15 March 2021

2020 RESULTS

Solid results in face of COVID-19. Steady recovery underway.

Sibelco today announced a resilient full year financial performance for 2020 and a steady recovery from the initial impacts of the COVID-19 pandemic seen in the first half of last year. Sibelco implemented a range of measures to secure the health of its workforce and to ensure business continuity and cash preservation during the pandemic. Sibelco (excluding Covia) generated an EBITDA of EUR 245 million, a free operating cash flow of EUR 79 million and an improved return on capital employed. Sibelco introduced its Sibelco 2025 vision and strategy in February 2021. This maps out a transformational path to further improvements in operational, commercial and financial performance and a clear commitment to sustainability – particularly occupational safety and carbon emission reduction.

For Covia, the changes in the North American proppant sector, COVID-19 and the collapse in the oil price as well as the burden of the onerous contracts related to railcar leases led to the company filing for Chapter 11 protection in June. On 31 December 2020, Covia's restructuring plan was approved by the court thereby confirming Sibelco's exit as a shareholder, including full releases. Covia was deconsolidated from Sibelco's financial reporting as from 30 June. A fuller explanation can be found on page 4. For this reason, most of the commentary in this financial update relates to Sibelco excluding Covia.

- Revenues excluding Covia were down by 21% to EUR 1,489 million. This decrease was due to the impact of COVID-19 on the markets served by Sibelco's activities and also the reduced levels of revenues from those assets that were sold or being discontinued from 2019-2020, notably lime and limestone, magnesia and mineral sands. At constant scope (i.e. excluding the impact of divestments & closures) the reduction in revenue was 9% (from EUR 1,534 million to EUR 1,389 million).
- EBITDA excluding Covia amounted to EUR 245 million compared to EUR 328 million in 2019, a reduction of 25%. At constant scope (i.e. excluding the impact of divestments & closures) the reduction in adjusted EBITDA was 16% (from EUR 245 million to EUR 205 million).
- The combination of positive operating cash flows, aggressive management of working capital and capex and the inflow of proceeds from sales of assets further reinforced Sibelco's finances. The Group's net cash position at 31 December was EUR 168 million, an improvement of EUR 1,510 million from a net debt position of EUR 1,342 million at 31 December 2019.
- Despite the challenging economic environment, Sibelco continued to invest in selective organic growth projects and completed three smaller acquisitions in the areas of glass recycling and high-quality clays. Sibelco also largely completed the process of divestment from non-core activities that was started in 2018.
- Sibelco made good progress on its sustainability agenda with the most notable achievement being a significant reduction in its recordable injury rate (RIR) – down to 4.7 from 6.8; an ambitious plan for carbon emission reduction is being developed and will be communicated in August.

Commenting on the results, Sibelco CEO Hilmar Rode said*: "I would like to thank the employees of Sibelco for their resilience and dedication during what has been an exceptionally challenging year. They have provided our customers with largely uninterrupted service, operated our facilities in a safe manner and adapted to new ways of working throughout the year. While we are not yet where we want to be in terms of performance, we have solid foundations in place. Our new vision and strategy – Sibelco 2025 – marks the start of a new journey for Sibelco with clear ambitions for our company to reconnect with its industrial heritage and establish itself as a clear leader in silica, clays for ceramics, feldspathics, olivine and glass recycling."*

KEY FIGURES (million EUR)	2019	2020	Change vs 2019 %
Consolidated results			
Revenue	3,295	1,976	-40%
Sibelco excl. Covia	1,879	1,489	-21%
Covia	1,426	492	
EBITDA	554	294	-47%
Sibelco excl. Covia	328	245	-25%
Covia	226	50	
EBIT	(1,270)	92	-
Sibelco excl. Covia	118	126	+7%
Covia	(1,388)	(34)	
Adjusted EBIT	127	105	-17%
Sibelco excl. Covia	178	122	-31%
Covia	(51)	(18)	
Net result (share of the Group)	(672)	78	-
Sibelco excl. Covia	75	126	+68%
Covia	(746)	(48)	
Cash flows			
Free operating cash flow	222	106	-52%
Sibelco excl. Covia	45	79	+76%
Covia	177	27	
Funding			
Net cash / (debt)	(1,342)	168	
Sibelco excl. Covia	78	168	
Covia	(1,420)	0	
Shareholders' equity	1,098	1,047	-5%
Sibelco excl. Covia	1,077	1,047	-3%
Covia	21	0	
Data / share			
Earnings per share EUR	(1,544.8)	184.0	-
Dividend (gross) EUR	142.9	106.0	-26%
Total shares	470,170	470,170	-
Return on capital employed			
ROCE (EBIT / Average capital employed)	(32.2%)	3.8%	-
Sibelco excl. Covia	7.6%	8.2%	+8%
Covia	(57.5%)	(3.7%)	
Adjusted ROCE (Adj. EBIT / ave capital employed)	3.2%	4.3%	+34%
Sibelco excl. Covia	11.5%	8.0%	-
Covia	(2.1%)	(1.9%)	
Capital employed year end	3,372	1,531	-55%
Sibelco excl. Covia	1,542	1,531	-
Covia	1,830	0	
Average capital employed	3,945	2,451	-38%
Sibelco excl. Covia	1,551	1,536	-
Covia	2,413	915	

The Group figures also include intercompany eliminations between Covia and Sibelco Excluding Covia.

Capital employed = total assets – current liabilities

FINANCIAL ITEMS

Group results

For the purpose of the discussion of Sibelco's results below, we have focused on the performance excluding Covia and have added a short commentary on items pertaining to the full Group net consolidated results. Beyond the exit from Covia, Sibelco has undergone further changes to its portfolio of activities with several material divestments and closures. We are therefore providing pro-forma data on key metrics (revenue, EBITDA, FOCF and ROCE) for the continuing operations as this is the most relevant baseline for 2021 and beyond.

Revenues excluding Covia were down by 21% to EUR 1,489 million. This decrease was due to the impact of COVID-19 on the markets served by Sibelco's activities and also the reduced levels of revenues from those assets that were sold or closed from 2019-2020, notably lime and limestone, magnesia and mineral sands. At constant scope (i.e. excluding the impact of these divestments and closures) the reduction in revenue was 9% (from EUR 1,534 million to EUR 1,389 million). This reflected a steady recovery in the second half of the year from the significant impacts of the COVID-19 downturn felt in the second quarter. Sibelco's gross margin percentage remained stable as cost management measures kept track with the decrease in revenues (see below for more details).

EBITDA excluding Covia amounted to EUR 245 million compared to EUR 328 million in 2019, a reduction of 25%. At constant scope (i.e. excluding the impact of divestments and closures) the reduction in adjusted EBITDA was 16% (from EUR 245 million to EUR 205 million). The reduction in adjusted EBITDA was mitigated through cost reductions and other measures to safeguard profitability and cash generation. EBITDA for the continuing operations (i.e. excluding divested or closed activities) in the fourth quarter had recovered to similar levels as the corresponding period in 2019.

Return on capital employed (ROCE) was 8.2% for Sibelco excluding Covia. This compares to 7.6% in 2019. Underpinning the improvement was a rigorous focus on working capital management and a disciplined approach to capital expenditures. ROCE for the continuing operations was 5.6% compared to 6.0% in 2019.

Working capital management measures included an intensified management of inventory levels at all Sibelco plants. The total effective tax rate for the group was 21.5% (18.2% for Sibelco excluding Covia and 15.8% for Covia).

The net result (Group share) for Sibelco excluding Covia was EUR 126 million. The total net result Group share including Covia was EUR 78 million compared to a net loss (Group share) of EUR 672 million in 2019. The net result was boosted by a result from financial assets of EUR 47 million arising from the valuation impact of the derecognition of Covia as well as the proceeds from the sale of the magnesia operations in Australia.

Cost management

Sibelco stepped up its on-going cost management efforts in light of the new challenges linked to the COVID-19 pandemic. The measures introduced included an even stricter procurement focus on only products and services that were essential to business continuity. Overall fixed costs were managed down and SG&A expenditure was reduced by some EUR 9 million compared to 2019 at constant scope.

Capital expenditures & acquisitions

Capex at Sibelco's operations excluding Covia was EUR 106 million vs EUR 144 million in 2019. This decrease was due to a selective reduction in certain capex projects. Investments continued in Sibelco's main growth and operational excellence projects with the main expansion projects being the clay operations in the UK and feldspar activities in Turkey.

Sibelco further expanded its presence in the market for glass recycling in Europe. In February, Sibelco acquired the assets of two glass recycling activities, Emiliana Rottami and Emill, through bankruptcy auction in the Bologna region of Italy. Sibelco started the development of the 250kt brownfield San Cesario glass recycling plant at the location in the fourth quarter of 2020. These acquisitions complement Sibelco's existing Italian glass recycling plants in Musile and Antegnate.

In April, Sibelco created a joint venture with waste collection & logistics group Mineris Environnement for the collection and recycling of flat glass in France known as Recyverre. Recyverre, in turn acquired GIREV, one of France's leading recyclers of flat glass.

In May, Sibelco formally completed the acquisition of Ukrainian clay producers Euromineral LLC and

Kurdyumovsky Plant PrJSC, located in the Donetsk region. Sibelco had reached an agreement to buy these activities at the end of 2019. This acquisition will augment Sibelco's sustainability profile, reserves and mining life in Ukrainian clay, an important raw material for worldwide production of porcelain tiles.

Sibelco's strategic partnership with Act&Sorb in materials for water filtration based on recycled medium-density fibre board (MDF) took another step forward as construction of the production facility in Genk, Belgium, started in September. Act&Sorb was awarded a EUR 2 million grant from the Flemish authorities for its further development and growth. When fully operational, the new facility will convert 50,000 tonnes of waste medium density fibreboard into 7,500 tonnes of activated carbon, saving 100,000 trees and generating 2 MWe of syngas in the process.

Cash flow and funding

Free operating cash flow (FOCF) excluding Covia reached EUR 79 million compared to EUR 45 million in 2019. Working capital requirements were reduced steadily through the year, with the main contributor being a 20% reduction in inventories. FOCF for the continuing operations increased from EUR 11 million to EUR 49 million.

Taking into consideration the cash impact from divestments and acquisitions, the free cash flow before dividends amounted to EUR 137 million. Net free cash flow after dividends was EUR 106 million which, after adjustments for foreign exchange impacts and scope changes, saw Sibelco's net financial position improve to EUR 168 million at the end of 2020.

Covia

The merger of Unimin and Fairmount Santrol and the creation of Covia in 2018 was intended to give Sibelco greater strategic flexibility in the inherently volatile US energy market. Structural changes to the proppant segment in the US accelerated in the second half of 2018 and through 2019. This was compounded in 2020 by the twin economic shocks brought about by the COVID-19 pandemic and the collapse in the oil price as well as the burden of the onerous contracts related to railcar leases.

Despite the efforts of Covia's management to combat these effects, it became clear that more radical steps were necessary and the company elected to file for Chapter 11 protection in June. Sibelco looked at various options as part of the lead-up to this process but decided to step away in the best interests of Sibelco and its shareholders.

Covia exited the Chapter 11 process on 31 December 2020 and the resulting financial restructuring led to Sibelco's ownership being completely diluted. Covia was deconsolidated from Sibelco's financial reporting at the end of June in accordance with IFRS. In terms of the 2020 financial statements, the main impacts are as follows:

Balance sheet: all assets (EUR 1.9 billion), equity and debt (EUR 1.7 billion) of Covia was deconsolidated at 30 June.

Income statement: contains all P&L elements for Covia only for the first half of 2020 – being EUR 492 million revenue, EUR 50 million EBITDA and a net loss (share of the group) of EUR 48 million. Significant impairments on Covia had already been accounted for in 2019. The group income statement therefore contains a net gain from financial assets of EUR 35 million arising from the valuation impact of the derecognition of Covia assets as the overall loss of assets was more than offset by relief from liabilities and strengthen by a positive release from currency translations.

Cash flow statement: contains all cash elements relating to Covia for the first half of 2020, being a FOCF of EUR 27 million and a negative net free cash flow of EUR 15 million.

Dividend

The Board of Directors proposes a gross annual dividend of EUR 106.00 per share at the Annual General Meeting on 21 April 2021. During 2020 no interim dividend was distributed. Subject to shareholder approval, the gross amount of EUR 106.00 per share will be paid out as from 12 May, 2021.

BUSINESS REVIEW

Construction

The **general construction** market was hardest hit by COVID-19 in March, April and May. After this shutdown period however, the market bounced back relatively quickly and sales of most Sibelco materials in the final quarter of the year were on par with the same period in 2019.

The **sanitaryware** sector was badly affected by the COVID-19 pandemic with many factories forced to close for up to two months and most customers cutting output by half. The final quarter of the year saw a steady uplift in sales as customers slowly returned to pre-pandemic production levels.

We made good headway with our drive to expand the sale of UK sanitaryware clays beyond Europe, utilising larger shipping vessels to cost-effectively reach growing markets in South America. We gained a solid foothold in Mexico, now the world's third largest producer of sanitaryware, and plan further growth here next year whilst also targeting Columbia and Brazil as well as Asia.

The **structural ceramics** market (incorporating bricks and roof tiles) fared better than most industries during the pandemic enabling us to achieve strong sales in the key markets of Germany, Belgium, Netherlands and Russia.

Tile manufacturing was badly hit by COVID-19 lockdown restrictions in Italy, Spain and India, resulting in us losing the equivalent of one month's worth of sales in each country. Sales in **engineered stone** also fell as producers significantly reduced stock from March onwards.

Against this backdrop, our main focus was on the consolidation of assets whilst laying foundations for growth in 2021. In April we finalised the acquisition of Ukrainian clay producers Euromineral and Kurdyumovsky to further strengthen our position in the porcelain tile market. Good progress was made on construction of an additional processing plant at Çine (Turkey) which will help to boost production of a new double-floated feldspar product developed for the engineered stone market. Work also continued on a new clay blending platform in India which will be commissioned in the first quarter of 2021.

We improved our capability to supply Turkish feldspar and Ukrainian clays to tile and engineered stone customers in Italy and Spain through the opening of our new storage and processing facility at the port of Ravenna (Italy) in November, coupled with recent expansion at the Port of Castellon and extra processing capability in Utiel (Spain).

Glass & Electronics

Sales in the **float glass** sector suffered significantly as the COVID-19 pandemic forced the majority of customers in Western Europe to cease production between April and June. Whilst several furnaces closed permanently, we saw a recovery in sales from September onwards with the market back operating at around 80% pre-COVID levels by the end of the year.

Container glass felt the main impact of the pandemic during May, with most customers returning to around 90% of 2019 production levels by the end of the summer and 95% by the end of the year. Conditions in the luxury glass segment remained challenging, however we saw a strong performance in **beverage**, **food** and **pharmaceuticals**.

Sales of high purity quartz suffered as the **solar PV** sector ground to a virtual halt in the first half of the year due to lockdowns and the restriction of labour movement in China. We benefited from a strong recovery in the fourth quarter of the year as market conditions improved and we won a major new supply contract.

A severe contraction in global **automotive** production accounted for a slump in sales of silica flour and anorthosite, whilst supply of petalite to the **ceramic-glass** sector was hit significantly by low-priced lithium carbonate from China. Sales to the **display glass** sector were also down.

Sales to the **semi-conductor** sector were boosted as customers increased inventory levels to prevent supply interruption during the pandemic. Our performance in the **printed circuit board** and **epoxy moulding compound** segments was slightly down as a result of poor sales to China in the first half of the year as well as the impact of US dollar depreciation.

Industrial & Consumer

The **industrial paint** sector suffered during quarter two resulting in reduced demand for barium sulphate and feldspar. The second half of the year however saw a strong recovery.

Decorative paint was one of the few markets affected positively by the COVID-19 pandemic as lockdown restrictions saw people spend more time on home improvement projects. The resulting surge in paint sales at DIY stores worldwide saw increased demand for Sibelco's coatings materials, particularly calcium carbonate in Brazil and nepheline in Europe.

Sales in the **tableware** sector performed well thanks to a new product we have developed for black porcelain.

Whilst the global **polymers** market shrank by more than 10% against 2019 as a result of the pandemic, Sibelco sales fell by only half this amount. Sales of silicates to the **automotive** and **paper** sectors were badly hit, however our core polymers business held up well and actually grew slightly thanks to increased sales in the **plastic film**, **plastic pipes** and **medical glove** segments.

Sales of nepheline syenite for plastic film were adversely affected by increased competition from Turkey, however we offset reduced volumes in the **flame retardants** market through the acquisition of new customers.

Despite the impact of COVID-19 we managed to grow sales in Europe's **water filtration** market. We made good progress in the development of mineral-based solutions for pollutant removal and expanded our product range with several new materials.

Sales to Brazil's **personal care** segment performed well throughout the year and the negative impact of Brazil's currency slide was offset by the successful reorganisation of our local business and implementation of operational process improvements.

Steel, Refractory & Foundry

We saw a sharp drop in sales to the **steel** market as the pandemic led to the idling of blast furnaces throughout Europe and to a lesser extent India. When back up and running, many furnaces switched from traditional sinter feed materials to iron ore pellets, serving to temper a recovery in sales towards the end of the year.

The **refractory** market tends to follow the same trends as steel, however sales to this sector were less affected by COVID-19.

Sales in **foundry** also dropped as a result of the pandemic, particularly in southern Europe where foundries depend heavily on car manufacturing. Sales in northern Europe suffered less impact as foundries here tend to focus more on commercial vehicles.

Recycling

Sales of **recycled glass** (cullet) continued to grow in 2020, largely through the expansion of production capacity in Italy at our Musile, Venice and Antegnate plants. Sales in Belgium and France were consistent with the previous year, reaffirming the now-firmly established role of cullet in sustainable glass manufacturing.

Production capacity in Italy will be further expanded in 2021 through a brownfield construction project at San Cesario, Modena.

OUTLOOK

The COVID-19 pandemic and its economic impacts are still being felt at the beginning of 2021. While a recovery is underway in many sectors, the final extent and timing of this recovery remain unclear. We assume a slow but steady improvement in most industries that use Sibelco's materials.

In addition to the Covia exit, the 2020 financial performance for Sibelco included material contributions from assets that were divested or closed. These activities will make no contribution to the financial performance of 2021

The relevant 2020 EBITDA baseline for comparison in 2021, is EUR 205 m, which is the EBITDA of the continuing activities of Sibelco.

SIBELCO 2025

Sibelco introduced its Sibelco 2025 vision and strategy in February 2021. This maps out a transformational path to further improve operational, commercial and financial performance and a clear commitment to sustainability.

Our vision is to become:

- The global leader in the mining, processing and selling of silica sand
- A regional leader in clays for ceramics, feldspathic minerals, olivine and glass recycling

Sustainability, including a relentless focus on safety and CO_2 emissions reduction, is a fundamental part of our vision.

Our targets:

As an intermediate checkpoint we have set the following targets for 2023:

Safety: reduce recordable incident rate to below 2.5 (4.0 in 2020)

Cash flow: improve free operating cash flow to EUR 120 million (EUR 49 million in 2020)

Returns: improve return on capital employed (ROCE) to 11% (5.6% in 2020)

CO_2 emissions: in recognition of the severity of the global climate crisis, and as part of our reflections for the Sibelco 2025 strategy, we have decided to develop a new emissions roadmap for Sibelco in the first half of 2021. This roadmap and objectives will be presented to shareholders in August.

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.

FINANCIAL STATEMENTS

Consolidated Income Statement of Profit or Loss

In thousands EUR	2019	2020
Revenue	**3,295,130**	**1,975,529**
Cost of sales (-)	**(2,819,250)**	**(1,620,952)**
Gross profit	**475,879**	**354,577**
Other operating income	41,900	62,338
SG&A expenses (-)	(371,556)	(265,861)
Other operating expenses (-)	(1,415,822)	(59,032)
EBIT	**(1,269,599)**	**92,022**
Financial income	205,137	50,108
Financial expenses (-)	(164,852)	(81,033)
Share of profit of equity-accounted investees (net of tax)	3,684	3,869
Profit (loss) before income taxes	**(1,225,630)**	**64,965**
Income taxes	152,609	(13,118)
Profit (loss) for the period	**(1,073,022)**	**51,847**
Attributable to:		
Owners of the Company	(671,754)	78,262
Non-controlling interests	(401,268)	(26,414)
	(1,073,022)	**51,847**

Consolidated Statement of Financial Position

In thousands EUR	2019	2020
Assets	**4,160,400**	**1,913,419**
Non-current assets	**2,592,698**	**1,076,474**
Property, plant and equipment	2,082,922	793,405
Intangible assets other than goodwill	129,849	83,341
Right-of-use assets	204,956	63,924
Goodwill	14,827	14,564
Equity-accounted investees	29,777	30,295
Deferred tax assets	104,358	84,219
Non-current financial assets	4,783	3,756
Other non-current assets	21,226	2,971
Current assets	**1,567,701**	**836,945**
Inventories	376,299	195,259
Current financial assets	1,978	1,834
Trade receivables	372,360	188,132
Other receivables	94,595	76,819
Current tax assets	34,095	19,204
Cash and cash equivalents	580,692	348,901
Assets classified as held for sale	107,682	6,796
Equity and liabilities	**4,160,400**	**1,913,419**
Total equity	**1,113,763**	**1,052,713**
Equity attributable to equity holders	**1,097,953**	**1,047,112**
Share capital	25,000	25,000
Share premium	12	12
Retained earnings and reserves	1,072,941	1,022,100
Non-controlling interests	**15,810**	**5,601**
Non-current liabilities	**2,258,457**	**477,865**
Interest bearing loans & borrowings	1,466,390	72,333
Lease obligations	289,705	46,281
Non-current provisions	308,217	262,866
Employee benefits	132,034	73,189
Deferred tax liabilities	26,717	19,905
Trade and other payables	4,965	562
Other non-current liabilities	30,428	2,729
Current liabilities	**788,179**	**382,840**
Bank overdrafts	10,971	2,415
Interest bearing loans & borrowings	58,700	41,985
Lease obligations	76,568	17,738
Current provisions	88,389	41,220
Trade and other payables	498,949	260,328
Current tax liabilities	11,596	10,287
Other current liabilities	3,471	2,028
Liabilities classified as held for sale	39,536	6,838

Simplified Statement of Cash Flows

In thousands of EUR	2019	2020
Adjusted EBIT	**127,148**	**51,847**
Amortisation, depreciation and impairment	427,315	189,827
EBITDA	**554,463**	**294,316**
Income taxes (paid)/received	(29,378)	(13,438)
Capex	(212,053)	(118,963)
Working capital changes	(496)	18,300
Use of provisions	(67,226)	(45,424)
Additional provisions	589	(2,137)
Cash contributions to defined benefit plans	(25,048)	(18,481)
Add back pension expenses in EBITDA	7,535	5,586
Share-based payment expense	9,076	160
Other non-cash items	(36,269)	(14,120
Free operating cash flow	**222,269**	**105,799**
Interest (paid)/received	66,458	(51,113)
Proceeds from sale of PPE	36,950	63,929
Acquisitions of land and reserves	(21,114)	(7,411)
Acquisitions of subsidiaries/non-controlling interests	(13,395)	(25,140)
Disposal of subsidiaries/associates	461,351	36,513
Purchase of treasury shares	(1,152)	
Dividends received	2,222	3,936
Dividends paid	(72,432)	(35,442)
Other items	33,864	346
Net debt decrease (increase)	**582,143**	**91,418**
Opening net financial debt at 1 January	**1,390,721**	**1,341,773**
Change in net financial debt	582,143	(91,512)
Changes in IFRS accounting policies (IFRS 16)	422,412	
Leases	57,394	33,252
Scope changes	3,016	(1,453,182)
Exchange rate fluctuations and other	50,373	1,506
Closing net financial debt at 31 December	**1,341,773**	**(168,163)**

MEDIA ENQUIRIES
Tim Weekes
Tel: +32 473 984914
tim.weekes@sibelco.com

SHAREHOLDER ENQUIRIES
shareholder@sibelco.com

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