

**2021 RESULTS**

## Sibelco's financial results confirm economic recovery in most sectors

Sibelco today announced financial results for 2021 that confirmed the recovery in most of the sectors served by the company. Revenues and EBITDA were well above those of 2020 and also comfortably above the pre-pandemic levels of 2019 at constant scope. Sibelco has continued to deploy its Sibelco 2025 vision and strategy that was launched in early 2021. This maps out a transformational path to local ownership of operational excellence, greater customer centricity and best in class financial performance whilst embedding a clear commitment to sustainability.

EUR M	Sibelco reported			Sibelco continuing				
	2019	2020	2021	2019	2020	2021	Δ '21 vs '19	Δ '21 vs '20
Revenue	3,295	1,976	1,680	1,538	1,393	1,674	+9%	+20%
EBITDA	554	294	271	242	204	270	+12%	+32%
FOCF*	114	49	77	(9)	28	81	n/a	+289%
ROCE	(32.2)%	3.8%	7.4%	5.8%	5.7%	7.3%	+26%	+28%

### Highlights

- Sibelco's continuing operations (i.e. excluding the effect of divestments and closures) generated an increase in revenue of 20% (from EUR 1,393 million to EUR 1,674 million). This increase was driven both by higher sales volumes resulting from the recovery in most of Sibelco's end-markets and higher prices.
- For Sibelco's continuing operations, the improvement in EBITDA compared to 2020 was 32% (from EUR 204 million to EUR 270 million). The EBITDA margin (EBITDA/revenue) for the continuing activities of 16.1% was above the 2019 pre-pandemic level of 15.7%.
- Sibelco's continuing operations generated free operating cash flow of EUR 81 million, almost three times the level of 2020 and up EUR 90 million compared to 2019. The improving business environment and resulting higher sales led to a slight increase in net working capital. The Group's net cash position at year end was EUR 147 million compared to EUR 168 million at 31 December 2020.
- Sibelco's continuing operations booked a non-recurring charge of EUR 29 million to EBIT, almost all of which (EUR 26 million) was related to the restructuring initiative announced in November 2021.
- The Board of Directors will propose a dividend of EUR 117.2 per share for the full year of 2021 for approval by shareholders at the Annual Shareholders' Meeting in April 2022. This represents an 11% increase vs 2020.
- Sibelco's safety performance continued to improve with a recordable injury rate (RIR) of 1.7. This was below Sibelco's improvement target for 2021 and well below the RIR for 2020 of 4.0.
- Sibelco made good progress towards its sustainability goals and introduced ambitious Scope 1 and Scope 2 carbon reduction goals as part of its Sibelco 2025 strategy.

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

*"Most customers saw a steady improvement in their business activity during 2021 and the underlying trends are positive for Sibelco. While we still have a long way to go to deliver on our potential, we can be encouraged by this positive first year working towards our strategic goals. As we look to 2022, demand for Sibelco's products has been robust during the first two months of the year. Cost inflation remains prevalent, notably for energy and transportation, and management is continuing to take steps to mitigate the impact of these higher costs. Although overall trends point to a further improvement in profitability in 2022, the conflict in Ukraine has the potential to undermine the global economic recovery and is already impacting Sibelco's business in both Ukraine and Russia, which together in 2021 accounted for some 8% of Sibelco's revenues and 10% of EBITDA."*

KEY FIGURES (million EUR)	2020	2021	Change %
<b>Consolidated results</b>			
Revenue	1,976	1,680	-15%
Sibelco continuing	1,393	1,674	+20%
EBITDA	294	271	-8%
Sibelco continuing	204	270	+32%
EBITDA as % of revenue (Sibelco continuing)	14.6%	16.1%	+10%
EBIT	92	115	+25%
Sibelco continuing	85	114	+34%
Net result (share of the Group)	78	75	-4%
Sibelco continuing	72	75	+4%
Net Result	52	77	+48%
Sibelco continuing	71	77	+8%
<b>Cash flows</b>			
Free operating cash flow*	49	77	+57%
Sibelco continuing	28	81	+289%
Acquisitions, disposals, land & reserves	69	(47)	n/a
Sibelco continuing	(5)	(49)	n/a
<b>Funding</b>			
Net cash / (debt)	168	147	-13%
Shareholders' equity	1,047	1,115	+6%
<b>Data per share</b>			
Earnings EUR	184.0	172.2	-6%
Dividend (gross) EUR	106.0	117.2	+11%
Total shares	470,170	470,170	-
Own shares	35,314	35,314	-
<b>Return on capital employed</b>			
ROCE (Reported Group EBIT last 12 months / Average capital employed last 12 months)	3.8%	7.4%	+95%
Sibelco continuing	5.7%	7.3%	+28%
Capital employed year end	1,529	1,565	+2%
Average capital employed last 12 months	2,451	1,557	-37%
Sibelco continuing	1,508	1,557	+3%

\*Free operating cash flow (FOCF): new definition includes impact of IFRS16 leases

## FINANCIAL ITEMS

### Group results

*For the purpose of the discussion of Sibelco's results below we focus on pro-forma key metrics for the continuing operations as this is the most relevant baseline for 2021 and beyond.*

Reported revenues were down 15% to EUR 1,680 million. Excluding the impact of divestments & closures Sibelco recorded an increase in revenue of 20% (from EUR 1,393 million to EUR 1,674 million). This increase was driven primarily by higher sales volumes resulting from the recovery in most of Sibelco's end-markets. This recovery gathered pace through the year and came in almost all industrial sectors and regions served by Sibelco.

Reported EBITDA was 8% lower at EUR 271 million. For Sibelco's continuing operations, the improvement in EBITDA was 32% (from EUR 204 million to EUR 270 million) which represents a recovery to 12% above the levels of 2019. The outperformance was more pronounced in the first half of 2021 as the corresponding period in the previous year was more significantly impacted by the effects of the COVID pandemic. The EBITDA margin of Sibelco's continuing operations improved from 14.6% to 16.1%.

Sibelco's continuing operations recorded a non-recurring charge of EUR 29 million at EBIT level. The majority of this amount (EUR 26 million) was related to the restructuring initiative announced in November 2021. This initiative is currently being implemented and is expected to be completed by the end of 2022.

Return on capital employed (ROCE) for the continuing operations was 7.3% including the non-recurring EBIT charge. This compares to 5.7% in 2020. Excluding the non-recurring effect, ROCE would have been 9.2%.

The total effective tax rate for the group was 27%.

The net result (Group share) was EUR 75 million compared to EUR 78 million in 2020.

### Cost and price management

Sibelco implemented substantial price increases during 2021, primarily to address cost inflation – particularly in logistics and transport – and the resulting unsustainable pressure on margins. Overall corporate costs increased slightly during the year but remained stable as a percentage of revenue.

### Capital expenditures & acquisitions

Total capital expenditures were EUR 114 million in 2021 compared to EUR 119 million in 2020. The main growth investments were linked to the continuation of projects initiated in previous periods such as the increased clay production in the UK, new glass recycling production in Italy, investments in Turkish feldspar, cristobalite capacity growth and the construction of the Act&Sorb facility in Belgium.

Sibelco completed two acquisitions in its glass recycling activities in 2021:

In the UK, Sibelco acquired glass recycling plants in Sheffield, Glasgow and Peterborough from Viridor. This provides a platform for Sibelco to grow its recycling footprint and support the circular economy in the UK. Sibelco also acquired household glass and float glass recycling plants from Solover in Southern France.

In February, Sibelco also acquired a minerals processing facility in Talke, UK. This plant processes silica sand into silica flour for specific customer applications such as fibre glass production.

### Cash flow and funding

Sibelco generated positive cash flows during the year, although the improving business environment and resulting higher sales led to a slight increase in net working capital. Total free operating cash flow (adjusted for leasing) reached EUR 77 for the Group. Taking into consideration the cash impact from acquisitions and interest payments, EUR 47 million of dividend payments and foreign exchange impacts and scope changes, this resulted in a slight net cash decrease of EUR 21 million. The net cash position at year-end remained very strong at EUR 147 million compared to EUR 168 million at 31 December 2020.

## Dividend

The Board of Directors will propose a dividend of EUR 117.2 per share for the full year of 2021 for approval by shareholders at the Annual Shareholders' Meeting in April 2022. This represents an 11% increase compared to 2020 and reflects the Board's confidence in the cash flow generating potential for Sibelco going forward.

## BUSINESS REVIEW

### Construction

Sibelco's global construction markets remained on a positive recovery path throughout 2021, driving strong mineral sales across all related segments.

Our new SANBLEND® ball clay plant in Devon (UK) achieved a record production year to meet high demand in the **sanitaryware** market. We increased exports of SANBLEND® refined ball clays to Mexico as manufacturers continued to utilise Sibelco products to meet consumer demand for high-quality sanitaryware in South America and the US.

We saw strong sales of cristobalite to the growing **engineered stone** market throughout the year as the surge in construction activity, including an upturn in building renovation projects, led to increased demand for countertops. As well as high demand in Europe, we increased exports of cristobalite to the US, Vietnam, Taiwan, India and Malaysia.

Our new storage and mineral processing facility at the port of Ravenna (Italy) helped us to meet substantial growth in demand in the **ceramic tiles** sector. The facility allowed us to maintain a steady flow of materials to customers in Europe despite global shipping shortages. We also increased exports of Ukrainian clay and Turkish feldspar to meet growing demand from tile manufacturers in the US and Mexico. The commissioning of an additional feldspar processing plant in Turkey allowed us to ramp up supply.

Sales to the **concrete** and **cement** sectors also grew as a result of the recovery in construction, further boosted in France as infrastructure work for the 2024 Summer

### Note on Covia

*Covia was deconsolidated from Sibelco at the end of June 2020 and Sibelco's exit from Covia was confirmed on 31 December 2020. Sibelco's financial statements therefore contain all P&L and cash flow elements for Covia only for the first half of 2020.*

Olympics in Paris gathered momentum. Recovery in Germany's **structural ceramics** sector was slightly weaker than anticipated.

Sales to the **ballasting** market were boosted by a project to support the world's largest offshore floating wind farm. We provided 82,000 tonnes of olivine to secure the foundations of 11 turbines at Hywind Tampen in the Norwegian North Sea.

### Glass & Electronics

The **float glass** industry's post-pandemic recovery saw strong sales of Sibelco silica and other glass batch minerals throughout the year. A reduction in the total capacity of Europe's float glass industry because of customer furnace closures was offset by the recovery in construction, which makes up approximately 80% of the float glass market. This was supported by the ongoing architectural trend towards the use of more glass in buildings as well as growing consumer demand for clearer glass. Sales were also boosted by increased demand from the automotive sector.

The reopening of hospitality venues led to an upturn in demand from the beverage sector, ensuring we delivered a solid performance in **container glass**. Increased production in the automotive sector drove high sales in **fibreglass**, including a stronger than expected recovery in Taiwan.

Our Spruce Pine (US) plant operated at full capacity throughout the year with consistently strong demand for high purity quartz (HPQ) in Asia's growing **semi-conductor** and **solar PV** markets.

Sales to the **display glass** sector were up against last year due to continued high levels of demand for laptops, tablet devices and large-screen televisions.

Strong sales in the **printed circuit board** market during the first half of the year slowed slightly in the third quarter, but were back on track by the end of the year.

## Industrial & Consumer

Sales to the global **coatings** market were buoyant throughout the year as a surge in construction activity drove a strong performance in the decorative paints sector, boosted by rising consumer demand for higher quality, longer lifespan paint. At the same time, an upturn in manufacturing activity saw high demand in the protective coatings segment. The exception to this was in South America, where coatings sales in Brazil were flatter than predicted.

Continued growth in the food packaging and horticultural film sectors (driven by the need to feed a growing population and to extend the shelf life of perishable goods) drove strong sales to the **polymers** market, further boosted by an increase in automotive manufacturing. Conditions in the **tableware** sector also improved as retailers reopened following the easing of lockdown restrictions, whilst the surge in construction activity drove increased sales to the **flame retardants** sector.

Following a sharp rise in demand at the start of the pandemic, the **medical gloves** market flattened this year, with manufacturing in China also slowing as a result of US trade sanctions. Sales to the **oral care** and **food** sectors in South America remained strong throughout the year.

## Steel, Refractory & Foundry

The global **steel** industry saw a strong post-pandemic recovery in 2021, fuelled by high demand in the automotive and construction sectors. Sales of high-purity olivine from our site in Åheim (Norway) increased against last year. A slight dip in sales to India, the world's second largest steel-producing country, was offset by an upturn in western Europe and an increase in exports to the US. Sales of dried olivine for the **refractory** sector were also up against last year.

The **foundry** industry, which was particularly badly hit by the COVID-19 pandemic, saw a steady recovery throughout the year. Lower than forecast production in the automotive sector, resulting from supply chain issues and the global semiconductor shortage, threatened to limit the foundry industry's recovery, however we increased sales of silica sands for core and mould making in western Europe and Brazil to offset a slight downturn in the central and eastern Europe region.

## Recycling

Sibelco's **glass recycling** business delivered another solid performance with strong sales of cullet to the container glass industry throughout the year. The reopening of Europe's hospitality sector saw the beverage sector bounce back to full production after a 5-10% dip in volumes during the pandemic.

An increase in cullet exports to Iberia and Morocco fuelled a particularly strong performance from our operations in Belgium. Issues with limited availability of raw glass in Italy created significant challenges for local glass recyclers, however our plants still performed to plan.

We continued to execute our strategy for growth in glass recycling, entering the UK market via the acquisition of activities from Viridor. Integration of the three sites - Newhouse (near Glasgow), Sheffield and Peterborough – was completed in the middle of the year with further efficiency improvements planned for 2022. We also expanded our footprint in France through the acquisition of Solover, adding two container glass plants and a float glass facility to our portfolio. Meanwhile, the installation of new optical sorters at our plant in Reims will support growth in the perfume sector with an innovative new low-iron cullet solution.

Commissioning of our new plant in San Cesario (Italy) will take place in the second quarter of 2022.



## SUSTAINABILITY

Sibelco made strong progress towards its sustainability goals during 2021.

In **safety** Sibelco recorded zero fatalities and achieved a reportable incident rate (RIR) of 1.7, equating to a 58% reduction against 2020.

In 2021, Sibelco set itself the target of **reducing scope 1-2 emissions** intensity (tonnes CO<sub>2</sub> / ex-works revenue) by 5% per year from 2021 to 2030, cumulatively 37%. This target is in line with best practices promoted by the Science Based Targets initiative (SBTi). An additional target for scope 3 emissions will be confirmed in 2022 after further consultation with customers and suppliers.

By the end of 2021, 43% of our sites had implemented BATNEEC\* principles implemented within their **water management** programmes, up from 41.5% in 2020.

In 2021 Sibelco more than doubled the percentage of Sibelco sites with formalised **community plans** in place, from 28% of sites in 2020 to 51% by the end of 2021

In the area of **closure planning and rehabilitation**, 100% of our sites already have formal closure plans in place.

In 2021 the proportion of female employees in the overall workforce increased slightly from 21% to 22%. The percentage of female senior leaders in the Executive Leadership Team increased from 18% at the end of 2020 to 23% at the end of 2021. In terms of recruitment, some 28% of new hires in 2021 were female which is a positive development in Sibelco's drive to realise its 2025 **gender diversity ambition**.

To reflect the increasing strategic importance of sustainability matters, the Board of Directors has established a Sustainability Committee. The Committee

will start its mission in early 2022 and will function alongside the two existing Committees of the Board: the Audit Committee and Remuneration and Nomination Committee.

\*best available technology not entailing excessive costs e.g. closed water system, maximum water reuse and minimal volume of water in the process

## OUTLOOK

Demand for Sibelco's products has been robust during the first two months of the year. Cost inflation remains prevalent, notably for energy and transportation, and management is continuing to take steps to mitigate the impact of these higher costs. Although overall trends point to a further improvement in profitability in 2022, the conflict in Ukraine has the potential to undermine the global economic recovery and is already impacting Sibelco's business in both Ukraine and Russia, which in 2021 accounted for some 8% of Sibelco's revenues and 10% of EBITDA.

### 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.*

*Besides IFRS accounts, the Group also presents underlying, non-audited performance indicators. The objective is to generate a view that avoids distortion and facilitates the appreciation of performance and comparability of results over time.*

## Simplified Consolidated Income Statement of Profit or Loss

In thousands EUR	2020	2021
<b>Revenue</b>	<b>1,975,529</b>	<b>1,679,923</b>
<b>Cost of sales</b>	<b>(1,620,952)</b>	<b>(1,301,410)</b>
<b>Gross profit</b>	<b>354,577</b>	<b>378,514</b>
Other operating income	62,338	16,046
SG&A expenses	(265,861)	(237,077)
Other operating expenses	(59,032)	(42,634)
<b>EBIT</b>	<b>92,022</b>	<b>114,849</b>
Financial income	50,108	3,881
Financial expenses	(81,033)	(20,107)
Share of profit of equity-accounted investees (net of tax)	3,869	4,825
<b>Profit (loss) before income taxes</b>	<b>64,965</b>	<b>103,448</b>
Income taxes	(13,118)	(26,846)
<b>Profit (loss) for the period</b>	<b>51,847</b>	<b>76,603</b>
Attributable to:		
Owners of the Company	78,262	74,868
Non-controlling interests	(26,414)	1,735

## Simplified Consolidated Statement of Financial Position

In thousands EUR	31 Dec 2020	31 Dec 2021
<b>Assets</b>	<b>1,913,419</b>	<b>2,047,719</b>
Non-current assets	1,076,474	1,171,575
Current assets	836,945	876,144
<b>Equity and liabilities</b>	<b>1,913,419</b>	<b>2,047,719</b>
<b>Total equity</b>	<b>1,052,713</b>	<b>1,121,933</b>
Equity attributable to equity holders	1,047,112	1,114,954
Share capital	25,000	25,000
Share premium	12	12
Retained earnings and reserves	1,022,100	1,089,942
Non-controlling interests	5,601	6,979
<b>Non-current liabilities</b>	<b>477,865</b>	<b>442,798</b>
<b>Current liabilities</b>	<b>382,840</b>	<b>482,988</b>

## Simplified Consolidated Statement of Cash Flows

In thousands EUR	2020	2021
<b>Adjusted EBIT</b>	<b>104,777</b>	<b>144,998</b>
Depreciation, amortisation and depletion	189,536	126,147
<b>EBITDA</b>	<b>294,313</b>	<b>271,145</b>
Income taxes (paid)/received	(13,438)	(29,527)
Capex	(118,961)	(114,445)
Leases	(57,291)	(22,036)
Working capital changes	18,300	(8,714)
Use of provisions	(45,424)	(19,987)
Additional provisions	3,449	15,912
Cash contributions to defined benefit plans	(18,481)	(19,814)
Other non-cash items	(13,960)	4,958
<b>Free operating cash flow</b>	<b>48,508</b>	<b>77,492</b>
Interest (paid)/received	(51,113)	(7,142)
Proceeds from sale of PPE	63,929	3,943
Acquisitions of land and reserves	(7,411)	(10,861)
Acquisitions of subsidiaries/non-controlling interests	(23,671)	(42,663)
Disposal of subsidiaries/associates	36,511	2,978
Dividends received	3,936	1,214
Dividends paid	(35,442)	(47,839)
Other items	(1,120)	1,717
<b>Net debt decrease (increase)</b>	<b>34,127</b>	<b>(21,160)</b>
<b>Opening net financial position</b>	<b>(1,341,773)</b>	<b>168.163</b>
Change in net financial debt	34,127	(21,160)
Leases	20,485	28
Scope changes	1,453,182	(6,920)
Exchange rate fluctuations and other	2,142	6,724
<b>Closing net financial position at 31 December</b>	<b>168,163</b>	<b>146,833</b>

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