

**2022 H1 RESULTS**

## Sibelco continues to improve its financial performance

Sibelco today announced strong half year results which reflect sustained but increasingly volatile conditions across most of the company's markets. The performance also demonstrates the benefits now being realised as a result of the company's continued rollout of its Sibelco 2025 vision and strategy, which maps out a transformational path to improve its operational, commercial and financial performance and a clear commitment to sustainability. Revenue and EBITDA were well above the levels of the equivalent period in 2021 with a positive free operating cash flow.

(EUR Million)	H1 2019 *	H1 2020 *	H1 2021**	H1 2022**	Var '22 vs '21
Revenue	797	700	819	973	18,7%
EBITDA	133	94	147	180	21,7%
Net Result***	52	62	55	86	58,0%
FOCF	(31)	(11)	25	6	(76,8)%
ROCE	7,6%	3,2%	8,8%	8,8%	0,2%

\* 2019, 2020 figures represent Sibelco continuing, which excludes Covia, Lime and QMAG in Australia in order to improve comparability with 2022 data

\*\* 2021 and 2022 figures represent full Sibelco Group reported data

\*\*\* Share of the Group

### Highlights

- Sibelco's safety performance deteriorated slightly in the first half of 2022. RIR (# of recordable injuries per million hours worked) over that period recorded at 2,2 compared to 1,7 for the full year 2021. A comprehensive health and safety strategy is in place to reverse this trend.
- Sibelco generated revenue of EUR 973 million, representing an increase of 19% against the same period in 2021. Business remained strong in an environment characterized by high volatility. Volumes remained stable in Q1, but with the exception of certain high value items, reduced slightly in Q2.
- EBITDA was up 22% from EUR 147 million to EUR 180 million in 2022. A sharp rise in operating costs, particularly energy and logistics, was offset through operating efficiencies, an improvement in the product mix (especially high purity quartz) and sales price increases.
- Operations in Ukraine shut down, except for limited activity at one quarry. Impairment of asset values and loss of control are under review; worst-case scenario could be substantial (in excess of EUR 100 million).
- The Group's net cash position at 30 June was EUR 4 million compared to EUR 147 million at 31 December 2021. Sibelco generated limited positive free operating cash flow during the first half of the year as the increase in revenues caused higher working capital levels. Working capital as a percentage of revenue remained stable.
- Sibelco acquired Kremer Zand en Grind - a Dutch producer of silica sands and gravels, Krynicky Recycling - one of Eastern Europe's leading glass recyclers based in Poland, and further expanded its footprint in glass recycling by acquiring the remaining 51% of shares in Recyverre in France. The group also took a minority share in Australian listed silica producer Diatreme.
- In March, Sibelco was awarded a BBB- investment grade credit rating by Standard & Poors, and on the back of this issued an inaugural five-year bond for EUR 350 million in April.

- Whilst the Board of Directors acknowledges the good first half results, Sibelco is still in a transformative phase and the economic picture remains volatile with ongoing challenges around logistics, cost inflation, and product and material shortages. The Board of Directors will therefore only propose a dividend over the full year of 2022 in April 2023.

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

*“Sibelco had a strong first half of 2022. Increased input costs were compensated by improvements in operating efficiencies, product mix, in particular high purity quartz, and through sales price increases. The war in Ukraine did affect our activities, but I am proud to say that Sibelco’s diverse product portfolio enabled us to offer substitute solutions to our clients which largely compensated for the margin loss. The implementation of our new company structure is on track and should be completed by the end of 2022. Sibelco saw signs of a slowdown in demand for its products in Q2. We expect this trend to intensify in the second half of the year given the extremely challenging economic environment. Considering our strong H1 results and momentum going into H2, we anticipate an increase in full year 2022 EBITDA compared to 2021. My thanks go to all Sibelco employees who achieved business success in a challenging transformational environment.”*

KEY FIGURES (EUR million)	H1 2021	H1 2022	Change %
<b>Consolidated results</b>			
Revenue	819	973	18,7%
EBITDA	147	180	21,7%
EBIT	79	113	42,7%
Net result (share of the Group)	55	86	58,0%
<b>Cash flows</b>			
Free operating cash flow	25	6	(76,8)%
<b>Funding</b>			
Net cash / (debt)	135	4	
Shareholders’ equity	1.071	1.195	
<b>Return on capital employed</b>			
ROCE (Reported Group EBIT last 12 months / Average capital employed last 12 months)	8,8%	8,8%	
Average capital employed last 12 months	1.534	1.682	

Capital employed = total assets – current liabilities

## FINANCIAL ITEMS

### Group results

Revenues were up by 18,7% to EUR 973 million. This was driven primarily by improvements in product mix, in particular high purity quartz, and the implementation of sales price increases which were required to offset the impact of inflation on the company's cost structure, mainly as a result of rising energy prices and to a lesser extent wage increases.

EBITDA was up by 21,7% to EUR 180 million thanks to higher revenue and improved GM percentage.

Return on capital employed (ROCE) for the Group remained flat at 8,8%. Excluding the effect of the non-recurring charge of EUR 26 million taken at the end of 2021 relating to the organizational restructuring, ROCE increased significantly to 10,5%.

The net result (Group share) was EUR 86 million compared to EUR 55 million in 2021.

### Cost and price management

Sibelco placed a strong focus on operating efficiencies and implemented further sales price increases in the first half of 2022 in order to avoid margin deterioration as a result of input cost increases.

### Capital expenditures & acquisitions

Total capital expenditures were EUR 49 million (including EUR 11 million cash from IFRS 16 lease payments). The

main growth investments were a continuation of projects initiated in previous years, such as increased production capacity in the UK to meet global demand for sanitaryware clays, a new glass recycling facility in Italy, investments in feldspar operations, construction of a new recycling facility in Belgium (Act & Sorb) and replacement of an old dredge in the Nordic region.

In the first half of 2022, Sibelco completed the acquisition of Kremer Zand en Grind, a Dutch producer of silica sand and gravel. The Group continued to strengthen its leading position in glass recycling through the acquisition of 93,8% of shares in Krynicky Recykling, Poland's largest glass recycler, and the remaining 51% of shares in Recyverre in France. The Group also acquired a minority stake in Diatreme, an Australian listed company.

### Cash flow and funding

Sibelco generated positive free operating cash flows during the first half of the year. However, the improving business environment and resulting higher sales led to an increase in net working capital which consumed a substantial part of the cash flow generated. Total free operating cash flow reached EUR 6 million. Taking into consideration the cash impact from acquisitions and interest payments, the free cash flow before dividends amounted to EUR (106) million. Net free cash flow after dividends was EUR (156) million which, after adjustments for foreign exchange impacts, resulted in a net cash position at 30 June of EUR 4 million compared to EUR 147 million at 31 December 2021.

Whilst the Board of Directors acknowledges the good first half results, Sibelco is still in a transformative phase and the economic picture remains volatile with ongoing challenges around logistics, cost inflation, and product and material shortages. The Board of Directors will therefore only propose a dividend over the full year of 2022 in April 2023.

## BUSINESS REVIEW

## Construction

The first half of the year saw strong sales across all construction-related sectors in most countries.

Supplies of ball clay to the **ceramic tile** industry were badly disrupted by the effective suspension of Sibelco's operations in Ukraine as a result of the ongoing conflict with Russia. To offset the shortfall of Ukrainian material, we increased production and exports of ball clays from our UK and German operations, whilst our blending facilities in Italy and Spain also helped provide customers with alternative solutions.

April saw the opening of our new Gujarat clay blending plant on the western coast of India, strategically located to provide premium materials to the world's second largest tile-producing country.

Sales of UK ball clays to the **sanitaryware** sector continued to grow with our new SANBLEND® plant in Devon now operating at maximum capacity. Exports of SANBLEND® to Mexico are on target to almost double this year with opportunities in the pipeline for new business in Brazil and Ecuador.

Demand in the **engineered stone, concrete, cement** and **structural ceramics** sectors remained high.

## Glass & Electronics

Sales of silica and other minerals to the **container glass** and **float glass** markets were strong across all sectors, with high demand for float glass driven by buoyant construction activity in most countries.

Ongoing demand for high-purity quartz across Asia's **semi-conductor** and **solar PV** industries saw our Spruce Pine (US) plant once again operating at full capacity throughout the first half of the year. Once a cyclical sector aligned with new technology **launches**, the semi-conductor market is now characterised by more consistent levels of demand. Growth in the solar PV sector has accelerated as a result of the energy crisis sparked by the conflict between Russia and Ukraine.

Sales to the **display glass** sector continued to grow in northern Asia in line with increased demand for touchscreen devices. We also delivered a strong performance in the **fibreglass** sector.

## Industrial & Consumer

Sales to the **coatings** market remained positive as new construction and building refurbishment projects drove high demand for decorative paints, whilst the use of protective coatings in multiple manufacturing sectors saw continuous demand for Sibelco minerals.

Sibelco's acquisition of Kremer Zand en Grind in the Netherlands will help further strengthen our position in the **filtration** market with an extended range of specialist calibrated materials.

We delivered another strong performance in the South American **oral care** and **food** sectors, whilst conditions in Asia's **medical gloves** market remained flat following peak demand during the pandemic.

## Steel, Refractory & Foundry

A buoyant **steel** industry drove strong sales of high-purity olivine from our site in Åheim (Norway) with high export volumes to Europe, Asia and the US despite continuing increases in shipping costs. Sales of olivine to India, the world's second-largest steel producer, were higher than predicted.

Demand for dried olivine in the **refractory** sector remained high throughout the first half of the year, alongside strong sales of silica to the **foundry** industry, particularly in Poland where we doubled sales volumes against the same period last year.

## Recycling

Our recycling business continues to grow with Sibelco now firmly established as Europe's leading **glass recycler**.

We strengthened our position through the acquisition of Krynicki Recykling, Poland's largest cullet producer. The integration of Krynicki will enable us to develop new

business in Poland and Estonia whilst providing a strategic entry point to other Eastern European countries.

In Western Europe, we officially opened our new San Cesario glass recycling plant in Modena, Italy, in April, whilst in France Sibelco is now the 100% owner of Recyverre following a deal signed with our joint venture partners Mineris in May.

## OUTLOOK

Sibelco saw signs of a slowdown in demand for its products in Q2. We expect this trend to intensify in H2 of 2022 given the extremely challenging economic environment. Considering our strong H1 results and momentum going into H2, we anticipate an increase in full year 2022 EBITDA compared to 2021.

## EXECUTIVE COMMITTEE APPOINTMENTS

The Board of Directors has approved the appointment of Jair Rangel as EVP International, and Solomon Baumgartner as EVP Operations Europe & Chief Industrial Officer.

Mr. Rangel brings over twenty-five years' mining experience gained from international leadership roles at Samarco Iron Ore Mining (Brazil), BHP (Brazil and UK) and more recently as VP Business Planning & Development at Antamina Operations.

Mr. Baumgartner joins us from Holcim where he has accumulated over twenty-four years' experience in the manufacture of building materials in senior roles in Brazil, Ile de la Réunion, Madagascar, USA, Vietnam, Egypt and Switzerland.

### **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 and Unaudited Consolidated Income Statement of Profit or Loss

	H1 2021	H1 2022
<i>In EUR thousands</i>		
<b>Revenue</b>	<b>819.226</b>	<b>972.787</b>
<b>Cost of sales</b>	<b>(572.202)</b>	<b>(673.828)</b>
<b>Gross Margin</b>	<b>247.024</b>	<b>298.960</b>
Other operating income	5.734	7.012
SG&A expenses	(100.129)	(122.128)
Other operating expenses	(9.744)	(6.469)
<b>Depreciation, amortization and depletion</b>	<b>(63.464)</b>	<b>(64.059)</b>
<b>EBIT</b>	<b>79.422</b>	<b>113.315</b>
Financial income	1.771	7.061
Financial expenses	(7.284)	(10.866)
Share of profit of equity-accounted investees (net of tax)	2.931	2.670
<b>Profit (loss) before income taxes</b>	<b>76.840</b>	<b>112.180</b>
Income taxes	(21.725)	(25.932)
<b>Profit (loss) for the period</b>	<b>55.115</b>	<b>86.248</b>
Attributable to:		
Owners of the Company	54.706	86.457
Non-controlling interests	409	(209)

## Simplified and Unaudited Consolidated Statement of Financial Position

	31 Dec 2021	30 Jun 2022
<i>In EUR thousands</i>		
<b>Assets</b>	<b>2.047.719</b>	<b>2.527.275</b>
Non-current assets	1.171.575	1.327.105
Current assets	876.144	1.200.169
<b>Equity and liabilities</b>	<b>2.047.719</b>	<b>2.527.275</b>
Total equity	1.121.933	1.201.206
Equity attributable to equity holders	1.114.954	1.194.387
Share capital	25.000	25.000
Share premium	12	12
Retained earnings and reserves	1.089.942	1.169.375
Non-controlling interests	6.979	6.819
Non-current liabilities	442.798	807.747
Current liabilities	482.988	518.322

## Simplified and Unaudited Consolidated Statement of Cash Flows

In EUR thousands

	H1 2021	H1 2022
<b>EBIT</b>	<b>79.422</b>	<b>113.315</b>
Non-recurring result	4.614	2.198
Depreciation, amortisation and depletion	63.464	64.059
<b>EBITDA</b>	<b>147.499</b>	<b>179.572</b>
Income taxes (paid)/received	(9.906)	(18.926)
Capex, including IFRS16 leases	(53.638)	(48.793)
Working capital changes	(47.587)	(89.792)
Use of provisions	(9.046)	(9.983)
Additional provisions	5.947	6.807
Cash contributions to defined benefit plans	(6.019)	(9.267)
Other non-cash items	(1.775)	(3.703)
<b>Free operating cash flow</b>	<b>25.475</b>	<b>5.915</b>
Interest (paid)/received	(3.756)	(2.797)
Proceeds from sale of PPE	1.273	1.890
Acquisitions of land and reserves	(7.167)	(4.896)
Acquisitions of subsidiaries/non-controlling interests	(8.691)	(114.643)
Disposal of subsidiaries/associates	(86)	10.005
Dividends received	1.154	1.179
Dividends paid	(46.537)	(51.882)
Other items	(497)	(1.010)
<b>Net debt decrease (increase)</b>	<b>(38.831)</b>	<b>(156.239)</b>
<b>Opening net financial position</b>	<b>168.151</b>	<b>146.833</b>
Change in net financial debt	(38.831)	(156.239)
Leases	2.925	1.305
Scope changes	0	(15.026)
Exchange rate fluctuations and other	2.401	27.583
<b>Closing net financial position at 30 June</b>	<b>134.646</b>	<b>4.457</b>

### MEDIA ENQUIRIES

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