Other operating income	44,726	25,725
Selling, General & Administration expenses (-)	(294,693)	(246,726)
Other operating expenses (-)	(45,766)	(58,423)
<b>Depreciation, amortization and depletion</b>	<b>(151,245)</b>	<b>(152,999)</b>
<b>EBIT</b>	<b>244,594</b>	<b>142,417</b>
Financial income	45,294	67,410
Financial expenses (-)	(75,563)	(33,063)
Share of profit of equity-accounted investees (net of tax)	6,347	4,946
<b>Profit (loss) before income taxes</b>	<b>220,672</b>	<b>181,710</b>
Income taxes	(62,756)	(50,245)
<b>Profit (loss) for the period</b>	<b>157,916</b>	<b>131,465</b>
Attributable to:		
Owners of the Company	155,311	131,307
Non-controlling interests	2,605	159
	<b>157,916</b>	<b>131,465</b>

## Simplified Consolidated Statement of Financial Position

IN THOUSANDS OF EURO	<b>31 DEC 2023</b>	<b>31 DEC 2022</b>
<b>Assets</b>	<b>3,070,112</b>	<b>2,690,816</b>
Non-current assets	1,482,972	1,401,616
Current assets	1,586,484	1,286,693
Assets classified as held for sale	657	2,506
<b>Equity and liabilities</b>	<b>3,070,112</b>	<b>2,690,816</b>
Total equity	1,340,849	1,213,742
Equity attributable to equity holders	1,302,768	1,205,867
Share capital	25,000	25,000
Share premium	12	12
Retained earnings and reserves	1,277,756	1,180,855
Non-controlling interests	38,081	7,875
Non-current liabilities	956,201	832,127
Current liabilities	773,041	640,811
Liabilities classified as held for sale	21	4,136



**Simplified and Unaudited Consolidated Statement of Cash Flows**

IN THOUSANDS OF EUROS	<b>2023</b>	<b>2022</b>
<b>EBIT</b>	<b>244,594</b>	<b>142,417</b>
Non-recurring result	18,495	43,416
Depreciation, amortisation and depletion	151,400	153,035
<b>EBITDA</b>	<b>414,491</b>	<b>338,868</b>
Income taxes (paid)/received	(72,981)	(47,135)
Capex, including IFRS16 leases	(165,182)	(142,172)
Working capital changes	255,367	54,768
Use of provisions	(16,257)	(22,792)
Additional provisions	39,832	8,825
Cash contributions to defined benefit plans	(17,641)	(23,063)
Other non-cash items	3,247	(6,669)
<b>Free operating cash flow</b>	<b>440,875</b>	<b>160,630</b>
Interest (paid)/received	(5,327)	(4,460)
Proceeds from sale of PPE	4,807	2,438
Acquisitions of land and reserves	(22,902)	(8,685)
Acquisitions of subsidiaries/non-controlling interests	(9,787)	(159,504)
Disposal of subsidiaries/associates	41,049	41,087
Dividends received	2,278	1,230
Dividends paid	(53,608)	(52,879)
Other items	(21,101)	(22,690)
<b>Net debt decrease (increase)</b>	<b>376,285</b>	<b>(42,833)</b>
<b>Opening net financial position</b>	<b>45,840</b>	<b>146,833</b>
Change in net financial debt	376,285	(42,833)
Leases	826	508
Scope changes	(15,063)	(48,307)
Exchange rate fluctuations and other	(26,892)	(10,361)
<b>Closing net financial position</b>	<b>380,995</b>	<b>45,840</b>