

2022 RESULTS

Sibelco makes excellent progress in 2022

Sibelco delivered another strong set of financial results in 2022, with substantial increases in revenue, EBITDA and FOCF. The results were driven by a combination of factors including product mix improvements and a robust pricing strategy. The performance also reflects the benefits now being realised through the company's Sibelco 2025 strategy, which maps out a transformational path to local ownership, operational excellence, greater customer centricity and best in class financial performance, whilst embedding a clear commitment to sustainability.

€ million	Sibelco			Var '22 vs '21
	2020	2021	2022	
Revenue	1,976	1,680	2,009	+20%
EBITDA	294	271	339	+25%
FOCF	49	77	161	+107%
ROCE	3.8%	7.4%	7.4%*	+0%

*ROCE would have been 9.6% without impairment (largely Ukraine)

Highlights

- Sibelco's safety performance unfortunately suffered as a result of a fatal accident at the company's Banglen site in Thailand
- Revenue increased by 20% compared to last year to € 2,009 million
- EBITDA was 25% higher at € 339 million
- Free operating cash flow (including IFRS16 leases) reached € 161 million compared with € 77 million in 2021
- Sibelco recorded a non-recurring charge of € 43.4 million at EBIT level, of which € 38.2 million related to recorded impairment losses in the company's Ukrainian operations due to the ongoing war with Russia. Reported ROCE was 7.4%, without impairment ROCE would have been 9.6%
- Sibelco acquired the Kremer (Netherlands), Echave (Spain) and Bassanetti (Italy) silica sand operations. We strengthened our leading position in glass recycling, by acquiring 100% of Recyverre (France) and Krynicki Recykling S.A. (Poland & Estonia). Sibelco sold its abrasive business and a limestone asset in Indonesia. In addition, the Group acquired minority interests in Diatreme and in Metallica Minerals, two emerging silica sand producers in Australia
- Sibelco updated its sustainability framework. It reduced its Scope 1 and 2 carbon emissions by 11% in absolute terms and by 23% in terms of emissions intensity. SBTi validated Sibelco's near term targets (2030) for scope 1,2 & 3
- The Board of Directors will propose a dividend of € 117.2 per share for the full year of 2022, for approval by shareholders at the Annual Shareholders' Meeting in April 2023. This represents the same amount as 2021

Commenting on the results, Sibelco CEO Hilmar Rode said:

"We made excellent progress with the ongoing execution of our Sibelco 2025 strategy over the course of the year. This strong set of financial results, which includes substantial increases in revenue, EBITDA and FOCF, reflects the benefits of a new, more agile geographical structure supported by an industrial platform which enabled us to streamline processes and improve operational efficiency. We accelerated the sustainability element of our Sibelco 2025 strategy with the launch of an enhanced sustainability model together with an ambitious set of goals to be achieved by 2030. Sibelco continued its drive to become the global leader in silica with acquisitions in the Netherlands, Spain and Italy, whilst our growth in glass recycling continued through acquisitions in France, Poland and Estonia."

KEY FIGURES (€ million)	2021	2022	Change %
Consolidated results			
Revenue	1,680	2,009	+20%
EBITDA	271	339	+25%
<i>EBITDA % of Revenue</i>	16.1%	16.9%	-
EBIT	115	142	+24%
Net Result (share of the Group)	75	131	+75%
Net Result	77	131	+72%
Cash flows			
Free operating cash flow*	77	161	+107%
Acquisitions / disposals and land & reserves	(47)	(125)	+168%
Funding			
Net cash / (debt)	147	46	-69%
Shareholder's equity	1,115	1,206	+8%
Data per share			
Earnings EUR	172.2	302.0	+75%
Dividend (gross) EUR	117.2	117.2	+0%
Total shares	470,170	470,170	+0%
Own shares	35,314	35,314	+0%
Return on Capital Employed			
Average Capital Employed	1,557	1,935	+24%
ROCE (EBIT / Avg Capital Employed)	7.4%	7.4%	+0%

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

FINANCIAL RESULTS

Group Results

Reported revenues were up 20.0% compared to last year to € 2,009 million. This increase was driven primarily by price increases and product mix improvements. Sales volumes were down marginally as a result of the economic slowdown in Europe and the war situation in Ukraine which heavily impacted our local operations.

Reported EBITDA was 25.0% higher at € 339 million. Price increases largely offset input cost inflation. Together with the product mix improvement, higher prices led to an EBITDA margin at 16.9% - a marginal but not insignificant improvement compared to last year (16.1%).

Sibelco recorded a non-recurring charge of € 43.4 million at EBIT level. The majority of this amount related to recorded impairment losses in our Ukrainian operations (€ 38.2 million) due to the ongoing war with Russia. In addition, we registered an impairment loss of € 4.9 million in respect of our Malaysian kaolin activities.

Return on capital employed (ROCE) was 7.4% including a € 43.4 million non-recurring EBIT charge. This compares to 7.4% in 2021. Excluding the non-recurring charge, ROCE would have been 9.6%.

The total effective tax rate for the group was 28.4%.

The net result (Group share) was € 131 million compared to € 75 million in 2021.

Cost and Price Management

Sibelco implemented substantial price increases during 2022. This was primarily to address cost inflation - particularly in energy, personnel, logistics and transport - but also to better reflect the value in use of the company's product offering.

SG&A increased nominally, but SG&A expressed as a percentage of revenue (12.3% in 2022 versus 13.2% in 2021) was close to 1 percentage point below last year. This was the result of strict cost management and realisation of the first savings generated by the restructuring plan announced in November 2021.

Capital Expenditures & Acquisitions

Total capital expenditures (including cash out from IFRS 16 leases) were € 142.2 million in 2022 compared to € 136.5 million in 2021. The main growth investments were linked to the continuation of projects initiated in previous periods such as new glass recycling production in Italy, investments in Turkish feldspar, a new dredger vessel in Denmark and the construction of the Act&Sorb facility in Belgium. In addition, Sibelco successfully completed its SAP S/4Hana roll-out programme in 2022. The entire Sibelco group now manages its day-to-day activities through a single ERP system.

Sibelco completed several acquisitions to bolster its silica and glass recycling activities in 2022. The company significantly strengthened its core silica business through the acquisitions of Kremer Beheer B.V. in the Netherlands, Eusebio Echave S.A. in Spain, and Bassanetti & C S.R.L. in Italy.

To further strengthen Sibelco's leading position in glass recycling, in May the company acquired the remaining 51% of shares in Recyverre in France, taking 100% ownership of the business and its subsidiaries. In the same month, Sibelco acquired what (after a squeeze-out procedure) would eventually become a 100% stake in Krynicki Recykling S.A, a market leader in glass recycling in Eastern Europe with plants in Poland and Estonia. The company was subsequently delisted before the end of 2022.

Cash Flow and Funding

Sibelco generated positive cash flows during the year, thanks to strong EBITDA and a positive change in working capital. This positive working capital evolution was supported by prepayments received in the US, but partially offset by the temporary cancellation of the factoring programme.

Total free operating cash flow (adjusted for leasing) reached € 161 million for the Group (€ 77 million in 2021). Adjusted for the effects of prepayments received from clients and the step-down in factoring, FOCF would have been € 87 million.

This year there was significant cash impact from acquisitions and interest payments (including € 52 million dividend payments, foreign exchange fluctuations and

scope changes). This resulted in a net cash decrease of € 43 million (€ 21 million in 2021).

The net cash position at year-end remained very strong at € 46 million compared to € 147 million at 31 December 2021. The reduction in net cash position is explained by the free cash flow of € -43 million, cash lost in scope changes (€ -48 million) and other items such as foreign exchange impacts, leasing and other (€ -10 million).

MARKET REVIEW

Construction

Sibelco delivered a steady performance across most construction-related sectors, despite a downturn in sales in some countries during the second half of the year as the post-pandemic building boom began to slow.

The **ceramic tile** sector was significantly impacted by the absence of Ukrainian plastic clays caused by the ongoing conflict with Russia, as well as soaring energy costs which forced some customers to reduce production, especially in Italy and Spain. Sibelco was able to partially offset the absence of materials from Ukraine with alternative solutions from its UK and German operations, whilst increased sales of speciality minerals and Turkish feldspar also helped to compensate for the loss in southern Europe. In Asia, the opening of the company's new clay blending platform in Gujarat, India, helped to ease the absence of Ukrainian clays as production capacity increased over the course of the year. And despite the ongoing conflict, Sibelco managed to maintain a steady supply of Ukrainian materials to customers in Poland via rail.

Demand for UK ball clays in the **sanitaryware** sector was strong throughout the year. Sibelco's new SANBLEND[®] plant in Devon operated at full capacity, and in October the largest ever shipment of SANBLEND[®] set sail from Bristol.

Sales of Belgian cristobalite for the **engineered stone** sector slowed in the second half of the year as a sharp rise in logistics costs led customers in Asia and the US to seek cheaper alternatives locally. Logistical issues also adversely impacted Sibelco's performance in **structural ceramics** as exceptionally low river levels in Germany

Dividend

The Board of Directors will propose a dividend of € 117.2 per share for the full year of 2022, for approval by shareholders at the Annual Shareholders' Meeting in April 2023. This represents the same amount as 2021 and reflects the Board's confidence in the cash flow generating potential of Sibelco going forward

affected shipments of clays from its Westerwald operation.

Glass & Electronics

Sales of silica and other minerals to the **container glass** sector were consistent throughout the year. It was a challenging year for **float glass** as tough conditions prevailed in the automotive industry and construction activity slowed in western Europe in the final quarter. We performed well in Poland as manufacturers increased production to replace glass usually imported from Ukraine and Russia.

Sibelco's Spruce Pine (USA) plant once again operated at full capacity throughout the year with consistent demand for IOTA[®] high-purity quartz (HPQ) across the **semi-conductor** and **solar PV** markets. The Ukraine conflict has accelerated adoption of renewable energies and this was the first year that sales of HPQ for solar PV outstripped sales for semi-conductors. Sibelco's investment in Diatrema Resources, an emerging Australian producer of low-iron silica, will further strengthen the company's position in solar PV.

After a strong first half of the year, sales of silica for the **printed circuit board** sector dipped significantly as manufacturers in Asia reduced production as the post-pandemic decrease in working-from-home saw a fall in consumer demand for digital entertainment and personal devices. This downward trend will also impact sales of silica to the **display glass** sector, although the effect lag meant that this did not adversely affect our performance in 2022.

Sales to the **fibreglass** sector were steady, with an upturn in sales in Asia driven by demand from Taiwan and Malaysia.

Industrial & Consumer

Whilst we increased sales to **coatings** in Asia and South America, the market in western Europe proved more challenging, as domestic construction and refurbishment projects tailed off during the second half of the year and the region's automotive industry remained challenging. These trends also affected sales to the **polymers** sector.

Sibelco strengthened its position in **filtration** through the acquisition of Kremer Zand en Grind (NL), and maintained its position in South America's **oral care** and **food** sectors. In Asia, **medical glove** manufacturers operated at reduced capacity throughout the year as post-pandemic destocking continued.

Sibelco performed well in the **sports & leisure** sector, supplying specialist materials for a range of high-profile projects including the Commonwealth Games beach volleyball in the UK and the Equestrian World Championships in Denmark.

Metallurgy

Despite significant increases in shipping costs, sales of high-purity olivine from Åheim (Norway) to the **steel** industry were consistent throughout the year. Demand was driven by continued growth in US steel manufacturing (thanks to the Government's reshoring policy) and by higher-than-anticipated demand from India, the world's second-largest steel producing country.

Sibelco saw steady demand for Åheim's dried olivine products in the **refractories** market globally. Sales of silica to **foundry** remained stable, despite a downturn in the sector's sentiment indicator in Europe. The company successfully increased foundry sales in Poland and South America thanks to new customer wins.

Recycling

2022 was another year of growth for Sibelco's **glass recycling** business as the company expanded its footprint to meet glass industry demand for cullet across Europe.

The acquisition and integration of Krynicki Recycling, Poland's largest cullet producer, is helping Sibelco to develop new business in Eastern Europe. A deal signed in May to take 100% ownership of Recyverre further strengthened Sibelco's leading position in France whilst demonstrating its commitment to help the float glass sector increase recycling rates.

In spring Sibelco officially opened its new plant in San Cesario, Italy. The state-of-the art facility is setting new standards in sustainable glass recycling, harnessing a range of technologies to minimise energy consumption and waste whilst maximising production capacity. Sibelco is also harnessing new technology to produce more low-iron cullet to meet growing demand for recycled packaging materials in the luxury perfume sector.

UKRAINE & RUSSIA

Sibelco's operations in Ukraine were effectively suspended from late February following Russia's invasion. All employees are safe, and a special relief fund has been set up to support Sibelco's Ukrainian colleagues and their families. All employee donations are being matched by the company.

In H2 2022, Sibelco was able to restart limited mining operations in one of its clay quarries, however business remains difficult as the company's operations in the Donbas are close to the frontline.

Sibelco's business in Russia now operates as a stand-alone business supported by an advisory committee. Any funding to and from Russia has been stopped, and Sibelco operates in full compliance with Western sanctions against Russia. Sibelco is investigating all possible options with respect to its Russian operations.

The suspension of activities in Ukraine unavoidably led to a € 38.2 million impairment of the company's investments. Our combined exposure in Russia & Ukraine (sum of remaining asset value, intercompany loans and currency translation adjustment) is € 162.2 million. Together, Sibelco's operations in Ukraine and Russia accounted for approximately 5% of Revenue and 9% of EBITDA (2022).

SUSTAINABILITY

Sustainability Framework

In 2022, Sibelco launched an enhanced sustainability framework. This followed a scheduled exercise to revisit the results of a comprehensive materiality assessment originally conducted in 2019-20. The review led to development of an updated sustainability model together with an ambitious set of goals to be achieved by 2030.

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

In addition to the enhanced sustainability framework, Sibelco also published a new Climate Report which outlines the company's approach to energy and GHG emissions reduction. The report sets out reduction targets which were validated by the Science Based Targets initiative (SBTi) in November 2022.

Sibelco will report on progress against all of its 2030 sustainability goals each year as part of the company's integrated Annual Report.

CO₂ Emissions Reduction

Sibelco has committed to reduce CO₂ intensity for scope 1 & 2 by 5% p.a. (kg CO₂/€ exw revenue), equivalent to an absolute reduction of 22.5% from 2021 to 2030*. In 2022 the company committed to a scope 3 engagement target covering 69% of customer and transportation suppliers by emissions from 2021 to 2026. The SBTi validated Sibelco's near term targets (2030) for scope 1, 2 and 3.

Sibelco achieved encouraging results in 2022 with scope 1 & 2 CO₂ intensity reduced by 23% against 2021, and scope 1 & 2 CO₂ emissions reduced by 11% in absolute terms.

* assuming 2.5 p.a. growth

People

There was significant movement within Sibelco's employee base in 2022 due to the implementation of the company's Sibelco 2025 strategy, as well as M&A activity.

Sibelco intensified its focus on gender diversity, working towards its targets to increase the percentage of female employees within the overall workforce and within senior leadership. Whilst workforce gender balance fell by 1% in 2022 against the previous year, it increased by 8% in senior leadership. Sibelco's employee engagement score was 71%.

OUTLOOK

Demand for Sibelco's products declined in 2022, particularly in sectors affected by high energy costs and / or increases in interest rates.

We continued to experience high volatility and increased geo-political tension, with our activities in Ukraine still largely at a standstill. Sales of high purity quartz to semiconductor and solar PV markets remained strong throughout the year.

We expect these trends to continue throughout this year and budgeted for a modest increase in EBITDA in 2023.

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 STATEMENT OF PROFIT OR LOSS

IN THOUSANDS OF €	2021	2022
Revenue	1,679,923	2,008,922
Cost of sales (-)	(1,190,332)	(1,434,082)
Gross Margin	489,591	574,840
Other operating income	16,046	25,725
SG&A expenses (-)	(222,007)	(246,726)
Other operating expenses (-)	(42,634)	(58,423)
Depreciation, amortization and depletion	(126,147)	(153,035)
EBIT	114,849	142,417
Financial income	3,881	67,410
Financial expenses (-)	(20,107)	(33,063)
Share of profit of equity-accounted investees (net of tax)	4,825	4,946
Profit (loss) before income taxes	103,448	181,710
Income taxes	(26,846)	(50,245)
Profit (loss) for the period	76,603	131,465
Attributable to:		
Owners of the Company	74,868	131,307
Non-controlling interests	1,735	159
	76,603	131,465

SIMPLIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF €	31 Dec 2021	31 Dec 2022
Assets	2,047,719	2,690,816
Non-current assets	1,171,575	1,401,616
Current assets	862,119	1,286,693
Assets classified as held for sale	14,025	2,506
Equity and liabilities	2,047,719	2,690,816
Total equity	1,121,933	1,213,742
Equity attributable to equity holders	1,114,954	1,205,867
Share capital	25,000	25,000
Share premium	12	12
Retained earnings and reserves	1,089,942	1,180,855
Non-controlling interests	6,979	7,875
Non-current liabilities	442,798	832,127
Current liabilities	472,321	640,811
Liabilities classified as held for sale	10,667	4,136

SIMPLIFIED AND UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

IN THOUSANDS OF €	2021	2022
EBIT	114,849	142,417
Non-recurring result	30,148	43,416
Depreciation, amortisation and depletion	126,147	153,035
EBITDA	271,145	338,868
Income taxes (paid)/received	(29,527)	(47,135)
Capex, including IFRS16 leases	(136,481)	(142,172)
Working capital changes	(8,714)	54,768
Use of provisions	(19,987)	(22,792)
Additional provisions	24,323	8,825
Cash contributions to defined benefit plans	(19,814)	(23,063)
Other non-cash items	(3,452)	(6,669)
Free operating cash flow	77,492	160,630
Interest (paid)/received	(7,142)	(4,460)
Proceeds from sale of PPE	3,943	2,438
Acquisitions of land and reserves	(10,861)	(8,685)
Acquisitions of subsidiaries/non-controlling interests	(42,663)	(159,504)
Disposal of subsidiaries/associates	2,978	41,087
Dividends received	1,214	1,230
Dividends paid	(47,839)	(52,879)
Other items	1,717	(22,393)
NET DEBT DECREASE (INCREASE)	(21,160)	(42,537)
Opening net financial position	168,163	146,833
Change in net financial debt	(21,160)	(42,537)
Leases	27	508
Scope changes	(6,920)	(48,307)
Exchange rate fluctuations and other	6,724	(10,361)
CLOSING NET FINANCIAL POSITION	146,833	46,137

MEDIA ENQUIRIES
Olivier Van Horenbeeck
Tel: +32 (0) 486 691 651
Olivier.van.horenbeeck@sibelco.com

SHAREHOLDER ENQUIRIES
shareholder@sibelco.com

SCR-Sibelco N.V.
Plantin en Moretuslei 1A
B-2018 Antwerp
Belgium